


tempo

ANNUAL REPORT 2016

BUILDING THE FOUNDATIONS FOR TOMORROW




Sport
Leisure
Spa
Swimming
Aquatic
Waterpolo



Mandalay

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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 2016. Any references in this report to 'the year' or 'the reporting period' relate to the financial year, which is 1 January 2016 to 31 December 2016 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 Limited and its controlled entities, unless otherwise stated.

To review the report online, visit www.tempoaust.com or alternatively contact Link Market Services Limited of Level 4, Central Park 152 St George's Terrace Perth WA 6000, telephone 1300 554 474.

CHAIRMAN'S MESSAGE

Dear Shareholder,

On behalf of my fellow directors, I am pleased to present the Tempo Australia Limited Annual Report for the year ended 31 December 2016.

It has been a year marked by steady progress and achievement for Tempo – and one in which we have continued to advance our Company's strategic priorities with discipline and determination amidst challenging market conditions.

Our resolute focus on creating sustainable shareholder value has enabled Tempo to maintain a strong balance sheet and operating cash flow that will continue to support your Company's growth in the coming years.

The positive results achieved this year demonstrate the strength of your Company, and reflect the significant commitment and contribution of the entire Tempo team.

From our workers on the frontline to our office staff, leadership team and board of directors, I am particularly proud of the unique culture that distinguishes the way Tempo operates in a highly competitive industry.

It is immensely rewarding to be part of a company whose client-centric culture is demonstrated by a continuing commitment to safety and excellence, and whose frontline workers are continually empowered to drive initiatives, productivity and innovation from the bottom-up.

These values were evident during the successful acquisition of the Cablelogic business in July 2016, and ensured a smooth and seamless integration that has provided Tempo with a competitive edge in the delivery of electrical, telecom, and data services.

Further strengthening our Company, in 2016 private investment house, Angophora Capital, became a cornerstone investor in Tempo. We were delighted to welcome accomplished Director and joint Managing Director of Transfield Holdings, Guido Belgiorno-Nettis, to our board.

This strategic investment is a significant vote of confidence in Tempo and provides us with additional capacity to grow organically, or through strategic acquisitions, with an emphasis for 2017 on expanding our construction and maintenance services capability and establishing an east coast presence.

Tempo is very fortunate to be led by an energetic and highly experienced management team. Under their direction, I am confident Tempo will continue to flourish and create sustainable outcomes for our shareholders, employees, partners and the communities in which we operate.

On behalf of the board, I would like to thank all shareholders for their ongoing support, and for entrusting us to steer Tempo through its next promising phase of growth.

Yours sincerely,

Carmelo (Charlie) Bontempo
Non-Executive Chairman
Tempo Australia Limited

OUR VALUES

Our values are centered around our commitment to safety and underpin who we are and how we operate.

SAFETY
WE COMMIT TO "OPERATION ZERO"

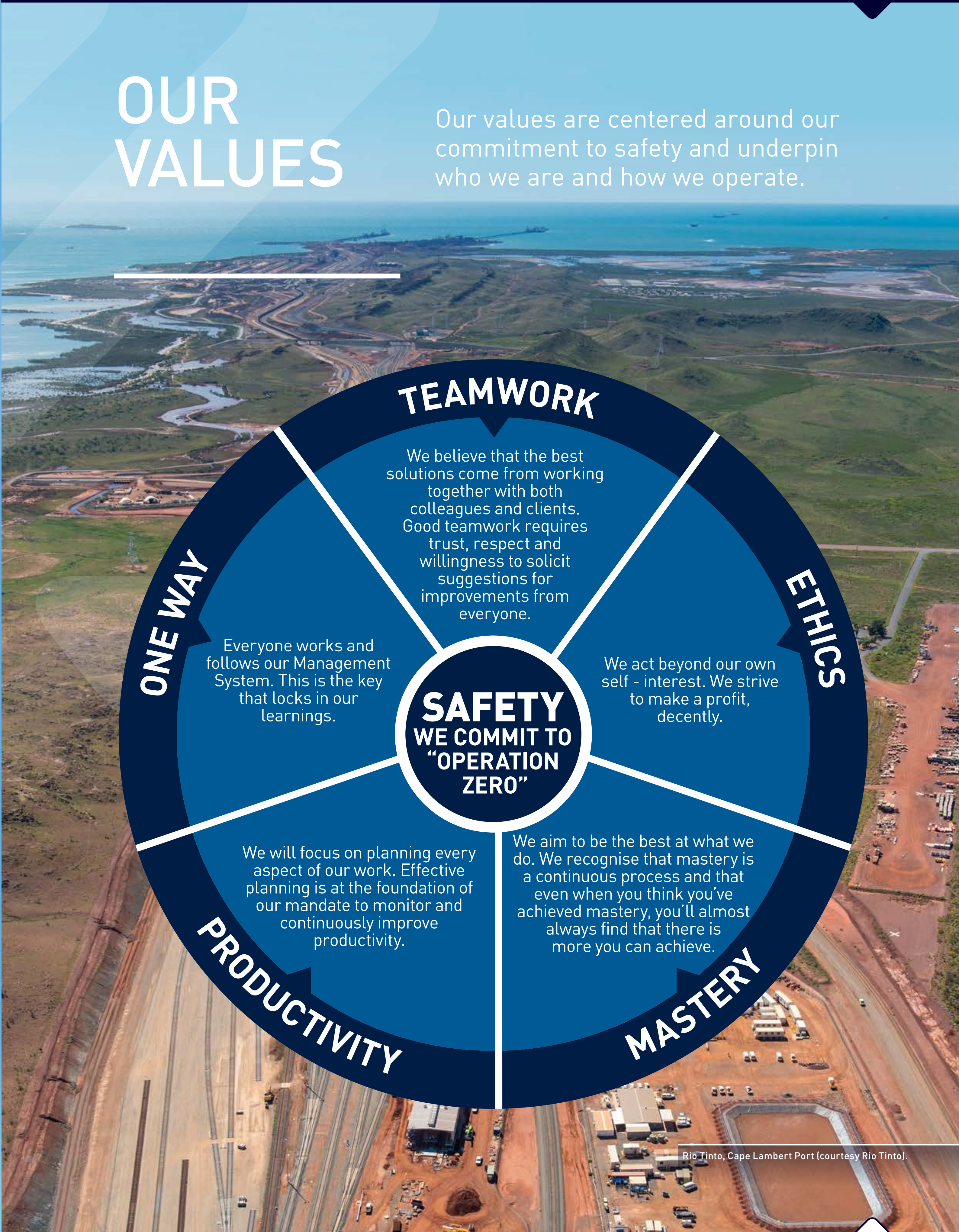
TEAMWORK
We believe that the best solutions come from working together with both colleagues and clients. Good teamwork requires trust, respect and willingness to solicit suggestions for improvements from everyone.

ETHICS
We act beyond our own self - interest. We strive to make a profit, decently.

MASTERY
We aim to be the best at what we do. We recognise that mastery is a continuous process and that even when you think you've achieved mastery, you'll almost always find that there is more you can achieve.

PRODUCTIVITY
We will focus on planning every aspect of our work. Effective planning is at the foundation of our mandate to monitor and continuously improve productivity.

ONE WAY
Everyone works and follows our Management System. This is the key that locks in our learnings.



Rio Tinto, Cape Lambert Port (courtesy Rio Tinto).

BOARD OF DIRECTORS

Left to Right: Philip Loots, Guido Belgiorno-Nettis, Carmelo Bontempo, Max Bergomi, Brian Thomas, Michael West.

CARMELO (CHARLIE) BONTEMPO - CHAIRMAN

One of the four founding partners of United Construction Holdings (today known as UGL Ltd). Managing Director of Monadelphous Group Limited during the company's early restructuring period in the late 1990's.

GUIDO BELGIORNO-NETTIS AM - DIRECTOR

Guido is Managing Director of the private company, Transfield Holdings Pty Ltd, which changed business focus in 2001 from Engineering and Construction to private equity. Leading up to this change, Guido held a number of key positions within the Transfield Group, including Managing Director, CEO Transfield Engineering and Construction, and Project Development Director. In 2015 he started his own Family Office – Angophora Capital Pty Ltd. Guido is Chairman of the Australian Chamber Orchestra, and a Member of the Australian School of Business Advisory Council. He was named a Member of the Order of Australia in 2007 for service to the construction industry and the arts. He holds a Bachelor of Engineering from UNSW and an MBA from AGSM and is a fellow of Engineers Australia.

PHILIP LOOTS - DIRECTOR

Philip is a lawyer with a PMD from Harvard Business School and brings to the board significant risk management experience in the development and construction of projects in the infrastructure, mining and oil and gas sectors. Philip has had significant involvement in the mega oil and gas projects in Western Australia and internationally.

BRIAN THOMAS - DIRECTOR

Brian is the principal of a corporate advisory practice working with small to mid-market capitalisation companies in the areas of corporate finance, mergers & acquisitions and investor relations. Over the past 10 years he has been an Executive and Non-Executive Director with a number ASX listed companies. This followed a 12 year career in corporate stockbroking, investment banking, funds management and banking after more than 20 years operational experience in the energy and resources industry. He holds a Bachelor of Science from The University of Adelaide, an MBA from The University of Western Australia, and a Graduate Certificate in Applied Finance and Investment from FinSIA.

LEADERSHIP TEAM

MAX BERGOMI - CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

Max joined Tempo in January 2016. A highly experienced and successful engineering and oil and gas industry executive, Max has held a number of high-profile senior leadership roles during his 20-year career. Prior to joining Tempo Max built a successful career with major Australian engineering and project services contractor, Clough Ltd, over a period of eight years. He was previously Managing Director Australia and PNG for Clough's Oil & Gas and Mining & Minerals divisions. He has also held senior positions with Saipem and Maverick Tube Corporation in Milan, Houston, Jakarta and London.

Max has a Bachelor of Engineering (Management and Production) from the Politecnico of Milan. He is also a graduate of the Harvard Business School's Advanced Management Program.

MICHAEL WEST - CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Michael has extensive experience working in financial, strategy and commercial roles in private and public businesses involved in the construction, maintenance, engineering, energy, private equity and investment banking sectors. He holds a Bachelor of Commerce and a Bachelor of Mechanical Engineering (Honours Class I) from Sydney University.

JONATHAN WILSON - VP OPERATIONS AND GM RESOURCES

Jonathan is an experienced professional engineer with an extensive broad range of design, project, commercial and management experience. He brings to Tempo 30 years of experience gained across lump sum design and construct (brownfield and greenfield sites), maintenance, and management of EPCM contracts across mineral resources, oil and gas and infrastructure projects. He holds a Bachelor of Civil Engineering.

BRETT EASTON - GM INDUSTRIAL AND COMMERCIAL

Brett has been responsible for founding and growing Cablelogic, which was acquired by Tempo in 2016. With over 20 years' experience in electrical, telecommunications, data and renewable projects, he has developed business relationships and worked across an extremely diverse range of industry sectors. Brett holds an electrical trade certificate with communications endorsements, and advanced diploma in renewable energy.

GABRIEL MALLARINI - GM BUSINESS ACQUISITIONS

Gabriel has 14 years' experience in the minerals, oil and gas, and power generation industry, spanning from engineering, construction management, commissioning to execution. He brings significant global leadership experience to his role with Tempo and has specific expertise in contract negotiation, formation and execution across various types of partnerships, including consortiums, joint ventures and alliances. Gabriel holds a Masters and Bachelor of Mechanical Engineering.

Top to Bottom: Max Bergomi, Michael West, Jonathan Wilson, Brett Easton, Gabriel Mallarini.

MESSAGE FROM THE CEO & MANAGING DIRECTOR

Dear Shareholder,

I am pleased to report that 2016 has been a solid year for our Company, marked by strong financial results, steady growth and continued progress towards our strategic priorities as outlined below.

As a leadership group, we have worked hard to further differentiate our offering in a competitive resource industry landscape, further upskilling our management team and strengthening our relationships with existing and prospective partners and clients.

On a personal note, the successful outcomes achieved by our highly capable leadership and frontline team have contributed to a very rewarding first year at the helm of Tempo. I would like to acknowledge all of our employees for their ongoing dedication and contribution during the year which has enabled us to progress and remain buoyant, despite a challenging market.

CREATE SHAREHOLDER VALUE

Tempo reported a strong financial performance in 2016, with revenues of $81.2 million for the 2016 fiscal year, compared to $79 million in 2015. The business delivered a Net Profit After Tax (NPAT) of $5.5 million, and reported a net asset value of $30.5 million for 2016, which represents a growth of over 115 percent year on year.

Pleasingly, the share price rose from 11 cents to 22.5 cents, and liquidity in the stock also increased considerably – indicating greater interest in the Company and allowing for trades in and out of the share. Similarly, Tempo has gained support from the institutional market, with a number claiming their place on the registry for the first time. We were also pleased to welcome strategic cornerstone investor, Angophora Capital, in December 2016, whose involvement will help to further strengthen our Group.

This share price performance and institutional sponsorship is a strong validation of Tempo's strategic health, financial prospects, economic purpose, leadership and Board capability.

MANAGE RISK

The strategic acquisition of Cablelogic was a significant milestone for Tempo in 2016, and has enabled us to diversify into the industrial and commercial sectors rather than relying solely on the resources sector. Importantly, it has also enabled us to secure further electrical, data and telecom specialisation within the resources sector.

While we believe that the resources market will continue to offer significant opportunities over the medium term, we have noted a tendency from resources clients to defer a portion of spending – a trend that we anticipate will continue into the first half of 2017.

Rio Tinto, Cape Lambert Port (Courtesy Rio Tinto)

However, Tempo's move into the commercial and industrial sector has allowed us to manage such potential risk, broadening the available market across Australia, and allowing the business to target planned, reactive and preventive maintenance, as well as project development and refurbishment work in this adjacent sector. We note that there is approximately $3.3 billion per annum spent in electrical maintenance services, and approximately $5.5 billion per annum spent in electrical construction or refurbishment work in commercial and industrial across Australia.

In addition to enhancing our capabilities and diversifying into new markets, we have continued to focus on Tempo's risk management foundations. Our team has participated in numerous internal and external audits to achieve third party management system certification for quality, environmental, occupational health and safety process (ISO 9001, ISO 14001:2015, OHS, AS/NZS 4801:2001). Our commitment to safety continues through our focus on driving leading safety indicators and behaviours across the business.

By instilling in our business the same tools and systems of larger service organisations, while maintaining a lean and agile structure, we aim to ensure that Tempo can differentiate its services, responsibly mitigate risk and grow sustainably.

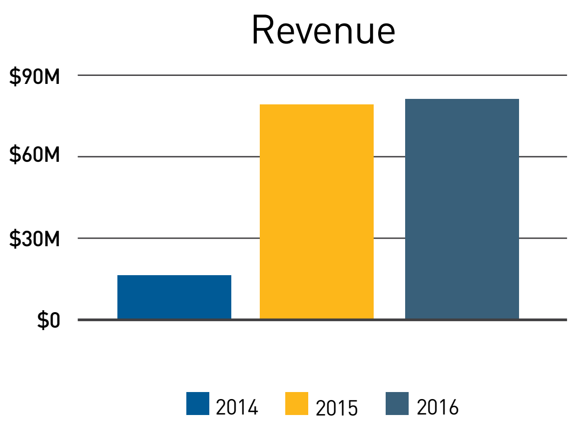
ENHANCE COMPETITIVE ADVANTAGE

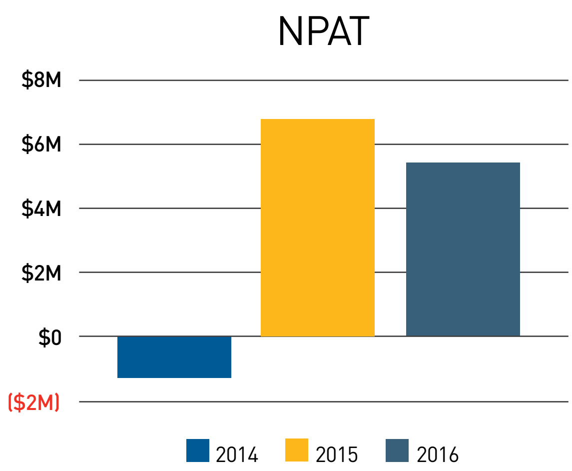
During 2016 we also focused on further improving our delivery capabilities, both from a progress reporting standpoint by broadening the use of our ERP system modules, and from a site-based productivity standpoint by refining and improving our productivity tool kit.

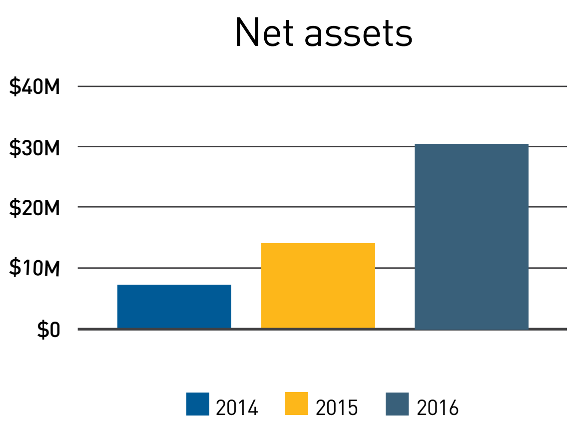
One of the tools, *Productivity Intelligence* (patent pending), forms part of our core productivity tool kit. It has been developed by our highly-skilled engineers and through exclusive collaboration with a technology Company that provides a portion of the data analytics.

The tool acquires site-based productivity metrics to drive frontline efficiencies through the use of innovative micro-fencing and geo-fencing techniques. We believe that productivity, much like safety performance, starts with giving management and frontline workers access to leading indicators that can be used to drive improved behaviours.

Another productivity tool, developed and rolled out across all sites in 2016, provides daily, fully-automated, workforce feedback on site productivity drivers, enabling our frontline workforce to communicate work stoppages and delays to management. The data is automatically collected and displayed across the organisation to identify trends, helping to address 'bottleneck' work areas.







With people remaining core to our business, we have also concentrated efforts on better defining and improving the way we engage with our workforce. The workforce engagement standard issued during the year has been designed to be an integrated part of our business strategy and provide access for regular, two-way dialogue with our people. From on-boarding to performance evaluation and succession planning, it describes how Tempo engages with our people throughout the entire employment life cycle on issues that affect them or our business.

During the year we also further strengthened the capability of our management team to ensure we continue to offer compelling technical, commercial and industry expertise, setting us apart from other groups of our size. I am humbled to work with such a strong leadership group and have no doubt they will prove to be the foundation for the future of Tempo.

ENSURE A SUSTAINABLE FUTURE

From an operational perspective, 2016 was underpinned by delivery of the BHP Billiton Ore Care Repair Shop and Structural, Mechanical and Piping, Electrical & Instrumentation (SMPE&I) works at the Chevron-operated Barrow Island/Gorgon LNG Project.

Following a smooth transition into Tempo, the Cablelogic division focused on completing the electrical works at the Esperance Health Campus, the sporting complex in Kalgoorlie, the works at the Mandurah Aquatic and Recreation Centre, and stages 2 & 3 at the Red Cross Blood bank in Perth. In the latter part of the year, Cablelogic also mobilised and commenced its operations for the installation of the Distributed Antenna System (DAS) mobile infrastructure cabling project for CAMs and Vodafone at T1T2 at Perth International Airport.

Since the acquisition of Cablelogic, offshore electrical works for Chevron and BEA on the Wheatstone platform have continued, coupled with onshore E&I work carried out directly for Woodside's Karratha Gas Plant, and electrical and instrumentation maintenance in the resources sector for Rio Tinto, BHP and CITIC.

With these projects underscoring our strong results, we are also continuing to focus our efforts on other work fronts across the commercial, industrial and resources sectors. Pleasingly, Tempo was able to negotiate and secure a number of Master Service Agreements (MSAs) and project extensions during the year, valued at approximately $10 million, including:

- The electrical fit-out of stage 4 at the Red Cross Blood Bank in Perth;
- Agreement with international telecommunications provider, Huawei for DAS mobile systems installations for Optus across a wide range of commercial and industrial sites;
- Agreement with Lend Lease for various electrical and communications services for infrastructure, roads and tunnels, commercial buildings and other client assets in WA;
- Agreement with Ansaldo for Rio Tinto Auto Hall to carry out communication for rail automation systems;
- Agreement with Downer for general support work on the Gorgon Project;
- Agreement with Chevron for general electrical support work on the Wheatstone offshore platform.

We believe that these MSAs, together with the MSA executed in the previous years and still in place (namely Santos blanket agreement for asset maintenance, and CKJV on the Chevron Operated Gorgon support work), represent the foundation for the future growth of the group.

"BUILDING THE FOUNDATIONS FOR TOMORROW"

Mardalup Electrical, Communication and Automation Project (courtesy Mardalup).

WORK WITH THE RIGHT CLIENTS AND PARTNERS

As part of our enduring commitment to a partnership-centric approach, during the year we focused on developing and expanding our reach with prospective clients and partners through a range of relationship-building initiatives.

In instances where potential opportunities require capabilities that extend beyond our current execution capabilities, we established joint ventures with key market leaders aimed at ensuring that our client offerings on all projects remain truly unique.

As a result, we are proud to be recognised as a partner of choice for larger EPC and OEM groups that recognise the value of our specialised, integrated maintenance and construction delivery capabilities.

In summary, Tempo has had a strong and rewarding year. With our capable team, an unwavering focus on pursuing our strategic priorities, and a commitment to remaining lean and agile, I am confident Tempo will continue to prosper and excel in the years ahead, always remaining true to the following core business ingredients:

- Maintaining a values driven culture, and employing like-minded people;
- Constantly engaging, developing and upskilling our people;
- Setting up processes and systems that give a true voice to our frontline workforce, driving continuous improvement and site safety;
- Relentlessly investing time and effort in developing and refining our core productivity tools;
- Being a specialist multidisciplinary maintenance and construction provider, and, where possible, diversifying into other adjacent industries;
- Fostering and developing relationships with our clients and partners; and
- A priority commitment to robust and focused cash management.

Finally, I extend my sincere thanks to the Board for their significant contribution to Tempo throughout the year, and for their invaluable guidance and friendship as I transitioned into the role of CEO and Managing Director.

Thank you to our shareholders for your interest and ongoing support.

Yours sincerely,

Max Bergomi

Chief Executive Officer and Managing Director
Tempo Australia Limited

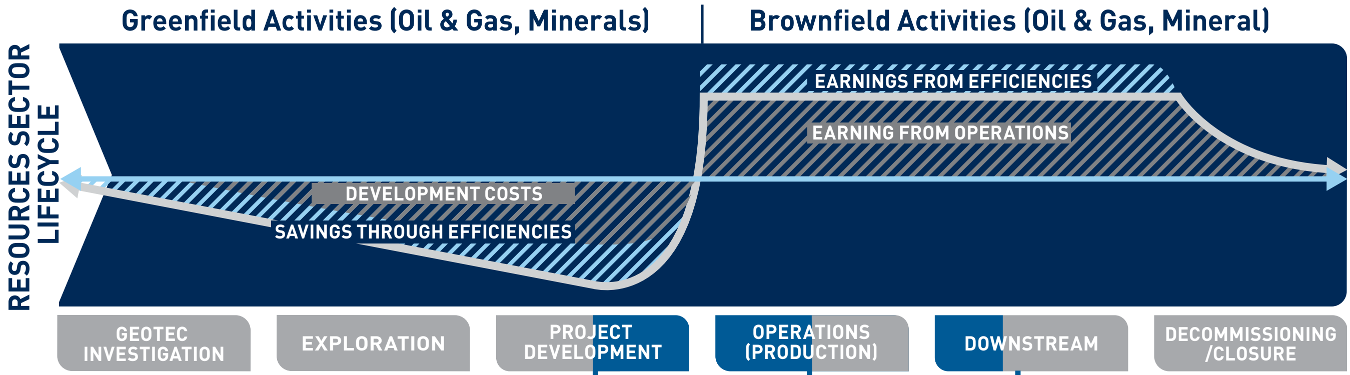
OUR PURPOSE & OPERATING MODEL

To deliver to clients in the resources, industrial and commercial sector, specialist multidisciplinary maintenance and construction services, which protect and enhance their investments, without ever compromising on our values.

CLIENTS	BLUE CHIP OPERATORS; EPCS & EPC(M)s; OEMs	BLUE CHIP MATERIALS COMPANIES; EPCS & EPC(M)s; OEMs	LOGISTIC & DISTRIBUTION; EPCS & EPC(M)s; RESOURCES & DEFENCE	MEDICAL, RETAIL & EDUCATION OPERATORS; EPCS & EPC(M)S; GOVT & TELECOM
MARKETS	Oil & Gas	Minerals & Metals	Tank Farms	Industrial & Commercial
SERVICES	SPECIALISED STRUCTURAL, MECHANICAL, PIPING, ELECTRICAL, TELECOM AND DATA COMMUNICATIONS SERVICES FOR CONSTRUCTION AND MAINTENANCE			
VALUE PROPOSITION	CUSTOMER RESPONSIVENESS, PRODUCTIVITY TOOLS, FRONT LINE WORKERS ENGAGEMENT PROCESS, ERP AND RISK MANAGEMENT			
GEOGRAPHIES	AUSTRALIA (AND INTERNATIONALLY FOR EXISTING PARTNERS AND CLIENTS)			

Willetton Senior High School

CORE CAPABILITIES RESOURCES



ENGINEERING

- Support on construction pricing and partnership models
- Constructability reviews
- Prefabrication, pre-assembly, and modularization strategy definition
- Cost estimating and feasibility reviews
- Hazard and operability study (HAZOB) support
- Site productivity reviews, and tools

MAINTENANCE

- Maintenance management, planning and execution services
- Shutdowns management and execution services
- Fabrication management and execution services
- IR management and employment of front line workers through established industry agreements

TANK FARMS

- Conventional off foundation construction management, planning and execution services
- Bottom up construction management, planning and execution services
- Top down / tank jacking, construction management, planning and execution services

CONSTRUCTION

- Multidisciplinary construction management, planning and execution
- Turnkey construction management and execution services
- Prefabrication, pre-assembly and modularization management and execution services
- Fabrication management and execution services
- IR management, and employment of front line workers through established industrial agreements

MODIFICATIONS

- Multidisciplinary construction management, planning and execution for sustaining and minor capital works
- Turnkey construction management and execution services
- Prefabrication, pre-assembly and modularization management and execution services
- Fabrication management and execution services
- IR management, and employment of front line workers through established industrial agreements

COMMISSIONING

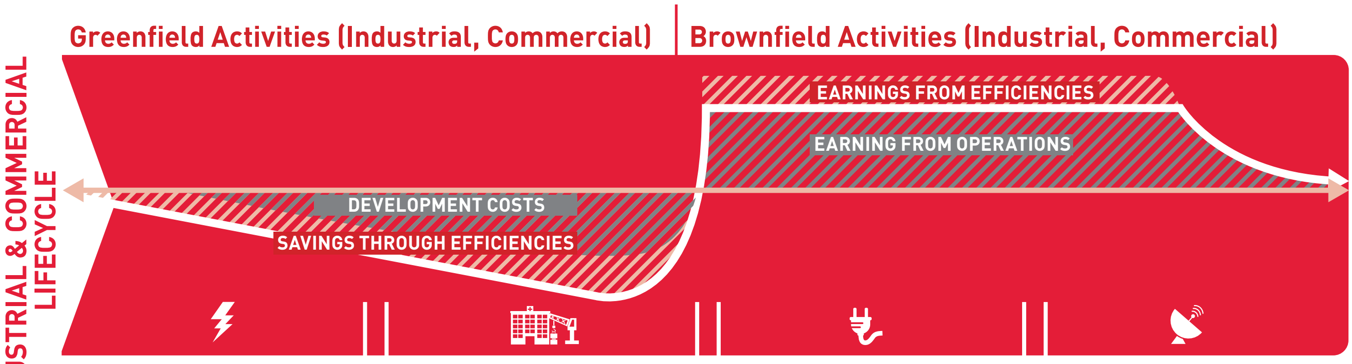
- Plant commissioning planning and execution services
- IR management, and employment of front line workers through established industrial agreements

FIELD/MINE SITE OPERATIONS

Core Capabilities

CORE CAPABILITIES INDUSTRIAL & COMMERCIAL

Chevron, Wheatstone LNG offshore platform (courtesy Chevron).



FEASIBILITY, DESIGN AND DEVELOPMENT APPLICATIONS

- Electrical and data infrastructure design and constructability reviews
- Solar power and energy efficiency reviews and designs

PROJECT DEVELOPMENT

- Electrical and data infrastructure construction and installation
- Solar power and energy efficiency construction
- Electrical and structured cabling
- Fibre Optic splicing and installation
- Satellite and wireless communications
- Security and access control
- Fire and EWIS
- Lighting and telephony

BUILDING MAINTENANCE & MANAGEMENT

- Planned and reactive maintenance for electrical and communications network to minimise downtime
- Preventive maintenance to minimize exposure to unplanned outages
- Compliance testing and tagging
- Dedicated service & installation team
- Repair of data outlets and cabling
- Repair and testing of fibre optic cabling
- Repair or replacement of electrical cabling, light fittings, emergency light audits, RCD test and repair, test and tagging of power points, outlets, office equipment and stores equipment

REFURBISHMENT

- Electrical and data infrastructure construction for refurbishments and expansions
- Electrical and structured cabling
- Fibre Optic
- Satellite and wireless communications
- Security and access control
- Fire and EWIS
- Lighting and telephony

Core Capabilities

cablelogic
a division of tempo

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 controls, for the financial year ended 31 December 2016 and the auditor's report thereon.

PRINCIPAL ACTIVITIES

During the year ended 31 December 2016, the Company generated revenues from construction, maintenance and personnel management activities, which included the supply of blue collar trades as well as supervised teams.

RESULTS

For the year ended 31 December 2016, Tempo reported revenues of $81.4 million, a ~3% growth over revenues for fiscal year 2015.

The Net Profit After Tax (NPAT) delivered in 2016 was $5.5million. This strong result was underpinned by the Company's activities undertaken across Australia for clients in the oil and gas, minerals, industrial and commercial sectors, delivering maintenance, capital projects and sustaining capital works. The result also included the benefit of previously unrecognised tax assets.

Net assets value of $30.5 million was reported for the full fiscal year, which represented growth of over 115% compared to the previous year.

Tempo had a net cash balance of $25 million at the year-end and no substantial bank debt. This compares highly favourably with the net cash balance at 31 December 2015 of $6.9 million. Tempo generated a strong cash position from operations which, together with a capital raising of $9.5 million from Angophora Capital Pty Ltd and a $10 million working capital facility, which remains fully undrawn, will help fund future growth expenditure.

REVIEW OF OPERATIONS

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

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

OPERATIONS

During 2016, the Company was awarded a contract extension for works at the Chevron-operated Barrow Island/Gorgon LNG Project to support the Structural, Mechanical and Piping, Electrical & Instrumentation (SMPE&I) works. This work continues in 2017. The business also completed the stage 2 installation and commissioning of process equipment at BHP Billiton Iron Ore's state of the art automated Ore Car repair shop facility.

The Company acquired the core assets of specialist electrical, telecom and data communications contractor, Cablelogic Pty Limited, increasing Tempo's capabilities in electrical, telecom and data communications, and expanding the business into the industrial and commercial sectors. This integration was seamless and the business has since picked up a number of new contract wins and master service agreements with leading companies.

The Company also made excellent progress developing relationships with other leading Oil & Gas and mining organisations across Australia, and developed a number of joint ventures with large multinational corporations to focus on projects in specific sectors.

The Company also invested in further developing its management systems and proprietary productivity tool kit, including its Productivity Intelligence (patent pending) device, which has gained an excellent response from clients across the country.

During 2016, the Company received accreditations from SAI Global for its quality management system to ISO 9001, our environment management system to ISO14001:2015 and its occupational health and safety certification to ISO AS/NZS4801:2001.

BOARD AND MANAGEMENT

On 8 March 2016, Tempo announced that from 31 March 2016 Max Bergomi would assume the role of Chief Executive Officer and Managing Director. A highly experienced and successful engineering and oil and gas industry executive, Max has held a number of high-profile senior leadership roles during his 20-year career and his appointment is a key, strategic addition to Tempo's executive leadership team.

On 20 December 2016, as a term of Angophora Capital's A$9.5 million investment, the Company welcomed Mr Guido Belgiorno-Nettis AM as a non-executive director of Tempo.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Apart from the matters noted in the operations section above and in the financial statements and accompanying notes attached, there were no other significant changes in the state of affairs.

AFTER BALANCE DATE EVENTS

Nil

LIKELY DEVELOPMENTS

Tempo will continue its existing strategy of delivering specialist multidisciplinary maintenance and construction services to clients in the resources, industrial and commercial sectors.

ENVIRONMENTAL REGULATION

We take our commitment to the environment seriously. Everything we do revolves around our commitment to zero harm to our people and the environment, and respecting the communities in which we operate.

We identify and adhere to all relevant regulatory and contractual obligations that we are required to meet. During the year, Tempo received accreditation of its environmental management system to ISO14001:2015. Based on the results of enquiries made, the directors are not aware of any material breaches of environmental legislation during the reporting period.

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 or repayments of debt securities in the year.

In 2016, the Company:

- cancelled 4,000,000 options, being:
  a) 2,000,000 C Class Unlisted Options – exercise price of $0.10 per ordinary share, expiring 21 March 2016; and
  b) 2,000,000 D Class Unlisted Options – exercise price of $0.14 per ordinary share, expiring 21 March 2017.
- had 685,000 options expire without exercise, being:
  a) 685,000 unlisted options issued under the Tempo ESOP - exercise price of $0.10 per ordinary share, expiring 09/04/2016.
- issued options as follows:
  a) 1,500,000 Unlisted options issued under Tempo ESOP – can only be exercised on the achievement of certain vesting conditions attached to the options and have an exercise price of $0.15 per ordinary share, expiring 7 August 2017.
  b) 2,000,000 Unlisted options – can only be exercised on the achievement of certain vesting conditions attached to the options and have an exercise price of $0.34 per ordinary share, expiring 30 June 2019.
- issued performance rights as follows:
  a) 6,330,000 performance rights issued under the Employee Share Incentive Right Plan (ESIRP) approved by shareholders at the 2016 AGM. The performance rights are subject to certain vesting conditions and convert to one fully paid ordinary share for nil cash consideration, with various vesting periods between 15 March 2018 – 1 July 2019.

SHARES ISSUED ON EXERCISE OF OPTIONS

There were 6,408,307 shares issued following the exercise of 8,421,000 options (all with an exercise price of $0.10). The remaining 2,012,693 shares were transferred to option holders from shares held in the Tempo employee share trust.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

For the year ended 31 December 2016, Tempo 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 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 directors of Tempo Australia Limited during the financial year and up to the date of this report are provided below, together with Company Secretary.

MR CARMELO BONTEMPO – CHAIRMAN

Appointment: Initial appointment as Non-Executive-Director 3 August 2011
Appointed as Chairman 7 February 2014
Appointed as Executive Chairman 17 April 2014
Appointed as Non-Executive Chairman 31 March 2016

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.

Current directorships in other listed companies: None

Directorships in listed companies in the last three years: None

MR GUIDO BELGIORNO-NETTIS AM – NON-EXECUTIVE DIRECTOR

BE Civil UNSW; MBA AGSM; FIEAust

Appointment: Initial appointment 22 December 2016

Experience and expertise: Guido is Managing Director of the private company, Transfield Holdings Pty Ltd, which changed business focus in 2001 from Engineering and Construction to private equity. Leading up to this change, Guido held a number of key positions within the Transfield Group, including Managing Director, CEO Transfield Engineering and Construction, and Project Development Director. In 2015 he started his own Family Office – Angophora Capital Pty Ltd. Guido is Chairman of the Australian Chamber Orchestra, and a Member of the Australian School of Business Advisory Council. He was named a Member of the Order of Australia in 2007 for service to the construction industry and the arts. He holds a Bachelor of Engineering from UNSW and an MBA from AGSM and is a fellow of Engineers Australia.

Current directorships in other listed companies: None

Directorships in listed companies in the last three years: None

MR PHILIP LOOTS – NON-EXECUTIVE DIRECTOR

BComm LLb, PMD Harvard

Appointment: Initial appointment 20 February 2014

Experience and expertise: Philip is a lawyer with a PMD from Harvard Business School and brings to the board significant risk management experience in the development and construction of projects in the infrastructure, mining and oil and gas sectors. Philip has had significant involvement in mega oil and gas projects in Western Australia and internationally.

Current directorships in other listed companies: None

Directorships in listed companies in the last three years: None

MR BRIAN THOMAS – NON-EXECUTIVE DIRECTOR

BSc, MBA, Grad Cert App Fin Inv, SAFin, MAICD, MAusIMM

Appointment: Initial appointment 7 April 2015

Experience and expertise: Brian is the principal of a corporate advisory practice working with small to mid-market capitalisation companies in the areas of corporate finance, mergers & acquisitions and investor relations. Over the past 10 years he has been an executive and Non-executive director with a number ASX listed companies. This followed a 12 year career in corporate stockbroking, investment banking, funds management and banking after more than 20 years operational experience in the energy and resources industry. He holds a Bachelor of Science from The University of Adelaide, an MBA from The University of Western Australia and a Graduate Certificate in Applied Finance and Investment from FinSIA.

Current directorships in listed companies: Orinoco Gold Limited

Directorships in listed companies in the last three years: Go Energy Group Limited, Ensurance Limited, Potash Minerals Limited, Noble Mineral Resources Limited.

MR MAX BERGOMI – CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

B.Eng. Management and Production, Graduate of Harvard Business School's Advanced Management Program

Appointment: Initial appointment as Chief Executive Officer 11 January 2016
Appointment as Chief Executive Officer and Managing Director 31 March 2016

Experience and expertise: Max joined Tempo in January 2016 as Chief Executive Officer and on 31 March 2016 became Tempo's Chief Executive Officer and Managing Director. A highly experienced and successful engineering and oil and gas industry executive, Max has held a number of high-profile senior leadership roles during his 20-year career.

Prior to joining Tempo, Max built a successful career with major Australian engineering and project services contractor, Clough Ltd, over a period of eight years. He was previously Managing Director Australia and PNG for Clough's Oil & Gas and Mining & Minerals divisions. He has also held senior positions with Saipem and Maverick Tube Corporation in Milan, Houston, Jakarta and London. Max has a Bachelor of Engineering (Management and Production) from the Politecnico of Milan. He is also a graduate of the Harvard Business School's Advanced Management Program.

Current directorships in other listed companies: None

Directorships in listed companies in the last three years: None

COMPANY SECRETARY

MR MICHAEL WEST

B.Com (Finance and Economics), B.Eng. Mechanical Engineering (Honours Class 1), GAICD

Appointment: Initial appointment as Non-executive director 23 June 2014 – Resigned on 7 April 2015
Appointment as CFO and Company Secretary 24 September 2014 - Current

Experience and expertise: Michael has extensive experience working in financial, strategy and commercial roles in private and public businesses involved in the construction, maintenance, engineering, energy, private equity and investment banking sectors. He holds a Bachelor of Commerce and a Bachelor of Mechanical Engineering (Honours Class I) from Sydney University.

Current directorships in other listed companies: None

Directorships in listed companies in the last three years: Tempo Australia Limited

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:

	Directors' meetings		Audit & Compliance Committee	
	Eligible to attend	Attended	Eligible to attend	Attended
Carmelo Bontempo	13	13	3	3
Guido Belgiorno-Nettis*	-	-	-	-
Philip Loots	13	12	3	3
Brian Thomas	13	13	3	3
Max Bergomi*	9	9	-	-

* Guido Belgiorno-Nettis and Max Bergomi joined Board on 22 December 2016 and 31 March 2016 respectively.

	Nominations and Remuneration Committee		Risk, HSE and Commercial Committee	
	Eligible to attend	Attended	Eligible to attend	Attended
Carmelo Bontempo	3	3	4	4
Guido Belgiorno-Nettis*	-	-	-	-
Philip Loots	3	3	4	4
Brian Thomas	3	3	4	4
Max Bergomi*	-	-	4	4

* Guido Belgiorno-Nettis and Max Bergomi joined Board on 22 December 2016 and 31 March 2016 respectively.

DIRECTORS' INTERESTS IN SHARES OR OPTIONS AND RIGHTS OVER SHARES

Current directors' relevant interests in shares of Tempo Australia Limited or options over shares in the Company at the date of this report are detailed below:

	Ordinary shares	Options and rights over ordinary shares
Carmelo Bontempo	42,021,632	2,000,000
Guido Belgiorno-Nettis	38,000,000	-
Max Bergomi	3,835,000	5,500,000
Philip Loots	2,000,000	2,000,000
Brian Thomas	-	-
Total	85,856,632	9,500,000

AUDITOR'S INDEPENDENCE DECLARATION

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

NON-AUDIT SERVICES

Non-audit services are approved by the board of directors. Non-audit services provided by the Company's auditors, RSM Australia 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:

	2016 $	2015 $
Taxation services	-	8,550

REMUNERATION REPORT – AUDITED

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. 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 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.

As the Company is transitioning from a start-up to a sustainable business, the board has sought to align remuneration of directors and executives with industry best practice, including setting of short-term and long-term incentives and targets.

SHORT-TERM INCENTIVE PLAN (STIP)

For Key Management Personnel, a Short-Term Incentive Plan (STIP) has been developed which enables eligible members to a cash bonus, based on annual performance of the Company against a range of metrics. These targets include performance against; financial metrics such as profitability, cash flow, costs, and order intake; leadership targets, such as engagement with workforce and leadership behaviour; operational metrics such as customer satisfaction, system development and governance; and Risk and HSE targets.

LONG-TERM INCENTIVE PLAN (LTIP)

A Long-Term Incentive Plan (LTIP) has also been developed which will allow eligible employees to options or performance rights in the Company. Any issue under the LTIP would be subject to vesting over three years subject to continued, performance of the Total Shareholder Returns (TSR) of the Company versus the ASX300 over the vesting period and future earnings per share growth over the vesting period.

NON-EXECUTIVE DIRECTOR REMUNERATION

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. ASX listing rules require the aggregate non-executive directors remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 7 October 2011, where the shareholders approved an aggregate remuneration of $500,000. Directors' share-based remuneration was voted on by members at general meetings.

VOTING AND COMMENTS MADE AT THE COMPANY'S 31 MAY 2016 ANNUAL GENERAL MEETING ('AGM')

At the last AGM held on 31 May 2016, 99.5% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2015. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

DIRECTORS' AND EXECUTIVES' COMPENSATION

(a) Details of Directors and Key Management Personnel

The directors and key management personnel during the year ended 31 December 2016 were:

Directors

Carmelo Bontempo	Chairman (Appointed Chairman 31 March 2016) (Appointed as Executive Chairman 17 April 2014) (Appointed as Chairman 7 February 2014) (Joined as Non-Executive Director 3 August 2011)
Guido Belgiorno-Nettis	Non-Executive Director (Joined as Non-Executive Director 22 December 2016)
Philip Loots	Non-Executive Director (Joined as Non-Executive Director 20 February 2014)
Brian Thomas	Non-Executive Director (Joined as Non-Executive Director 7 April 2015)
Max Bergomi	CEO and Managing Director (Joined Board as Managing Director on 31 March 2016) (Began as CEO on 11 January 2016)

Executive

Michael West	Chief Financial Officer and Company Secretary (Resigned from Board 7 April 2015 to continue as Chief Financial Officer and Company Secretary) (Appointed as Executive Director, Chief Financial Officer and Company Secretary 24 September 2014) (Joined as Non-Executive Director 23 June 2014)
Daniel Hibbs	Chief Operating Officer (Appointed 5 November 2012, ceased employment 22 February 2017)

KEY MANAGEMENT PERSONNEL COMPENSATION

	Short-Term				Post-employment		Long-term	Share-based payment		Total	Total Performance Related
	Salary fees	Cash bonus	Non-monetary	Other	Super-annuation	Other payments	Incentive plans	Options granted	Rights granted		
2016	$	$	$	$	$	$	$	$	$	$	%
Carmelo Bontempo	13,713	-	-	-	1,303	-	-	61,957	-	76,973	80%
Max Bergomi	389,735	-	-	-	19,462	-	-	49,445	210,200	668,842	39%
Daniel Hibbs	321,606		-	-	30,818	-	-	15,188	-	367,612	4%
Philip Loots	15,000	-	-	-	-	-	-	23,508	-	38,508	61%
Michael West	225,004	63,750	-	-	19,462	-	-	-	97,364	405,580	40%
Brian Thomas	28,921	-	-	-	2,603	-	-	-		31,524	0%
Total	**993,979**	**63,750**	**-**	**-**	**73,648**	**-**	**-**	**150,098**	**307,564**	**1,589,039**	
2015	$	$	$	$	$	$	$	$	$	$	%
Carmelo Bontempo	13,698	-	-	-	1,302	-	-	-	-	15,000	0%
Daniel Hibbs	321,601	90,000	-	-	39,233	-	-	62,767	-	513,601	30%
Philip Loots	15,000	-	-	-	-	-	-	26,357	-	41,357	64%
Michael West	225,001	67,500	-	-	27,271	-	-	-	-	319,772	21%
Brian Thomas	10,063	-	-	14,000	956	-	-	-	-	25,019	0%
Nick Bowen*	13,750	-	-	-	1,307	-	-	-	-	15,057	0%
Total	**599,113**	**157,500**	**-**	**14,000**	**70,069**	**-**	**-**	**89,124**	**-**	**929,806**	

* Resigned 22 November 2015.

DIRECTORS' AND EXECUTIVES' EQUITY HOLDINGS

SHAREHOLDING

The number of ordinary shares in the parent entity held during the financial year by each director and other member management personnel of the consolidated entity, including their personally related parties, is set out below:

2016	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Carmelo Bontempo	42,021,632	-	-	-	42,021,632
Guido Belgiorno-Nettis	-	-	38,000,000	-	38,000,000
Brian Thomas	-	-	-	-	-
Daniel Hibbs	1,231,000	-	4,421,000	(2,302,200)	3,349,800
Philip Loots	-	-	2,000,000	-	2,000,000
Michael West	528,000	-	-	-	528,000
Max Bergomi	3,835,000	-	-	-	3,835,000
Total	**47,615,632**	**-**	**44,421,000**	**(2,302,200)**	**89,734,432**

2015	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Carmelo Bontempo	39,021,632	-	3,000,000	-	42,021,632
Brian Thomas	-	-	-	-	-
Daniel Hibbs	921,000	-	310,000	-	1,231,000
Philip Loots	-	-	-	-	-
Michael West	-	-	528,000	-	528,000
Nick Bowen*	5,847,954	-	-	(5,847,954)	-
Total	**45,790,586**	**-**	**3,838,000**	**(5,847,954)**	**43,780,632**

* Resigned 22 November 2015.

Option holding

The number of options over ordinary shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties is set out below:

2016	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Carmelo Bontempo	-	2,000,000	-	-	2,000,000
Guido Belgiorno-Nettis	-	-	-	-	-
Brian Thomas	-	-	-	-	-
Daniel Hibbs	5,106,000	-	(4,421,000)	(685,000)	-
Philip Loots	4,000,000	-	(2,000,000)	-	2,000,000
Michael West	-	-	-	-	-
Max Bergomi	-	1,500,000	-	-	1,500,000
Total	**9,106,000**	**3,500,000**	**(6,421,000)**	**(685,000)**	**5,500,000**

2015	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Carmelo Bontempo	-	-	-	-	-
Brian Thomas	-	-	-	-	-
Daniel Hibbs	3,381,000	2,000,000	-	(275,000)	5,106,000
Philip Loots	4,000,000	-	-	-	4,000,000
Michael West	-	-	-	-	-
Nick Bowen	4,000,000	-	-	(4,000,000)	-
Total	**11,381,000**	**2,000,000**	**-**	**(4,275,000)**	**9,106,000**

RIGHTS HOLDING

The number of rights over ordinary shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties is set out below:

2016	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Carmelo Bontempo	-	-	-	-	-
Guido Belgiorno-Nettis	-	-	-	-	-
Brian Thomas	-	-	-	-	-
Daniel Hibbs	-	-	-	-	-
Philip Loots	-	-	-	-	-
Michael West	-	2,000,000	-	-	2,000,000
Max Bergomi	-	4,000,000	-	-	4,000,000
Total	**-**	**6,000,000**	**-**	**-**	**6,000,000**

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.

None in 2016.

Details concerning share-based compensation of directors and executives:

Options

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired / forfeited/ other	Balance at the end of the year	Vested at the end of year	Vesting Date
28/02/2014	28/03/2016	$0.10	3,106,000	-	(3,106,000)	-	-	-	28/02/2016
30/05/2014	21/03/2016	$0.10	2,000,000	-	(2,000,000)	-	-	-	22/02/2016
30/05/2014	21/03/2017	$0.14	2,000,000	-	-	-	2,000,000	-	22/02/2017
14/04/2015	9/04/2016	$0.10	2,000,000	-	(1,315,000)	(685,000)	-	-	28/02/2016
11/02/2016	7/08/2017	$0.15	-	1,500,000	-	-	1,500,000	-	7/07/2017
9/06/2016	30/06/2019	$0.34	-	2,000,000	-	-	2,000,000	-	31/05/2019
10/06/2016	10/06/2031	$0.00	-	2,500,000	-	-	2,500,000	-	1/07/2018
10/06/2016	10/06/2031	$0.00	-	1,500,000	-	-	1,500,000	-	1/07/2019
10/06/2016	10/06/2031	$0.00	-	2,000,000	-	-	2,000,000	-	21/12/2018
Total Granted			9,106,000	3,500,000	(6,421,000)	(685,000)	5,500,000	-	
Weight average exercise Price			$0.11	$0.26	$0.10	$0.10	$0.22	-	

Performance Rights

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired / forfeited/ other	Balance at the end of the year	Vested at the end of year	Vesting Date
10/06/2016	10/06/2031	$0.00	-	2,500,000	-	-	2,500,000	-	1/07/2018
10/06/2016	10/06/2031	$0.00	-	1,500,000	-	-	1,500,000	-	1/07/2019
10/06/2016	10/06/2031	$0.00	-	2,000,000	-	-	2,000,000	-	21/12/2018
Total Granted		-	-	6,000,000	-	-	6,000,000	-	

For the options and rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
11/02/2016	7/08/2017	$0.110	$0.15	125%	-	1.75%	$0.0539
9/06/2016	30/06/2019	$0.235	$0.34	124%	-	1.65%	$0.1590

For the performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant dates are as follows:

Grant date	Number of Rights	Underlying share price	Probability %	Value $
10/06/2016	3,000,000	$0.235	100%	705,000
10/06/2016	3,000,000	$0.206	100%	618,000

Additional information

The earnings of the consolidated entity for the five years to 31 December 2016 are summarised below:

	2016 $	2015 $	2014 $	2013 $	2012 $
Revenue	81,142,374	78,079,491	16,026,422	14,006,914	5,967,386
EBITDA	6,392,674	4,578,810	(1,859,910)	(441,873)	(1,578,392)
EBIT	6,200,759	4,504,939	(1,935,510)	(517,473)	(1,616,192)
Profit/(loss) after income tax	5,454,698	6,739,995	(1,306,483)	(450,393)	(1,237,319)

The factors that are considered to affect total shareholders return ('TSR') are summarised below

Share price at financial year end ($)	0.230	0.120	0.050	0.040	0.085
Total dividends declared (cents per share)	-	-	-	-	-
Basic earnings per share (cents per share)	2.713	3.449	(0.772)	(0.294)	(0.858)

SERVICE AGREEMENTS

The company currently has service agreements with its directors. The 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:

Name: Max Bergomi

Title: Chief Executive Officer and Managing Director

Agreement commenced: 11 January 2016

Term of agreement: Permanent full time

Details: Fixed remuneration of $420,000 per annum (including statutory superannuation). 1,500,000 unlisted options to be issued under the Tempo Employee Share Incentive Rights Plan (ESIRP) to acquire shares in the Company at an exercise price of 15 cents each expiring 7 August 2017. Subject to shareholder approval at the 2016 Annual General Meeting, 4,000,000 performance rights (Performance Rights) in two tranches: Tranche 1: 2,500,000 Performance Rights vesting on 1 July 2018; and Tranche 2: 1,500,000 Performance Rights vesting on 1 July 2019. The Performance Rights will be subject to performance hurdles agreed by the Board and based on relative performance of Total Shareholder Returns (TSR) to the ASX300 and Earnings Per Share growth. Employment may be terminated by the Company with six months' notice. Mr Bergomi may terminate by giving the Company three months' notice. The Company can terminate the ESA without notice for serious or wilful misconduct. The ESA contains a three (3) month Australia wide restraint of trade provision from the date employment ceases.

Name: Michael West

Title: Chief Financial Officer / Company Secretary

Agreement commenced: 26 September 2014

Term of agreement: Permanent full time

Details: Base salary of $225,000 per annum plus superannuation. Three (3) months termination notice by either party, bonus of up to 30% subject to the satisfaction of specified milestones and performance criteria (both individual and company). Entitled to participate in the company's Employee Share Incentive Rights Plan (ESIRP) to the value of 30% of base salary subject to the satisfaction of specified milestones and performance criteria (both individual and company).

Signed in accordance with a resolution of the directors.

Carmelo Bontempo
Director

Date: 27 February 2017

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Tempo Australia Limited for the year ended 31 December 2016, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 27 February 2017

TUTU PHONG
Partner

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

		Consolidated entity	
	Note	2016 $	2015 $
Revenue	3	81,142,374	78,079,491
Other income	3	227,965	1,074,262
Revenue		**81,370,339**	**79,153,753**
Employee and director benefits expense		66,341,992	54,840,307
Administration costs		557,808	343,232
Occupancy costs		289,254	250,320
Depreciation and amortisation	8, 11	191,915	73,870
Other expenses	4	6,884,467	17,358,165
Listing and other statutory charges		58,256	19,046
Interest and finance charges		212,186	492,483
Other professional expenses		711,187	689,691
Total expenses		**75,247,065**	**74,067,114**
Profit before income tax expense		**6,123,274**	**5,086,639**
Income tax expense	5	(668,576)	1,653,356
Profit attributable to the members of the parent		**5,454,698**	**6,739,995**
Other comprehensive income			
Total comprehensive income		**5,454,698**	**6,739,995**
Net profit attributable to members of the parent entity		**5,454,698**	**6,739,995**
Earnings per share			
Basic earnings (loss) – cents per share	17	2.713	3.449
Diluted earnings (loss) – cents per share	17	2.713	3.449

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

		Consolidated entity	
	Note	2016 $	2015 $
CURRENT ASSETS			
Cash and cash equivalents		25,711,347	7,426,812
Trade and other receivables	6	5,779,937	20,290,736
Inventories		93,403	-
Other assets	7	592,886	310,853
Total current assets		**32,177,573**	**28,028,401**
NON-CURRENT ASSETS			
Plant and equipment	8	892,417	400,383
Goodwill	9	3,118,087	3,118,087
Intangibles	11	-	-
Deferred tax assets	21	2,941,961	2,886,457
Total non-current assets		**6,952,465**	**6,404,927**
Total assets		**39,130,038**	**34,433,328**
CURRENT LIABILITIES			
Trade and other payables	12	2,536,269	12,301,341
Borrowing	13	690,083	354,854
Provisions (including employee benefits)	14	5,231,145	7,583,273
Total current liabilities		**8,457,497**	**20,239,468**
NON-CURRENT LIABILITIES			
Deferred tax liabilities	21	114,344	73,566
Borrowings	13	44,518	179,353
Provisions (including employee benefits)	14	45,198	-
Total non-current liabilities		**204,060**	**252,919**
Total liabilities		**8,661,557**	**20,492,387**
Net assets		**30,468,481**	**13,940,941**
EQUITY			
Contributed equity	15	80,075,545	70,153,493
Share based payment reverse		1,333,472	182,682
Accumulated losses		(50,940,536)	(56,395,234)
Total equity		**30,468,481**	**13,940,941**

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

Consolidated	Issued capital	Accumulated losses	Share-based payments reserve	Total equity
	$	$	$	$
At 1 January 2015	70,153,493	(63,135,229)	84,647	7,102,911
Profit	-	6,739,995	-	6,739,995
Other comprehensive income	-	-	-	-
Total comprehensive income	**-**	**6,739,995**	**-**	**6,739,995**
Share based payments	-	-	98,035	98,035
Transaction costs	-	-	-	-
At 31 December 2015	**70,153,493**	**(56,395,234)**	**182,682**	**13,940,941**
At 1 January 2016	70,153,493	(56,395,234)	182,682	13,940,941
Profit	-	5,454,698	-	5,454,698
Other comprehensive income	-	-	-	-
Total comprehensive income	**-**	**5,454,698**	**-**	**5,454,698**
Share issues	11,548,409	-	-	11,548,409
Share based payments	-	-	480,340	480,340
Options exercised	842,100	-	-	842,100
Treasury shares	(19,125)	-	-	(19,125)
Transaction costs	(214,204)	-	-	(214,204)
Acquisition of treasury shares	(2,247,980)	-	-	(2,247,980)
Tax effect relating to share based payment	-	-	670,450	670,450
Tax effect relating to share issue cost	12,853	-	-	12,853
At 31 December 2016	**80,075,545**	**(50,940,536)**	**1,333,472**	**30,468,481**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Consolidated Entity 2016 $	2015 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		96,339,903	72,550,181
Payments to suppliers, employees and transfers to administrator		(87,131,577)	(65,401,048)
Interest and finance charges paid		(245,686)	(492,483)
Interest received		170,677	73,171
Net cash provided by operating activities	**16**	**9,133,317**	**6,729,821**
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for acquisition of business	20	(605,159)	-
Payments for property plant and equipment		(247,570)	(360,660)
Net cash (used in) investing activities		**(852,729)**	**(360,660)**
CASH FLOW FROM FINANCING ACTIVITIES			
Payment for shares acquired by Employee Share Trust		(409,121)	-
Proceeds from issue of equity instruments		10,342,100	-
Equity issue transaction cost		(24,204)	-
Proceeds from borrowings		1,967,725	1,051,400
Loan repayment		(1,872,553)	(1,117,193)
Net cash provided by (used in) financing activities		**10,003,947**	**(65,793)**
Net increase in cash and cash equivalents		**18,284,535**	**6,303,368**
Cash and cash equivalents at beginning of year		7,426,812	1,123,444
Total cash and cash equivalents at the end of the year		**25,711,347**	**7,426,812**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

NOTE 1: BASIS OF PREPARATION

Tempo Australia Limited is domiciled in Australia.

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.

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in the notes to the financial statements.

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. 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 were authorised for issue on 27 February 2017 by the directors of the Company.

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 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.

The consolidated entity has adopted all of the new, revised and amending Accounting Standards and Interpretations issued by the AASB for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have a material impact on the financial performance or position of the consolidated entity.

Summary of the significant accounting policies:

(A) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Tempo Australia Limited ('Company' or 'parent entity') as at 31 December 2016 and the results of all subsidiaries for the year then ended. Tempo Australia Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

(B) 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.

(C) 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, when 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.

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

(D) 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.

Share Based Payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

NOTE 1: BASIS OF PREPARATION CONTINUED

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

(E) 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 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.

(F) 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.

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.

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

Depreciation is provided on a straight-line basis over the asset's useful life to the consolidated entity 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 rates used are listed as below:

Asset Class	Depreciation rate
Furniture and 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.

(G) OPERATING LEASES

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in the profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expenses.

(H) INTANGIBLES

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.

(I) IMPAIRMENT OF NON-FINANCIAL ASSETS

At the end of each reporting period, the consolidated entity 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. 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. 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 consolidated entity 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 infinite lives.

(J) 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, if any. For the statement of cash flows, the item includes cash and cash equivalents less cash subject to restriction, if any.

(K) 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.

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.

NOTE 1: BASIS OF PREPARATION CONTINUED

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 consolidated entity 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.

(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.

(M) GOODWILL

Goodwill is carried at cost less any accumulated impairment losses.

Goodwill is calculated as the excess of the sum of:

(i) the consideration transferred;
(ii) any non-controlling interest; and
(iii) 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.

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 a cash-generating unit 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.

(N) IMPAIRMENT

At the end of each reporting period, the consolidated entity 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 consolidated entity 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.

(O) 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.

(P) 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.

(Q) CURRENT AND NON-CURRENT CLASSIFICATION

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

NOTE 1: BASIS OF PREPARATION CONTINUED

(R) BORROWINGS

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

(S) FAIR VALUE MEASUREMENT

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(T) ISSUED CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(U) EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the entity, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

(V) NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2016. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 January 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 January 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 January 2019 but the impact of its adoption is yet to be assessed by the consolidated entity.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Goodwill

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for tax based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for tax losses and deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

NOTE 3

	Consolidated entity	
REVENUE	**2016 $**	**2015 $**
Revenues from operations	81,142,374	78,079,491
Other income	227,965	1,074,262
Total revenue	**81,370,339**	**79,153,753**

NOTE 4

	Consolidated entity	
OTHER EXPENSES	**2016 $**	**2015 $**
Project recoverable cost		
Project material cost	(2,797,003)	(5,833,548)
Candidate screening cost	(274,731)	(945,603)
Equipment and subcontractor costs	(3,812,733)	(10,579,014)
Total other expenses	**(6,884,467)**	**(17,358,165)**

NOTE 5

	Consolidated entity	
INCOME TAX	**2016 $**	**2015 $**
Profit before income tax	6,123,274	5,086,639
At the statutory income tax rate of 30% (2015: 30%)	1,836,982	1,525,992
Tax effect of amounts which are not deductible in calculating taxable income	(527,838)	(250,340)
Tax effect relating to share based payment	481,087	
Tax effect relating to share issue cost	(12,852)	
Adjustment relating to prior years	-	433,459
Recognition of previously unrecognised prior year tax losses	(1,108,803)	(3,362,467)
Income tax expense (benefit)	**668,576**	**(1,653,356)**

NOTE 6

	Consolidated entity	
RECEIVABLES	**2016 $**	**2015 $**
CURRENT		
Trade receivables	4,897,135	6,636,710
Other receivables	221,782	-
Accrued income	661,020	13,654,026
Total current receivables	**5,779,937**	**20,290,736**

The Accrued income shown at each balance date has all been subsequently invoiced and converted to cash or retention.

The following table details the 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 consolidated entity 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 consolidated entity.

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 $
2016						
Trade and term receivables	4,897,135	-	2,553,877	5,002	34,896	2,316
Other receivables	221,782	-	4,250	-	33,742	-
Accrued income	661,020	-	-	-	-	-
Total	**5,779,937**	**-**	**2,558,127**	**5,002**	**68,638**	**2,316**
2015						
Trade and term receivables	6,636,710	-	89,603	-	-	-
Other receivables	-	-	-	-	-	-
Accrued income	13,654,026	-	-	-	-	-
Total	**20,290,736**	**-**	**89,603**	**-**	**-**	**-**

NOTE 7

	Consolidated entity	
OTHER CURRENT ASSETS	2016 $	2015 $
Prepayments		
Insurances	519,502	270,033
Other	73,384	40,820
Total other current assets	**592,886**	**310,853**

NOTE 8

	Consolidated entity	
PLANT AND EQUIPMENT	2016 $	2015 $
Furniture and fixtures - at Cost	83,841	65,664
Furniture and fixtures - accumulated depreciation	(28,351)	(16,351)
Net book value furniture and fixture	**55,490**	**49,313**
Plant and equipment - at cost	100,811	46,343
Plant and equipment - accumulated depreciation	(52,156)	(42,097)
Net book value plant and equipment	**48,655**	**4,246**
IT – at cost	691,848	395,175
IT – accumulated depreciation	(191,732)	(48,351)
Net book value IT	**500,116**	**346,824**
Motor vehicles – at cost	314,364	-
Motor vehicles – accumulated depreciation	(26,208)	-
Net book value motor vehicle	**288,156**	**-**
Total cost	1,190,864	507,182
Total accumulated depreciation	(298,447)	(106,799)
Total net book value	**892,417**	**400,383**

Reconciliations

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

NOTE 8 CONTINUED

	Furniture and fixtures $	Plant and equipment $	IT $	Motor vehicles $	Total $
Balance at 1 January 2015	11,478	12,392	51,923	-	75,793
Additions	43,518	-	317,142	-	360,660
Disposals	-	-	-	-	-
Depreciation expense	(5,683)	(8,146)	(22,241)	-	(36,070)
Balance at 31 December 2015	**49,313**	**4,246**	**346,824**	**-**	**400,383**
Additions	13,526	-	267,544	-	281,070
Additions through business combinations (note 20)	4,652	54,468	29,396	347,864	436,380
Disposals	-	-	-	(33,500)	(33,500)
Depreciation expense	(12,001)	(10,059)	(143,648)	(26,208)	(191,916)
Balance at 31 December 2016	**55,490**	**48,655**	**500,116**	**288,156**	**892,417**

NOTE 9

	Consolidated entity	
GOODWILL	2016 $	2015 $
Goodwill – at cost	3,118,087	3,118,087
Accumulated impairment losses	-	-
Net carrying amount	**3,118,087**	**3,118,087**
Reconciliations		
Reconciliations of the carrying amounts of Goodwill at the beginning and end of the current financial year		
Carrying amount at beginning of year	3,118,087	3,118,087
Acquisitions through business combinations	-	-
Amortisation expense	-	-
Impairment	-	-
Carrying amount at end of year	**3,118,087**	**3,118,087**

Impairment disclosures

Goodwill is allocated to Tempo Personnel Management (previously known as Tempo Industry Partners). Goodwill has an infinite useful life.

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 expense)	5.00%
Discount Rate	19.5%

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 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 resources services segment.

Major customers

The consolidated entity has a number of customers to which it provides services. The consolidated entity supplies a single external customer who accounts for 82% of external revenue (2015: 49%). The next most significant customer accounts for 12% (2015: 41%).

NOTE 11

	Consolidated entity	
INTANGIBLE ASSETS	2016 $	2015 $
Customer contracts – at cost	-	-
Customer contracts – accumulated amortisation	-	-
Net book value customer contracts	**-**	**-**
Reconciliations		
Reconciliations of the carrying amounts of Intangibles at the beginning and end of the current financial year		
Carrying amount at beginning of year	-	37,800
Amortisation expense	-	(37,800)
Impairment	-	-
Carrying amount at end of year	**-**	**-**

Intangible assets have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of comprehensive income.

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

	Consolidated entity	
PAYABLES	2016 $	2015 $
Trade payables	636,636	2,152,357
Other payables	1,899,633	10,148,984
Total payables	**2,536,269**	**12,301,341**

NOTE 13

	Consolidated entity	
BORROWINGS	2016 $	2015 $
Current		
Other finance facilities (equipment, insurance, software)	690,083	354,854
Non-current		
Other finance facilities (equipment, insurance, software)	44,518	179,353
Total borrowings	**734,601**	**534,207**

NOTE 13 CONTINUED

Financing arrangements

Access was available at the reporting date to the following line of credits:

	Consolidated entity	
	2016 $	2015 $
Total facility limit	10,734,601	10,534,207
Total facility limit	**10,734,601**	**10,534,207**
Used at the reporting date	734,601	534,207
Unused at the reporting date*	10,000,000	10,000,000
Total facility limit	**10,734,601**	**10,534,207**

*availability to borrow depends on prevailing debtor balances at any point in time

Tempo has a $10,000,000 Invoice Finance Facility with the National Australia Bank Limited ('NAB'), that is completely undrawn at present. It is secured by a first ranking general security interest, a security interest registered pursuant to the Invoice Finance Facility Agreement and a Guarantee and Indemnity given by the Company. The applicable interest rate at 31 December 2016 was 6.27%.

Other various financing agreements in place amount to $734,601, which relate to financing for equipment, software and insurance funding. These agreements vary in interest rates from 2.25% to 6.5% and are generally secured against the item purchased.

Bank Guarantees and Surety Bonds

The Company has access to Bank Guarantee facilities of up to $2 million and surety bond facilities of $14.5 million.

NOTE 14

	Consolidated entity	
PROVISIONS (INCLUDING EMPLOYEE BENEFITS)	2016 $	2015 $
Current provisions		
Employee benefits	2,554,508	5,414,406
Other provisions	2,676,637	2,168,867
Total current provisions	**5,231,145**	**7,583,273**
Non - current provisions		
Employee benefits	45,198	-
Total non - current provisions	**45,198**	**-**
Total provisions	**5,276,343**	**7,583,273**

Employee benefits

Provision for employee benefits represents amounts accrued for annual leave, sick leave and redundancy.

	Consolidated entity	
EMPLOYEE BENEFITS PROVISIONS	2016 $	2015 $
Carrying amount at the beginning of period	5,414,406	262,890
Additional provision made	20,860,105	12,018,203
Amounts used	(23,674,805)	(6,866,687)
Total employee benefits provisions	**2,599,706**	**5,414,406**

Other provisions

Other provisions mainly consist of provisions for insurance and estimated warranty provisions in respective of service which are still under warranty at the reporting date.

OTHER PROVISIONS	Consolidated entity 2016 $	2015 $
Carrying amount at the beginning of period	2,168,867	-
Additional provision made	3,763,019	2,168,867
Amounts used	(3,255,249)	-
Total other provisions	**2,676,637**	**2,168,867**

NOTE 15

CONTRIBUTED EQUITY	Note	Consolidated entity 2016 $	2015 $
Ordinary shares fully paid	15(a)	80,094,670	70,153,493
Share based payment reserve	15(b)	1,333,472	182,682
Treasury shares	15(c)	(19,125)	-
		81,409,017	**70,336,175**

ORDINARY SHARES

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

CAPITAL RISK MANAGEMENT

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the consolidated entity may adjust the dividends paid to shareholders or issue new shares. The consolidated entity's capital risk management policy remains unchanged from the Annual Report for the year ended 31 December 2015.

15(a) Movements in shares on issue	Parent entity # of shares	($)
Beginning of the financial year	195,440,059	70,153,493
Issue during the year	45,364,522	11,548,409
Option exercised - proceeds received	8,421,000	842,100
Deduct: share issue costs	-	(214,204)
Deduct: acquisition of treasury shares	(8,421,000)	(2,247,980)
Tax effect relating to share issue cost	-	12,852
End of financial year	**240,804,581**	**80,094,670**

Share based payment reserve

The Company offered employees participation in the employee share incentive rights 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 and performance rights at the grant date.

	2016		2015	
15(b) Movements in share based payment reserve	Number	($)	Number	($)
Outstanding at beginning of year	12,106,000	182,682	11,381,000	84,647
Issue during the year	-	-	-	-
Share-based payment	9,830,000	490,007	5,000,000	154,336
Exercised during the year	(8,421,000)	-	-	-
Lapsed or expired during the year	(1,685,000)	(9,667)	(4,275,000)	(56,301)
Tax effect relating to share based payment	-	670,450	-	-
Outstanding at year end	**11,830,000**	**1,333,472**	**12,106,000**	**182,682**

Treasury Shares

During the year, the company has established an Employee Share Trust for the purpose of acquiring, holding and transferring shares in connection with the Employee Share Option Plan established by the company for the benefits of participants in those plans. Under the Trust, 8,421,000 shares were issued by the Trust to the participants.

NOTE 15 CONTINUED

	2016	
15(c) Movements in treasury shares	Number	($)
Opening balance at beginning of the year	-	-
Acquisition of shares issued by the company	(6,408,307)	(1,858,410)
Acquisition of on-market shares	(2,097,693)	(409,121)
Issue of shares under Employee Share Incentive Rights Plan	8,421,000	2,247,981
Share revaluation reserve	-	425
Balance at year end	**(85,000)**	**(19,125)**

NOTE 16

	Consolidated entity	
CASH FLOW INFORMATION	2016 $	2015 $
Reconciliation of the net profit (loss) after tax to the net cash flows from operations		
Net profit/(loss)	**5,454,698**	**6,739,995**
Non-cash items		
Depreciation and amortisation	191,915	73,870
ESOP, option and performance rights expenses	480,765	98,035
Changes in assets and liabilities		
Receivables	15,140,240	(13,379,862)
Inventories	3,704	-
Other assets	(282,033)	(103,610)
Payables	(9,765,072)	7,634,366
Provisions	(2,759,476)	7,320,383
Deferred tax assets	627,798	(1,703,917)
Deferred tax liabilities	40,778	50,561
Net operating cash flow	**9,133,317**	**6,729,821**

NOTE 17

	Consolidated entity	
EARNING PER SHARE	2016 $	2015 $
The following reflects the income and share data used in the calculations of basic and diluted earnings per share		
Net profit after tax	5,454,698	6,379,995
Earnings used in calculating basic and diluted earnings per share	**5,454,698**	**6,379,995**
Weighted average number of ordinary shares used in calculating basic earnings per share	201,074,294	195,440,059
Effect of dilutive securities		
Share options and performance rights	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	201,074,294	195,440,059

NOTE 18

LEASE EXPENDITURE COMMITMENTS	Consolidated entity 2016 $	Consolidated entity 2015 $
Operating leases (non-cancellable)		
(a) Operating leases related to office	350,253	54,092
(b) Operating leases related to plant & equipment	-	35,674
Minimum lease payments		
- Not later than one year	270,733	89,766
- Later than one year and not later than five years	79,520	-
- Later than five years	-	-
Aggregate lease expenditure contracted for at reporting date	**350,253**	**89,766**

The entity had no capital commitments as at 31 December 2016 (2015: Nil)

FINANCE LEASE COMMITMENTS	Consolidated entity 2016 $	Consolidated entity 2015 $
Committed at the reporting date and recognised as liabilities payable:		
- Not later than one year	690,083	366,011
- Later than one year and not later than five years	44,518	194,194
Total commitment		
Less: future finance charges	-	(25,998)
Net commitment recognised as liabilities	734,601	534,207
Representing		
- Other financing facilities - current (note 13)	690,083	354,854
- Other financing facilities - non-current (note 13)	44,518	179,353
Aggregate lease expenditure contracted for at reporting date	**734,601**	**534,207**

NOTE 19

RELATED PARTY AND KEY MANAGEMENT PERSONNEL DISCLOSURES		Consolidated entity 2016	Consolidated entity 2015
(a) The consolidated financial statements include the financial statements of Tempo Australia Limited and its controlled entities listed below			
	Country of Incorporation		
Parent Entity			
Tempo Australia Limited	Australia		
Subsidiaries of Tempo Australia Limited			
Tempo Resources Solutions Pty Ltd	Australia	100%	100%
Tempo Engineering Pty Ltd	Australia	100%	100%
Cablelogic Pty Ltd (formerly Tempo Engineering Services Pty Ltd)	Australia	100%	100%
Tempo Construction & Maintenance Pty Ltd	Australia	100%	100%
Tempo Personnel Management Pty Ltd (Formerly Industry Partners Pty Ltd)	Australia	100%	100%
Tempo Global Pty Ltd	Australia	100%	100%

NOTE 19 CONTINUED

	2016 $	2015 $
(b) Compensation by category for Directors and nominated executives		
Short-term employment benefits	1,057,729	756,613
Post-employment benefits	73,648	70,069
Share based benefit	457,662	89,124
Others	-	14,000
Total benefits	**1,589,039**	**929,806**

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.

There were no other payments than payments for director's fees with related parties during 2016.

NOTE 20

On 28 July 2016, the Company entered into an agreement to purchase the core assets of specialist electrical, telecom and data communications contractor, Cablelogic Pty Ltd, for the total consideration transferred of $605,159. This total consideration represented the fair value of the net assets and hence no Goodwill or Intangibles were created as a result of this transaction.

Details of the fair value are as follows:

Business combination	Fair value recognised on acquisition $
ASSETS	
Trade and other receivables	629,441
Inventories	97,107
Plant and equipment	436,380
Total assets	**1,162,928**
LIABILITIES	
Borrowing	105,223
Provisions (including employee benefits)	452,546
Total liabilities	**557,769**
Total identifiable net assets at fair value	**605,159**
Cash used to acquire business	**605,159**
Acquisition costs expensed to profit or loss	**81,122**

NOTE 21

DEFERRED TAX ASSETS AND LIABILITIES	Consolidated entity 2016 $	Consolidated entity 2015 $
Deferred tax asset comprises temporary differences attributable to:		
Carry forward tax losses	1,156,748	434,781
Accrued expenses	687,613	448,053
Employee benefits	882,556	1,974,229
Share based payment reserve	189,363	-
Others	25,681	29,394
Balance as at year end	**2,941,961**	**2,886,457**
Movements:		
Opening balance	2,886,457	1,182,540
Charged to profit or loss	(1,247,206)	1,703,917
Take up of prior year losses	1,100,495	-
Charged to equity	12,852	-
Future Employee Share Trust contributions	189,363	-
Balance as at year end	**2,941,961**	**2,886,457**
Deferred tax liability comprises temporary differences attributable to:		
Inventory	28,021	-
Prepayment and receivables	73,531	50,048
Plant and equipment	12,792	23,518
Balance as at year end	**114,344**	**73,566**
Movements:		
Opening balance	73,566	23,005
Charged to profit or loss	40,778	50,561
Balance as at year end	**114,344**	**73,566**

In the tax assets recorded on the statement of financial position, Tempo has recognised a further $1,100,495 of tax losses from previous years that may be available to Tempo, to offset future taxable income. The ability to utilise these losses will depend on Tempo's ability to continue to pass the continuity of ownership and control tests in accordance with the Income Tax Assessment ACT 1997.

NOTE 22: FINANCIAL INSTRUMENTS

The consolidated entity's activities expose it to credit risk and liquidity risk. Interest rate risks are not considered as significant. The consolidated entity uses different methods to measure different types of risk to which it is exposed.

Risk management is carried out by the Chief Executive Officer and the Chief Financial Officer under policies approved by the Risk, HSE and Commercial 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 consolidated entity has no derivative financial instruments or forward exchange contracts. At year end, 63% ($3,626,536) of receivables were due from one debtor. Subsequently to the year-end $3,626,536 has been paid and exposure to this debtor decreased to $nil. As a result there is no material credit risk exposure to any single debtor or group of debtors under financial instruments.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet the ongoing expenditure requirements whilst the group is in start-up phase. In addition to cash, the group also has access to working capital facilities with a major Australian banking group. Management and the board monitor rolling forecasts of the consolidated entity'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 has an exposure to interest rates through its working capital facilities and its borrowings for equipment, insurances and software. Given the short term nature and size of the borrowings, the board believes there is no material credit risk regarding interest rates.

NOTE 23

Parent Entity Information	2016 $	2015 $
Profit/(Loss) after income tax	(3,013,309)	176,153
Total comprehensive income	**(3,013,309)**	**176,153**
Total current assets	25,708,858	464,539
Total assets	32,370,180	7,060,348
Total current liabilities	16,148,222	1,238,520
Total liabilities	16,295,277	1,312,086
Equity		
Contributed equity	83,676,122	70,336,175
Accumulated losses	(67,601,219)	(64,587,913)
Total equity	**16,074,903**	**5,748,262**
Contingencies		
The parent entity had no contingent liabilities as at 31 December 2016 (2015: Nil).		
Capital Commitments		
The parent entity had no capital commitments as at 31 December 2016 (2015: Nil).		

NOTE 24: SHARE BASED PAYMENTS

An Employee Share Incentive Right Plan (ESIRP) has been established by the Company, and approved by shareholders at the general meeting held on the 2nd of May 2013 and renewed at the general meeting held on 31 May 2016, whereby the Company may grant options and/or performance rights over ordinary shares in the parent entity to certain employees of the Company. The options and/or performance rights are issued for nil consideration and are granted in accordance with guidelines established by Tempo Employee Share Incentive Right Plan.

Set out below are summaries of options and performance rights granted under the plan:

Options

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired / forfeited/ other	Balance at the end of the year	Vested at the end of year	Vesting date
28/02/2014	28/03/2016	$0.10	3,106,000	-	(3,106,000)	-	-	-	28/02/2016
30/05/2014	21/03/2016	$0.10	2,000,000	-	(2,000,000)	-	-	-	22/02/2016
30/05/2014	21/03/2017	$0.14	2,000,000	-	-	-	2,000,000	-	22/02/2017
14/04/2015	9/04/2016	$0.10	4,000,000	-	(3,315,000)	(685,000)	-	-	28/02/2016
28/02/2014	7/08/2017	$0.15	1,000,000	-	-	(1,000,000)	-	-	7/07/2017
11/02/2016	7/08/2017	$0.15	-	1,500,000	-	-	1,500,000	-	7/07/2017
9/06/2016	30/06/2019	$0.36	-	2,000,000	-	-	2,000,000	-	31/05/2019
Total Granted			12,106,000	3,500,000	(8,421,000)	(1,685,000)	5,500,000	-	
Weight average exercise Price			$0.11	$0.26	$0.10	$0.13	$0.22	-	

Performance rights

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired / forfeited/ other	Balance at the end of the year	Vested at the end of year	Vesting date
10/06/2016	10/06/2031	$0.00	-	2,680,000	-	-	2,680,000	-	1/07/2018
10/06/2016	10/06/2031	$0.00	-	1,500,000	-	-	1,500,000	-	1/07/2019
10/06/2016	10/06/2031	$0.00	-	2,000,000	-	-	2,000,000	-	21/12/2018
10/06/2016	10/06/2031	$0.00	-	150,000	-	-	150,000	-	15/03/2018
Total Granted			-	6,330,000	-	-	6,330,000	-	

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
11/02/2016	7/08/2017	$0.110	$0.15	125%	0%	1.75%	$0.0539
9/06/2016	30/06/2019	$0.235	$0.34	124%	0%	1.65%	$0.1590

For the performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date are as follows:

Grant date	Number of Rights	Underlying share price	Probability %	Value $
10/06/2016	3,330,000	$0.235	100%	782,550
10/06/2016	3,000,000	$0.206	100%	618,000

NOTE 25

	Consolidated entity	
AUDITORS REMUNERATION	2016 $	2015 $
Audit or review of the financial report		
RSM Australia Partners	64,000	61,000
Tax compliance		
RSM Australia Partners	-	8,550
Total	64,000	69,550

NOTE 26: SUBSEQUENT EVENTS

Nil

NOTE 27: CONTINGENCIES

The consolidated entity has no contingent assets or liabilities as at 31 December 2016 (2015: nil).

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 31 DECEMBER 2016

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

a. Comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

b. Give a true and fair view of the financial position of the consolidated entity as at 31 December 2016 and of its performance as represented by the results of their operations and its cash flows, for the year ended on that date; and

c. Comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

Director

Carmelo Bontempo
Perth
Date 27 February 2017

RSM Australia Partners

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

Opinion

We have audited the financial report of Tempo Australia Limited (the company) and its subsidiaries (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the consolidated entity is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the consolidated entity in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RSM

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
Recognition of Revenue Refer to Note 3 in the financial statements	
A substantial amount of the company's revenue relates to revenue from contracts to provide construction and maintenance services. Revenue recognition was considered a key audit matter, as it may be complex and involves significant management judgements. These include: • the recognition of claims and variations, based on an assessment by the consolidated entity as to whether it is probable that the amount will be approved by the customer and therefore recovered; and • determining the financial period when the revenue from contracts has been earnt by the consolidated entity. We believe this is a key audit matter because of its significance to profit and the judgement required in recognising revenue from contracts.	Our audit procedures in relation to the recognition of revenue included: • assessing whether the company's revenue recognition policies were in compliance with Australian Accounting Standards; • testing a sample of transactions from major contracts by sighting evidence of completed claims and comparing the revenue recognised to the approved claims; • assessing the recoverability of accounts receivable from major contracts by vouching the subsequent receipts to bank statements; and • reviewing revenue transactions before and after year-end to ensure that revenue is recognised in the correct financial period.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the consolidated entity's annual report for the year ended 31 December 2016, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 preparing the financial report, the directors are responsible for assessing the ability of the consolidated entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/Pronouncements/Australian-Auditing-Standards/Auditors-Responsibilities.aspx. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 31 December 2016.

In our opinion, the Remuneration Report of Tempo Australia Limited, for the year ended 31 December 2016, complies with section 300A of the Corporations Act 2001.

Responsibilities

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.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 27 February 2017

TUTU PHONG
Partner

ADDITIONAL INFORMATION REQUIRED BY ASX

CORPORATE GOVERNANCE STATEMENT

The purpose of Tempo Australia Ltd ("Tempo") is to deliver to clients in the resources, industrial and commercial sectors specialist multidisciplinary maintenance and construction services, which protect and enhance their investments, without ever compromising on our values. Whilst doing this the Board is committed to providing a satisfactory return to its shareholders and fulfilling its corporate governance obligations and responsibilities in the best interests of the company and its shareholders. Good governance enables Tempo to deliver this purpose whilst meeting the Boards intent. The governance structures and processes are defined in Tempo's Corporate Governance Statement which can be found at https://www.tempoaust.com/who-we-are/corporate-governance.html

SHAREHOLDER INFORMATION

The information below is current at 15 February 2017, 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	202	217,636,865	90.38
10,001 to 100,000	499	20,816,378	8.64
5,001 to 10,000	143	1,167,387	0.48
1,001 to 5,000	318	1,100,641	0.46
1 to 1,000	255	83,310	0.03
Total	**1,417**	**240,804,581**	**100.00**

Non marketable securities totalling a number of 186,344 ordinary shares are held by 319 shareholders (2015: 323). There is no current on-market buy-back of securities.

OPTIONS AND PERFORMANCE RIGHTS

As at 15 February 2017 the Company had 11,830,000 unquoted options or performance rights over unissued ordinary shares in the Company held 9 different holders.

VOTING RIGHTS

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

SUBSTANTIAL SHAREHOLDERS

The names of substantial shareholders disclosed in substantial holding notices given to the Company are:

Name	Number of ordinary shares	% of issued capital
Bontempo Nominees Pty Ltd	42,021,632	17.45
Angophora Capital Pty Ltd	38,000,000	15.78
Anthony Barton and Associates	20,000,000	8.31

TOP 20 SHAREHOLDERS

Rank	Name	Number of ordinary shares	% of issued capital
1	BONTEMPO NOMINEES PTY LTD	41,702,632	17.32
2	ANGOPHORA CAPITAL PTY LTD	38,000,000	15.78
3	INGLEWOOD LODGE PTY LTD	10,350,000	4.30
4	MR IVAN TANNER & MRS FELICITY TANNER	5,000,000	2.08
5	CITICORP NOMINEES PTY LIMITED	4,991,661	2.07
6	J P MORGAN NOMINEES AUSTRALIA LIMITED	4,827,673	2.00
7	ZERO NOMINEES PTY LTD	4,800,000	1.99
8	UBS NOMINEES PTY LTD	4,317,298	1.79
9	MISS SILVANA MASALKOVSKI	3,724,711	1.55
10	MR ANTHONY PETER BARTON & MRS CORINNE HEATHER BARTON	3,491,562	1.45
11	AUST EXECUTOR TRUSTEES LTD	3,286,219	1.36
12	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,978,669	1.24
13	MR PAUL SANTILLO	2,750,000	1.14
14	VANAVO PTY LIMITED	2,410,228	1.00
15	MRS CHIARA RENIS	2,350,000	0.98
16	SEARCH POINT PTY LTD	2,000,000	0.83
16	INGLEWOOD LODGE PTY LTD	2,000,000	0.83
16	KAHLIA NOMINEES PTY LTD	2,000,000	0.83
16	CHEMCO SUPERANNUATION FUND PTY LTD	2,000,000	0.83
17	MISS VICTORIA ROSE BARTON	1,800,000	0.75
18	NATIONAL NOMINEES LIMITED	1,750,030	0.73
19	CAMPBELL KITCHENER HUME & ASSOCIATES PTY LTD	1,735,284	0.72
20	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	1,710,000	0.71
	Total	**149,975,967**	**62.28**
	Balance of register	90,828,614	37.72
	Grand total	**240,804,581**	**100.00**

CORPORATE DIRECTORY

DIRECTORS

Carmelo Bontempo	Chairman
Guido Belgiorno-Nettis	Non-Executive Director
Philip Loots	Independent Non-Executive Director
Brian Thomas	Independent Non-Executive Director
Max Bergomi	Chief Executive Officer and Managing Director

LEADERSHIP TEAM

Michael West	Chief Financial Officer and Company Secretary
Jonathan Wilson	VP Operations and GM Resources
Brett Easton	GM Industrial and Commercial
Gabriel Mallarini	GM Business Acquisitions

STOCK EXCHANGE LISTING

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

REGISTERED OFFICE

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West Perth, WA, 6005

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E: info@tempoaust.com
www.tempoaust.com

POSTAL ADDRESS

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WA, 6872, Australia

AUDITOR

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8 St Georges Terrace
Perth WA 6000
T: 08 9261 9100
www.rsmi.com.au

SHARE REGISTRY

Link Market Services
Level 4, Central Park
152 St George's Terrace
Perth WA 6000
T: 1300 554 474
www.linkmarketservices.com.au

SOLICITOR

Steinepreis Paganin
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