2019

ANNUAL REPORT

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TEMPO AUSTRALIA LIMITED

Tempo Australia Limited

ABN 51 000 689 725

Consolidated Financial Statements

For the Year Ended 31 December 2019

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FOR THE YEAR ENDED 31 December 2019

Corporate Governance Statement

The Board is committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to refine and improve the governance framework and practices in place to ensure they meet the interests of shareholders. The Company complies with the Australian Securities Exchange (ASX) Corporate Governance Council's Corporate Governance Principles and Recommendations (the Principles).

DIRECTORS' REPORT

The Directors present this 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 2019 and the auditor's report thereon.

PRINCIPAL ACTIVITIES

During the year ended 31 December 2019 the Group generated revenues from asset management and maintenance and construction across the telecommunications, infrastructure, resources, power, agricultural, industrial and commercial sectors. The Group generated minor revenue from investments in solar projects (plant and equipment) during 2019.

REVIEW OF OPERATIONS & RESULTS

The net loss after tax was $19.96M. This result was impacted by impairments of $15.68M including goodwill and deferred tax assets attributable to businesses acquired in prior years, that have not at this point provided sustainable trading profits to justify carrying forward these intangible assets.

Revenue and other income increased to $53.2M compared to $41.8M in 2018. All parts of the business contributed to this increase.

The group had Net Assets value of $8.5M at the year end, with a cash balance of $7.3M, representing funds received from the rights issue capital raise of approximately $3.7M and a cash positive operation of $2.9M for the last quarter of the FY19.

The strategy for Tempo Asset Management Services (TAMS) is to remain focused on long term electrical maintenance contracts, and progressively expand into mechanical and facilities management services, initially with existing customers to add further value through the provision of broader service offerings.

The solar business has assembled a high-quality team of experienced people that are very familiar with the Energy Sector in Australia. This team has executed existing projects well and further growth in this sector is expected.

The traditional construction arm has been more selective in tendering for the projects and it is pleasing that all projects have been completed to clients' satisfaction. This is expected to lead to repeat business.

Since the Tempo Board changes in late 2018 and early 2019, and then complemented by the new CEO and CFO appointments made mid-year, the Group has stabilized its business and cash flows, introduced greater discipline in contracting and project execution and honed the focus on growth opportunities. The focus for 2020 is to continue with those actions and to achieve growth in a disciplined manner.

FUTURE DEVELOPMENTS AND EVENTS AFTER THE REPORT PERIOD

The Board of Tempo Australia has and will continue to address the potential effect of the Corona Virus on the business. Immediate cost reductions have been identified and will be implemented over the coming month/s.

The Tempo Business Executive and Board continues to examine any ongoing effects of CoVid-19 on our clients. We are in regular contact with our main clients to see if there is any additional services we can deliver given that our people are already at their sites.

We have implemented further WHS protocols with our PPE to maximise individuals protections – both of our staff and of our client's staff.

The Board is meeting Bi-weekly to review business levels and will continue to address costs and reductions in working capital where possible.

We will continue to fulfill our continuous disclosure obligation and provide updates if and when necessary.

ENVIRONMENTAL REGULATION AND PERFORMANCE

During 2019 the Group maintained its accreditations for:

1. Quality management system to ISO 9001
2. Environment management system to ISO 14001:2015 and
3. Occupational health and safety certification to ISO AS/NZS4801:2001

DIVIDENDS PAID, RECOMMENDED AND DECLARED

No dividends were paid, declared or recommended since the start of the financial year.

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

For the year ended 31 December 2019, 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 continues 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.

PROCEEDINGS ON BEHALF OF THE CONSOLIDATED ENTITY

No person has applied for the 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.

DIRECTORS

MR GUIDO BELGIORNO-NETTIS AM – NON-EXECUTIVE CHAIRPERSON

BE Civil; MBA; FIEAust

Appointment:	Appointed as Non-Executive Chairman 11 July 2019 Appointed as Executive Chairman 29 April 2019 Appointed as Non-Executive Director 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 founded Angophora Capital Pty Ltd. Guido is Chairperson 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. Guido is currently a member of the Group's Nominations and Remuneration Committee; the Risk, HSE and Commercial Committee and the Audit & Compliance Committee. During his appointment as a Non-Executive Director, but prior to his appointment as Non-Executive Chairperson, Guido was the Chairperson of the Group's Risk, HSE and Commercial Committee and a member of the Nominations and Remuneration Committee and the Audit & Compliance Committee.
Directorships:	Current directorships in other listed companies: None Directorships in listed companies in the last three years: None

MR WILLIAM HOWARD – EXECUTIVE DIRECTOR

Appointment:	Appointed as Executive Director 15 August 2019
Experience and Expertise:	William brings significant experience to both these roles, having served for the past three years as the CFO of a Financial Services company in Western Sydney, realigning financial systems, operations and reporting, along with coordinating due diligence processes for interested parties on potential acquisitions. Prior to this, William had performed the role of General Manager Finance to a mining services business in the Hunter Valley, whilst managing and operating his own labour hire company. The preceding decade saw William as Regional Operations Manager at AJ Lucas and previous to that with Lahey Constructions Pty Ltd as General Manager Finance. William holds a Bachelor of Financial Administration and is a qualified Accountant.
Directorships:	Current directorships in other listed companies: None Directorships in listed companies in the last three years: None

DR DAVID IVERACH – NON-EXECUTIVE DIRECTOR

BEng Chem (Hons), Grad Dip Fuel Technology, PhD.

Appointment:	Appointed as Non-Executive Director 10 December 2018 Initial appointment as alternate Non-Executive Director to Guido Belgiorno-Nettis 9 February 2017 – Resigned 21 March 2018
Experience and Expertise:	David has over 45 years' experience at the executive level in the public and private sectors and has served on several boards. David's time at Transfield included a broad range of strategic and operational positions. He played a leading role in the formation of several Transfield businesses and projects, including the formation of Transfield Services as a standalone business unit and the entry of Transfield into the renewable energy sector. Roles included Commercial Director of Transfield Construction, CEO Energy, CEO Investments and Project Director in the development phase of several large-scale infrastructure projects. Prior to joining Transfield in 1990, David was Director General of Transport in the NSW Government with oversight of rail, roads, ports, grain handling and public transport. David is the current Chairperson of the Group's Nominations and Remuneration Committee and the Risk, HSE and Commercial Committee and a member of the Audit & Compliance Committee.
Directorships:	Current directorships in other listed companies: None Directorships in listed companies in the last three years: None

MR CHARLES LOUIS ROTTIER – NON-EXECUTIVE DIRECTOR

BEng, GAICD and FIEAust

Appointment:	Appointed as Non-Executive Director 19 March 2020
Experience and Expertise:	Charles is an experienced executive and director with deep and broad experience with engineering, construction and maintenance services companies. Charles has experience working in Australia, New Zealand, Papua New Guinea, Singapore, Thailand, Malaysia, China and the United Kingdom. Management responsibilities include full P&L responsibility for Australian and International business units, managing due diligence and integration of acquisitions and establishing new business opportunities for both stand-alone businesses and significant joint ventures. Until recently he was Chairman of LogiCamms. He is currently Chair of the Future Fuels CRC and has previously held the roles of CEO of Austin Engineering Limited and EGM Engineering and Construction at Transfield Services.
Directorships:	Current directorships in other listed companies: None Directorships in listed companies in the last three years: Chairman of LogiCamms from July 2019 to February 2020

MR IAN LYNASS – CHIEF EXECUTIVE OFFICER (CEO) AND MANAGING DIRECTOR

Resignation:	Resigned as Non-Executive Director 16 August 2019 Resigned as Managing Director 29 April 2019
Experience and Expertise:	Ian has over 25 years management experience in the maintenance services, defence, steel, petrochemical and mining industries. Before his appointment as Chief Executive Officer and Managing Director of Bis Industries Pty Ltd in 2009, he accumulated experience in a wide range of operational and leadership areas throughout these industries. Ian has held key leadership positions nationally and internationally holding the Managing Directors role for Brambles Industrial Services – Northern Hemisphere and then returning to Australia after successfully rebuilding the business, he held Executive Director roles in Bis

	Industries for Eastern and Western Australia. In 2012 Ian was a recipient of the CEO Magazine CEO of the Year Award – Logistics. In 2015 Ian co-founded GD Environmental Services in the United Kingdom, a Waste Recycling company until his return to Australia in 2017. Ian is also serving as a Non-Executive Director of WorkPac Group Pty Ltd and is Chairperson of the Engineering and Construction advisory panel. Ian has held Board positions for Bis Industries Pty Ltd and is Managing Director of Silhouette Global Solutions a family owned consultancy business.
Directorships:	Current directorships in other listed companies: None Directorships in listed companies in the last three years: None

MR IAN WIDDICOMBE – NON-EXECUTIVE DIRECTOR
BEng Civil

Resignation:	3 April 2019
Experience and Expertise:	With over 30 years experience in the oil and gas industry with both operators and contractors in Australia, Europe and Asia, Ian has strong credentials in operational delivery and corporate oversight. Previously with Woodside, he held Vice President role in Projects and in Subsea and Pipelines. During his tenure, he established and led the Karratha Life Extension Program and was project manager for the Angel Project. Prior to Woodside, Ian was Regional Manager Asia Pacific for DOF Subsea Group and Offshore Operations Manager for Clough. Ian is a member of the Group's Nominations and Remuneration Committee; the Risk, HSE and Commercial Committee and the Chairperson of the Audit & Compliance Committee.
Directorships:	Current directorships in other listed companies: None Directorships in listed companies in the last three years: None

COMPANY SECRETARY

MR WILLIAM HERBERT HOWARD – COMPANY SECRETARY

Appointment:	Appointed as Executive Director 15 August 2019 and Company Secretary 15 July 2019
Experience and Expertise:	William brings significant experience to both these roles, having served for the past three years as the CFO of a Financial Services company in Western Sydney, realigning financial systems, operations and reporting, along with coordinating due diligence processes for interested parties on potential acquisitions. Prior to this, William had performed the role of General Manager Finance to a mining services business in the Hunter Valley, whilst managing and operating his own labour hire company. The preceding decade saw William as Regional Operations Manager at AJ Lucas and previous to that with Lahey Constructions Pty Ltd as General Manager Finance. William holds a Bachelor of Financial Administration and is a qualified Accountant.
Directorships:	Current directorships in other listed companies: None Directorships in listed companies in the last three years: None

MR SCOTT MACDONALD – COMPANY SECRETARY
B.Eng. Mech (Hons), MBA, GAICD, GIA(Dip)

Resignation:	17 April 2019

Experience and Expertise:	Scott is a senior executive with over 30 years' experience in the finance, commercial and M&A disciplines for CPB Contractors, BHP, Brambles, BIS Industries and Wesfarmers. Scott holds an MBA and BEng from UWA, a graduate diploma from the Governance Institute of Australia and graduated the Company Directors course with AICD.

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 and Compliance Committee		Nomination and Remuneration Committee		Risk, HSE and Commercial Committee	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
Guido Belgiorno-Nettis[1]	12	12	6	6	1	1	4	4
William Howard[2]	5	5	4	4	1	1	4	4
David Iverach	12	12	6	6	1	1	4	4
Ian Widdicombe[3]	3	3	1	1	-	-	-	-
Ian Lynass[4]	6	6	1	1	-	-	-	-

1. *Guido Belgiorno-Nettis was appointed as Non-Executive Director on 22 December 2016, Executive Chairman on 29 April 2019 and Non-Executive Chairman 11 July 2019*
2. *William Howard was appointed as Executive Director on 15 August 2019*
3. *Ian Widdicombe was resigned as Non-Executive Director on 3 April 2019*
4. *Ian Lynass was resigned as Non-Executive Director on 16 August 2019*

DIRECTORS' INTERESTS IN SHARES 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	Rights over ordinary shares
Guido Belgiorno-Nettis	83,322,371	-
William Howard	324,246	2,000,000
David Iverach	6,845,216	-

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration in relation to the audit for the financial year is provided within this financial report on page 14.

NON-AUDIT SERVICES

There were no non-audit services provided by the Group's previous auditors, Ernst & Young (resigned on 3rd December 2019). Fees paid to PKF (NS) Audit & Assurance Ltd Partnership (appointed from December 2019) for tax and consulting services to the Group totalled $22,800.

SHARE OPTIONS

Unissued shares

As at the date of this report, there were no unissued ordinary shares under options.

Shares issued as a result of the exercise of options

During the financial year no options were exercised.

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 structures remuneration so that it rewards those who perform and is strongly aligned with the Company's strategic direction and the creation of value to shareholders. The performance of the Company depends on the quality of its employees. To grow, the Company must attract, motivate and retain skilled employees, which includes the directors and executives of the Company. To this end, the Company utilises the principles of providing competitive rewards to attract and retain high calibre executives. In determining the remuneration levels of employees and executives, the Company takes into consideration the performance of the Group, operation, function and geographic regions as well as that of the individual. 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 executives, the Company provides a remuneration package that incorporates both fixed cash-based remuneration and variable remuneration consisting of short and long-term incentive opportunities, that may include, performance-based cash remuneration and share-based remuneration. Directors received fixed fees for their services. 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.

No remuneration consultants were engaged during the year.

Short-Term Incentive Plan (STIP)

For Key Management Personnel (KMP), 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 and at the discretion of the Board. 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. No short-term incentives were awarded during the year.

Long-Term Incentive Plan (LTIP)

A Long-Term Incentive Plan (LTIP) has also been developed which will grant eligible employees to performance rights in the Company. Any issue (at the discretion of the Board) under the LTIP would likely be subject to vesting over five 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. The TSR or future earnings per share growth targets are chosen to embed shareholder interests directly into the remuneration structure. Nil rights were vested during the year 2019. There were 26M performance rights granted to senior executives in 2019.

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 director's remuneration be determined periodically by a general meeting.

Voting and comments made at the Company's 30 April 2019 Annual General Meeting ('AGM')

At the last AGM held on 30 April 2019, 99.5% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2018. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

DIRECTORS' COMPENSATION

The directors during the year ended 31 December 2019 were:

Guido Belgiorno-Nettis	Executive Chairman - Appointed as Non-Executive Chairman 11 July 2019 - Appointed as Executive Chairman 29 April 2019 - Appointed as Non-Executive Director 22 December 2016
William Howard	Executive Director - Appointed as Executive Director 15 August 2019 - Appointed as Chief Financial Officer and Company Secretary 15 July 2019
David Iverach	Non-Executive Director - Appointed as Non-Executive Director 10 December 2018
Ian Widdicombe	Former Non-Executive Director - Resigned 3 April 2019
Ian Lynass	Former Chief Executive Officer and Managing Director - Resigned as Non-Executive Director 16 August 2019 - Resigned as Managing Director 29 April 2019

EXECUTIVES' COMPENSATION

Other key management personnel during the year ended 31 December 2019 were:

Paul Dalgleish	Chief Executive Officer - Appointed as Chief Executive Officer 15 July 2019
Scott Macdonald	Former Chief Financial Officer and Company Secretary - Resigned as Chief Financial Officer and Company Secretary and ceased employment with Tempo 17 April 2019

DIRECTORS AND KMP REMUNERATION FOR THE YEARS ENDED 31 DECEMBER 2019 AND DECEMBER 2018

		Short-term benefits	Post-employment	Long-term benefits		Share-based payments		Termination payments	Total remuneration	Performance related
		Salary & Fees $	Superannuation $	Long service leave $	Annual leave $	Share Options $	Performance Rights $	$	$	
Guido Belgiorno-Nettis[1]	2019	16,601	-	-	-	-	-	-	16,601	0%
	2018	14,161	-	-	-	-	-	-	14,161	0%
William Howard[2]	2019	127,916	10,396	-	10,401	-	3,586	-	152,300	2%
	2018	-	-	-	-	-	-	-	-	
David Iverach[3]	2019	14,846	1,410	-	-	-	-	-	16,256	0%
	2018	788	75	-	-	-	-	-	863	0%
Paul Dalgleish[4]	2019	168,000	10,501	-	12,693	-	483,478	-	674,671	72%
	2018	-	-	-	-	-	-	-	-	
Ian Widdicombe[5]	2019	3,848	325	-	-	-	-	-	4,173	0%
	2018	13,704	1,302	-	-	-	-	-	15,006	0%
Ian Lynass[6]	2019	303,026	16,493	-	-	-	(25,147)	26,320	320,692	
	2018	236,859	19,967	-	18,049	-	25,147	-	300,022	8%
Scott Macdonald[7]	2019	171,318	12,970	-	-	-	-	-	184,288	0%
	2018	141,122	12,008	-	8,435	-	-	-	161,565	0%
Carmelo Bontempo[8]	2019	-	-	-	-	-	-	-	-	
	2018	12,562	1,193	-	-	(168,169)	-	-	(154,414)	0%
Massimo Bergomi[9]	2019	58,894	5,595	-	5,591	-	-	-	70,080	0%
	2018	100,488	13,853	(2,017)	51,744	-	66,102	186,131	416,301	16%
Guido Bressani[10]	2019	-	-	-	-	-	-	-	-	
	2018	5,000	-	-	-	-	-	-	5,000	0%
Michael West[11]	2019	-	-	-	-	-	-	-	-	
	2018	112,501	15,157	(1,178)	22,045	-	(268,076)	156,250	36,699	
TOTAL DIRECTORS AND KMP	**2019**	**864,448**	**57,691**	**-**	**28,685**	**-**	**461,917**	**26,320**	**1,439,061**	
	2018	**637,185**	**63,555**	**(3,195)**	**100,273**	**(168,169)**	**(176,827)**	**342,381**	**795,203**	

1. *Guido Belgiorno-Nettis was appointed as Non-Executive Director on 22 December 2016, Executive Chairman on 29 April 2019 and Non-Executive Chairman 11 July 2019*
2. *William Howard was appointed as Chief Financial Officer and Company Secretory on 15 July 2019, as Executive Director on 15 August 2019*
3. *David Iverach retired as Alternate Non-Executive Director to Guido Belgiorno-Nettis on 21 March 2018 and was appointed Non-Executive Director on 10 December 2018*
4. *Paul Dalgleish was appointed as Chief Executive Officer on 15 July 2019*
5. *Ian Widdicombe resigned on 03 April 2019*
6. *Ian Lynass resigned as Managing Director on 29 April 2019 and resigned as Non-Executive Director on 16 August 2019*
7. *Scott Macdonald resigned as Chief Financial Officer and Company Secretary on 17 April 2019*
8. *Carmelo Bontempo retired from the Board on 30 November 2018 and forfeited his share options*
9. *Massimo Bergomi resigned as Chief Executive Officer and Managing Director on 19 March 2018. He received $158,906 in rights and forfeited $92,804*
10. *Guido Bressani resigned as Non-Executive Director on 3 April 2018.*
11. *Michael West resigned as Chief Financial Officer and Company Secretary on 15 June 2018 and forfeited his rights.*

Please note that the comparatives have been restated for the classification of annual leave as a long-term benefit in line with accounting policy

SHAREHOLDING OF KMP

Shares held in Tempo Australia Limited.

	Balance 1 January 2019	Balance at appointment as KMP	Issued on exercise of performance rights	Net change other #	Resignation/ Retirement of KMP*	Balance 31 December 2019
Guido Belgiorno-Nettis[1]	44,847,660	-	-	38,474,711	-	83,322,371
William Howard[2]	-	-	-	324,246	-	324,246
David Iverach[3]	-	-	-	6,845,216	-	6,845,216
Paul Dalgleish[4]	-	-	-	-	-	-
Ian Widdicombe[5]	-	-	-	-	-	-
Ian Lynass[6]	914,000	-	-	-	-	914,000
Scott Macdonald[7]	50,000	-	-	-	(50,000)	-
TOTAL	**45,811,660**	**-**	**-**	**45,644,173**	**(50,000)**	**91,405,833**

\# *These movements represent on-market purchase of shares during the year by the respective KMPs.*

* *This represents the balance of shares held by the KMP at date of their resignation*

Includes shares held directly, indirectly and beneficially by KMP.

1. *Guido Belgiorno-Nettis was appointed as Non-Executive Director on 22 December 2016, Executive Chairman on 29 April 2019 and Non-Executive Chairman 11 July 2019*
2. *William Howard was appointed as Chief Financial Officer and Company Secretory on 15 July 2019, as Executive Director on 15 August 2019*
3. *David Iverach retired as Alternate Non-Executive Director to Guido Belgiorno-Nettis on 21 March 2018 and was appointed Non-Executive Director on 10 December 2018*
4. *Paul Dalgleish was appointed as Chief Executive Officer on 15 July 2019*
5. *Ian Widdicombe resigned on 03 April 2019*
6. *Ian Lynass resigned as Managing Director on 29 April 2019 and resigned as Non-Executive Director on 16 August 2019*
7. *Scott Macdonald resigned as Chief Financial Officer and Company Secretary on 17 April 2019*

RIGHTS HOLDING OF KMP

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.

	Balance at the start of the year	Granted as remuneration	Rights vested	Rights forfeited	Balance at the end of the year	Vested at end of year	Vested and exercisable at end of year	Vested and exercisable at end of year
William Howard[1]	-	2,000,000	-	-	2,000,000	-	-	-
Paul Dalgleish[1]	-	24,000,000	-	-	24,000,000	-	-	-
Ian Lynass[2]	500,000	-	-	(500,000)	-	-	-	-
TOTAL	**500,000**	**26,000,000**	**-**	**(500,000)**	**26,000,000**	**-**	**-**	**-**

1. *The performance rights were granted at employment commencement and accordingly ongoing performance conditions were set as this was issued as a sign on bonus. The performance rights granted are subject to continued employment over five years of service.*
2. *Rights granted were forfeited on resignation.*

PERFORMANCE RIGHTS AWARDED, VESTED AND LAPSED DURING THE YEAR

The table below discloses the number of performance rights granted, vested or lapsed during the year.

	Financial year granted	Rights awarded during the year No.	Grant date	Fair value per right at award date ($)	Vesting date[1]	Expiry date	No. vested during year	No. forfeited during year	Value of rights granted during the year[2]	Value of rights vested during the year ($) [3]
William Howard	2019	2,000,000	15/07/19	0.02		14/07/24	-	-	3,586	-
Paul Dalgleish	2019	24,000,000	15/07/19	0.03		14/07/24	-	-	483,478	-
Ian Lynass	2018	500,000	22/03/18	0.19	22/01/21	26/03/33	-	(500,000)	-	-

1 The performance rights vested are subject to trading in Tempo shares on ASX achievements

2 Determined at the time of grant per AASB 2.

3 Determined at the time of exercise at the intrinsic value.

ADDITIONAL INFORMATION

The earnings of the consolidated entity for the five years to 31 December 2019 are summarised below:

	2019 $'000	2018 $'000	2017 $'000	2016 $'000	2015 $'000
Revenue and other income (excluding interest income)	53,217	41,691	18,114	81,142	78,079
EBITDA	(2,683)	(5,400)	(1,794)	6,393	4,579
EBIT	(14,645)	(6,039)	(2,397)	6,201	4,505
(Loss)/Profit after income tax	(19,964)	(5,648)	(1,047)	5,455	6,740

The factors that are considered to affect total shareholders return ('TSR') are summarised below					
Share price at financial year end ($)	0.049	0.145	0.240	0.230	0.120
Total dividends declared (cents per share)	-	-	-	-	-
Basic (loss)/earnings per share (cents per share)	(8.020)	(2.344)	(0.435)	2.713	3.449

DIRECTOR AND KMP AGREEMENTS

The company currently has service agreements with its executive and non-executive 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:	Guido Belgiorno-Nettis
Title:	Non-Executive Director
Agreement Commenced:	22 December 2016
Details:	$15,000 per annum inclusive of superannuation (if applicable)

Name:	David Iverach
Title:	Non-Executive Director
Agreement Commenced:	10 December 2018
Details:	$15,000 per annum inclusive of superannuation (if applicable)

Name:	William Howard
Title:	Executive Director
Agreement Commenced:	15 July 2019
Terms of Agreement:	Permanent full time
Details:	Base salary of $295,000 per annum plus superannuation. Six months termination notice by either party, STI up to 40% and performance rights subject to the satisfaction of specified milestones and performance criteria (both individual and company).

The company has non-fixed term employment contracts with its executives. The contracts detail the formal terms and conditions of the employment.

Name:	Paul Dalgleish
Title:	Chief Executive Officer
Agreement Commenced:	15 July 2019
Terms of Agreement:	Permanent full time
Details:	Base salary of $360,000 per annum plus superannuation. Six months termination notice by either party, performance rights and bonus subject to the satisfaction of specified milestones and performance criteria (both individual and company).

Name:	Ian Lynass
Title:	Managing Director and Chief Executive Officer (Resigned as Managing Director on 29 April 2019 and resigned as Non-Executive Director on 16 August 2019)
Agreement Commenced:	22 January 2018
Terms of Agreement:	Permanent full time
Details:	Base salary of $275,000 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 ESIRP subject to the satisfaction of specified milestones and performance criteria (both individual and company).

Name:	Scott Macdonald
Title:	Chief Financial Officer and Company Secretary (Resigned 17 April 2019)
Agreement Commenced:	15 June 2018
Terms of Agreement:	Permanent full time
Details:	Base salary of $250,000 per annum plus superannuation. Three months termination notice by either party. The employee will receive a sign-on offer of 500,000 performance rights subject to be an employee for three years after commencement date (good leaver provisions to apply).

Signed in accordance with a resolution of the directors.

WHoward.

William Howard
Executive Director, Chief Financial Officer & Company Secretary
Date: 31 March 2020

AUDITORS INDEPENDENCE DECLARATION

Tempo Australia Limited

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Tempo Australia Limited and Controlled Entities

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2019, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

PKF

PKF

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SCOTT TOBUTT
PARTNER

31 MARCH 2020
SYDNEY, NSW

PKF(NS) Audit & Assurance Limited Partnership
ABN 91 850 861 839

Sydney
Level 8, 1 O'Connell Street
Sydney NSW 2000 Australia
GPO Box 5446 Sydney NSW 2001
p +61 2 8346 6000
f +61 2 8346 6099

Newcastle
755 Hunter Street
Newcastle West NSW 2302 Australia
PO Box 2368 Dangar NSW 2309
p +61 2 4962 2688
f +61 2 4962 3245

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

		Consolidated entity	
	Note	2019 $'000	2018 $'000
Revenue	4	52,944	40,492
Other income	4	273	1,301
Revenue and other income		**53,217**	**41,793**
Employee and director benefits expense	6	19,487	20,170
Administration costs		1,332	1,718
Occupancy costs		408	798
Depreciation and amortisation	12, 13	1,399	639
Other expenses	5	394	128
Project material costs		10,611	8,661
Equipment and other subcontractor costs		22,634	11,596
Listing and other statutory charges		94	50
Interest and finance charges		198	126
Other professional expenses		940	679
Impairment expense	13, 14	10,365	3,230
Total expenses		**67,862**	**47,795**
Loss before income tax expense		**(14,645)**	**(6,002)**
Income tax (credit) / expense	7	(5,319)	354
Loss attributable to the members of the parent		**(19,964)**	**(5,648)**
Other comprehensive income		-	-
Total comprehensive loss		**(19,964)**	**(5,648)**
Net loss attributable to members of the parent entity		**(19,964)**	**(5,648)**
Loss per share			
Basic loss – cents per share	21	(8.0)	(2.3)
Diluted loss – cents per share	21	(8.0)	(2.3)

The accompanying notes from part of these financial statements.

The Group has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Consolidated entity 2019 $'000	Consolidated entity 2018 $'000
CURRENT ASSETS			
Cash and cash equivalents	8	7,340	4,766
Trade and other receivables	9	10,439	5,411
Contract assets	10	1,016	2,723
Inventories	11	505	402
Other assets		461	394
Total current assets		**19,761**	**13,696**
NON-CURRENT ASSETS			
Plant and equipment	12	3,338	2,312
Goodwill	13, 14	-	9,230
Intangible Assets	13	-	466
Deferred tax assets	7	-	5,318
Total non-current assets		**3,338**	**17,326**
Total assets		**23,099**	**31,022**
CURRENT LIABILITIES			
Trade and other payables	16	10,443	3,831
Interest bearing loans and borrowings	17	1,285	1,326
Provisions	18	805	679
Total current liabilities		**12,533**	**5,836**
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings	17	1,948	843
Provisions	18	118	58
Total non-current liabilities		**2,066**	**901**
Total liabilities		**14,599**	**6,737**
Net assets		**8,500**	**24,285**
EQUITY			
Contributed equity	19	84,056	80,341
Share option reserve	19	2,042	1,580
Accumulated losses		(77,598)	(57,636)
Total equity		**8,500**	**24,285**

The accompanying notes from part of these financial statements.

The Group has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

Consolidated		Contributed equity	Accumulated losses	Share Option Reserve	Total equity
	Note	$'000	$'000	$'000	$'000
At 1 January 2018		79,893	(51,988)	2,010	29,915
Loss for the year		-	(5,648)	-	(5,648)
Other comprehensive income		-	-	-	-
Total comprehensive loss		**-**	**(5,648)**	**-**	**(5,648)**
Share based payments		-	-	427	427
Reversal of unvested options		-	-	(776)	(776)
Acquisition of treasury shares		(387)	-	-	(387)
Tax effect relating to share based payment		-	-	(81)	(81)
Tax effect relating to share issue cost		(15)	-	-	(15)
Other contributed equity on settlement of contingent consideration for acquisition of KP Electirc		850	-	-	850
At 31 December 2018		**80,341**	**(57,636)**	**1,580**	**24,285**
At 1 January 2019		80,341	(57,636)	1,580	24,285
Loss for the year		-	(19,962)	-	(19,962)
Other comrehensive income		-	-	-	-
Total comprehensive loss		**-**	**(19,962)**	**-**	**(19,962)**
Share Issues		3,915	-	-	3,915
Share based payments		-	-	495	495
Reversal of unvested options		-	-	(33)	(33)
Cost of Share Raising		(200)	-	-	(200)
At 31 December 2019		**84,056**	**(77,598)**	**2,042**	**8,500**

The accompanying notes from part of these financial statements.

The Group has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Consolidated entity 2019 $'000	 2018 $'000
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		51,652	43,001
Payments to suppliers and employees		(50,441)	(47,165)
Income tax paid		-	(209)
Interest and finance charges paid		(198)	(126)
Interest received		45	103
Net cash generated by /(used in) operating activities	**20**	**1,058**	**(4,396)**
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for acquisition of business		-	(2,411)
Proceeds from sale of property, plant and equipment		12	740
Intangibles		-	-
Payments for property plant and equipment		(353)	(689)
Net cash used in investing activities		**(341)**	**(2,360)**
CASH FLOW FROM FINANCING ACTIVITIES			
Payment for shares acquisition of treasury shares	19	-	(387)
Proceeds from issue of equity instruments	19	3,715	-
Proceeds from borrowings	17	16,415	1,149
Repayment of borrowings	17	(18,273)	(257)
Net cash generated by financing activities		**1,857**	**505**
Net increase (decrease) in cash and cash equivalents		2,574	(6,251)
Cash and cash equivalents at beginning of year		4,766	11,017
Total cash and cash equivalents at the end of the year		**7,340**	**4,766**

The accompanying notes from part of these financial statements.

The Group has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Corporate information

The consolidated financial statements of Tempo Australia Limited (the Company) and its subsidiaries (collectively, the Group) were authorised for issue in accordance with a resolution of the directors 26 March 2020. Tempo Australia Limited is a for profit company limited by shares, incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange. The company's registered office is c/o Company Matters Pty Limited, Level 12, 680 George Street, Sydney NSW 2000

The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency

The nature of the operations and principal activities of the consolidated entity are described in the Directors' Report.

Comparatives are consistent with prior years, except for the information relating to leases due to the modified retrospective adoption of AASB 16.

Rounding

The amounts contained in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) where noted ($'000) under the option available to the company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

2 Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements are general-purpose financial statements, which have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements *of the Australian Accounting Standards Board (AASB).*

2.2 Change in accounting policy

New and amended accounting standards and interpretations

The Group applied AASB 16 *Leases* (AASB 16) for the first time during the current year. The nature and effect of the changes as a result of adoption of this new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have a material impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

AASB 16 Leases

The Group has initially adopted AASB 16 *Leases* from 1 January 2019. AASB 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Group has applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it Is presented, as previously reported, under AASB 117. The details of the changes in accounting policies are disclosed below.

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under AASB Interpretation 4 *Determining Whether an Arrangement Contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under AASB 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices, although it uses the practical expedient.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of one to three years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Transition

At transition, for leases classified as operating leases under AASB 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at either the interest rate implicit in the lease or the Group's incremental borrowing rate.

Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount depreciation that would have been recognised had the asset been recognised at the start of the lease.

The Group used the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term, remaining at the date of transition.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

The Group leases a number of motor vehicles and items of plant and equipment. Many of these leases were classified as finance leases under AASB 117. For these finance leases, the carrying amount of the associated right-of-use asset and the lease liability at 1 January 2019 were determined to be the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

As a lessee

The Group leases many assets, including motor vehicles and properties.

As a lessee the Group previously classified leases as operating, or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases where the right to control the identified asset is for a period of less than twelve months and where the underlying asset is of low value.

The Group presents right-of-use assets as it presents underlying assets of the same nature that it owns. The carrying amounts of right-of-use-assets are as below.

	Right-of-use assets	
	Property $'000	Motor Vehicles $'000
Balance at 1 January 2019	755	176
Balance at 31 December 2019	424	1,583

The Group presents lease liabilities in 'Interest-bearing loans and borrowings' in the statement of financial position.

As a lessor

The Group currently does not undertake any activities which would classify it as a lessor under AASB 16.

Impacts on financial statements

On transition to AASB 16, the Group recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

	1-Jan-19
Right-of-use assets presented in property	755
Right-of-use assets presented in motor vehicles	176
Lease liabilities	(965)
Write of amortised incentive payment	34

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the rate implicit in the lease agreement, or the Group's incremental borrowing rate when the rate was not readily determined. The weighted-average rate applied at transition was 4.84%.

	1-Jan-19
Operating lease commitment at 31 December 2018 as disclosed in the Group's consolidated financial statements	1,487
Less exempted non-lease components	(268)
Discounted using the implicit interest rate or the Group's incremental borrowing rate	(53)
Less recognition exemption for leases with less than 12 months of lease term at transition	(390)
Plus extensions not known at 31 December 2018	189
Finance lease liabilities recognised as at 31 December 2018	1,020
Lease liabilities recognised at 1 January 2019	**1,985**

Impacts for the period

As a result of initially applying AASB 16, in relation to the leases that were previously classified as operating leases, the Group recognised $935K of right-of-use assets and $969K of lease liabilities as at 1 January 2019.

Also, in relation to those leases under AASB 16, the Group has recognised depreciation and interest expense, instead of operating lease expense. During the twelve months ended 31 December 2019, the Group recognised $799K of depreciation and $101K of interest expense from these leases.

2.3 Basis of consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a 30 June financial year end.

A list of controlled entities is contained in Note 24 to the financial statements.

Subsidiaries

Subsidiaries are all entities over which the parent has control. Control is established when the parent 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 relevant activities of the entity.

Associates

Interests in associates, where the investor has significant influence over the investee, are accounted for using the equity method in accordance with AASB128 investments in Associates and Joint Ventures. Under this method, the investment is initially recognised as cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

2.4 Summary of significant accounting policies

a. Current versus non-current classifications

The Group presents assets and liabilities in the statement of financial position based on a current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
  or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
  or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

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

b. Revenue from contracts with customers

Revenue from contracts with customers is recognised when goods and services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods and services before transferring them to the customer.

Maintenance and construction electrical services

The Group provides maintenance and construction electrical services. The Group assesses each contract to identify the performance obligations and transaction price within the contract. The total transaction price is allocated to performance obligations based on relative standalone selling prices.

For those contracts where the customer simultaneously receives and consumes the goods and service provided by the Group; the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or work is performed on assets that have no alternative use to the Group and the Group has a right to payment for performance to date, revenue is recognised over time. Where the criteria to recognise revenue over time is not satisfied the group recognises revenue at a point in time.

If the consideration in the contract includes a variable amount, typically for cost plus contracts or contracts with a schedule of rates, the Group estimates the amount of the consideration to which it is entitled in exchange for transferring the goods and services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant reversal of the cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Certain contracts are subject to claims which are enforceable under the contract. If the claim does not result in any additional goods or services, the transaction price is updated, and the claim accounted for as variable consideration.

Where appropriate, the Group applies the variable consideration allocation exception to allocate variable consideration to distinct services in a contract where the contract includes a series of distinct services that form a single performance obligation.

For other contracts where the Group has a right to consideration in an amount that corresponds directly with the value to the customer of the Group's performance completed to date, the Group utilised the practical expedient to recognise revenue in the amounts to which the Group has a right to invoice.

In all other cases, in recognising revenue over time, the group applies an input method to measure the Group's progress towards satisfying the performance obligation by comparing costs incurred to date, mainly labour and consumables, to the total expected costs.

Project fulfilment costs

Contract fulfilment costs are expensed as incurred except where they generate or enhance resources of the Group that will be used to satisfy future performance obligations in which case they are capitalised and amortised over the course of the contract.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group transfers goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration. If the Group's right to an amount of consideration is unconditional (other than the passage of time), the contract asset is classified as a receivable.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

c. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

d. Income tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the full liability balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it reflects new information obtained about facts and circumstances that exist at the acquisition date that, if known, would have affected the amount recognised at that date where recognised during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tax consolidated group

Tempo Australia Limited and its wholly owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 July 2005.

In addition to its own current and deferred tax amounts, Tempo Australia Limited also recognises the current tax liabilities (or assets) and deferred tax liabilities (or assets) arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

e. Property, plant and equipment

Property, plant and equipment is 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 the recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by the 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 and diminishing-value 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 the unexpired period of the lease and the estimated useful lives of the improvements.

The useful lives used are listed as below:

Furniture and fixtures	5 – 10 years
Computer equipment	4 years
Plant & Equipment	4 years
Motor Vehicles	6 years
Property Right of Use	1 – 4 years

f. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

g. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Refer to Note 13 for further details.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the depreciation and amortisation expense category.

Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e. at the date the recipient obtains control) or where no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss.

Intangible assets have been recognised relating to the acquisition of customer contracts through business combinations. These assets have been measured at their fair value at the date of acquisition and are amortised using the straight-line method over periods of between 2.5 and 3 years.

h. Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- The consideration transferred;
- Any non-controlling interest; and
- The acquisition date fair value of any previously held equity interest over the acquisition date fair value of net identifiable assets acquired in a business combination.

i. Financial instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the financial assets were measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets and contract assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost; and
- contract assets.

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Group uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Group in full, without recourse to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in other expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Group comprise trade payables, bank and other loans and lease liabilities.

j. Inventories

Inventories are valued at the lower of cost and net realisable value and are comprised entirely of consumables.

Cost is determined on a FIFO of the direct costs of materials. Inventories determined to be obsolete or damaged are written down to net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

k. Impairments of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Intangible assets - Note 13
- Goodwill - Note 14

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value-in-use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The impairment calculation is performed by the Group using a value-in-use model with discounted cash flows. The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a five years period. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in impairment expense.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

Goodwill is tested for impairment annually in December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

l. Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above. Outstanding bank overdrafts are considered as current liabilities.

m. Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

n. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

o. Superannuation, annual leave and long service leave

Superannuation

The Group makes contributions as defined contributions. There is no defined benefit superannuation scheme operated by the Group.

Long service leave and annual leave

The Group does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Group recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

p. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share adjusts the basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

q. Share based payments

Some employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled Transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 28.

That cost is recognised in employee benefits expense (Note 6), together with a corresponding increase in equity (share-based payment reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total far value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Note 21).

r. Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

s. Segment reporting

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

3 Critical Accounting Estimates and Judgments

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

Determining the timing of electrical and telecommunications repairs and maintenance services

The Group concluded that revenue for electrical and telecommunications repairs and maintenance services is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. The fact that another entity would not need to re-perform work that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance as it performs.

Determining the timing of construction and electrical project work

The Group concluded that revenue for electrical project work and construction work is to be recognised over time. Factors that were considered include the act that the Group's performance does not create an asset with an alternative use, the Group is entitled to payment for performance to date and the customer controls the asset as the entity creates or enhances it.

The Group determined that the input method based on costs incurred to date compared to total expected costs is a direct relationship between the Group's effort (i.e. costs incurred) and the transfer of services to the customer.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Revenue from contracts with customers – Variable consideration

Certain contracts contain provisions for liquidated damages which would be considered variable consideration. The group has applied judgement in not constraining revenue for this variable consideration on the basis that there is no history of significant reversals of revenue in relation to liquidated damages.

Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type).

The provision matrix is initially based on the Group's historical observed default rates and adjusted for forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 9.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has $15,070K (2018: $11,407K) of tax losses carried forward. These losses relate to subsidiaries that have a history of losses, do not expire, and may be used to offset taxable income elsewhere in the Group. The Group has determined that while its deferred tax assets are recoverable based on the expectation of future taxable income but have been reversed in the assets at 30 June 2019 as a matter of prudence. Further details on taxes are disclosed in Note 7.

Impairment review

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised as profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets (other than inventories, construction work in progress and deferred tax assets) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of

the cash inflows of other assets or Group's of assets ("the cash generating unit" or "CGU"). The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

4 Revenue and other income

	Consolidated entity	
	2019 $'000	2018 $'000
Revenues from contracts with customers	52,944	40,492
Interest revenue calculated using the effective interest method	45	103
Other income	228	1,198
Total revenue and other income	**53,217**	**41,793**

Revenue from contracts with customers by type of customer	Consolidated entity	
	2019 $'000	2018 $'000
Government and infrastructure	4,304	11,540
Commercial	47,022	24,689
Education and aged care	1,461	1,789
Resources	101	2,120
Other	56	354
Total revenues from contracts with customers	**52,944**	**40,492**

The transaction price allocated to the remaining performance obligations as described in Note 2.4(b) (unsatisfied or partially unsatisfied as at 31 December) is as follows:

	Consolidated entity	
	2019 $'000	2018 $'000
Within one year	15,338	15,630
Total revenue and other income	**15,338**	**15,630**

5 Other expenses

	Consolidated entity	
	2019 $'000	2018 $'000
Candidate screening cost	145	110
Movement in allowance for expected credit losses	249	18
Total other expenses	**394**	**128**

6 Employee and director expenses

	Consolidated entity	
	2019 $'000	2018 $'000
Salaries, wages and other expenses	17,679	17,396
Superannuation expenses	1,313	1,531
Share based payments	495	(349)
Other staff expenses	-	1,592
Total employee and director expenses	**19,487**	**20,170**

7 Income tax

The major components of income tax expense for the years ended 31 December 2019 and 2018 are:

	Consolidated entity	
	2019 $'000	2018 $'000
Current income tax		
Current tax benefit	1,167	1,390
Conversion of prior year balances to 30% tax rate	487	(344)
Defferred income tax		
Temporary differences	68	(527)
Adjustments in repect of previous years	-	(104)
Conversion of prior year balances to 30% tax rate	3	(61)
Provision		
Provision Current year tax benefit	(1,726)	-
Provision prior year DTA	(5,319)	-
Income tax (credit) / expense reported in the income statement	**(5,319)**	**354**

	Consolidated entity	
	2019 $'000	2018 $'000
Contributed Equity		
Conversion of prior year balances to 30% tax rate	2	(3)
Blackhole expenses	(2)	(12)
Share-based payments reserve		
Conversion of prior year balances to 30% tax rate	-	(25)
Employee share trust contributions	-	(56)
Income tax (credit) / expense reported in the equity statement	**-**	**(96)**

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's application income tax rate is as follows:

	Consolidated entity	
	2019 $'000	2018 $'000
Accounting loss before income tax	(14,645)	(6,002)
Tax at Australia's statutory income tax rate of 30% (2018: 27.5%)	4,394	1,651
Tax effect of amounts which are not deductible in calculating taxable income	(3,158)	(888)
Conversion of prior year balances to 30% tax rate	490	(405)
Others	-	101
Adjustments in respect of previous years	-	(105)
Income tax benefit at the effective tax rate of 11.8% (2018: 6%)	**1,726**	**354**
Provision for Current year income tax benefit	(1,726)	-
Provision for prior year DTA	(5,319)	-
Income tax (credit) / expense reported in the income statement	**(5,319)**	**354**

Deferred income tax at 31 December relates to the following:

	Consolidated entity	
	2019 $'000	2018 $'000
Deferred tax assets		
Carried forward tax losses	4,521	3,137
Research and development tax credits	2,341	2,146
Accrued expenses	124	37
Employee benefits	346	276
Share based payment reverse	61	5
Trade and other receivables	96	81
Others	-	23
Offset of deferred tax liabilities	(238)	(387)
Deferred tax not recognised for current year	(1,934)	-
Deferred tax asset write down for prior year	(5,318)	-
Net deferred tax assets	**-**	**5,318**

	Consolidated entity	
Revenue	2019 $'000	2018 $'000
Deferred tax assets		
Carried forward tax losses	4,521	3,137
Research and development tax credits	2,341	2,146
Accrued expenses	124	37
Employee benefits	346	276
Share based payment reverse	61	5
Trade and other receivables	96	81
Others	-	23
Offset of deferred tax liabilities	(238)	(387)
Deferred tax not recognised for current year	(1,934)	-
Deferred tax asset write down for prior year	(5,318)	-
Net deferred tax assets	**-**	**5,318**
Deferred tax liabilities		
Inventory	15	13
Prepayment and receivables	9	40
Plant and equipment	72	80
Intangibles	-	128
Works in progress	143	126
Offset against deferred tax asset	(238)	(387)
Net deferred tax liabilities	**-**	**-**

In 2019 the Group has written off a deferred tax asset on carried forward losses and unused tax credits.

The movement of the current and deferred tax relates to the following:

	Consolidated entity			
	Current Income Tax 2019 $'000	Deferred Income Tax 2019 $'000	Current Income Tax 2018 $'000	Deferred Income Tax 2018 $'000
Opening balance	-	5,318	-	4,831
Income tax (credit) / expense recognised in profit and loss	-	(5,318)	-	354
R&D income recognised as government grant	-	-	-	305
Charged to equity	-	-	-	(15)
Charged to reserves	-	-	-	(81)
Additions through business combination	-	-	-	(76)
Closing balance	**-**	**-**	**-**	**5,318**
Amounts recognised on the consolidated statement of financial position				
Deferred tax asset	-	-	-	5,318
Closing balance	**-**	**-**	**-**	**5,318**

8 Cash and short-term deposits

	Consolidated entity	
	2019 $'000	2018 $'000
Cash at bank and on hand	7,340	3,766
Short term deposits	-	1,000
Cash and cash equivalents	**7,340**	**4,766**

9 Trade and other receivables

	Consolidated entity	
	2019 $'000	2018 $'000
CURRENT		
Trade receivables	10,233	4,944
Allowance for expected credit losses	(321)	(63)
Other receivables	527	530
Total current trade and other receivables	**10,439**	**5,411**

Trade receivables are non-interest bearing and are generally on terms of 14 to 60 days.

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	Consolidated entity	
	2019 $'000	2018 $'000
As at 1 January	63	58
Provision for expected credit losses (Note 17)	258	5
As at 31 December	**321**	**63**

The information about the credit exposures are disclosed in Note 17.

10 Contract assets

	Consolidated entity	
	2019 $'000	2018 $'000
Contract assets	1,016	2,774
Allowance for expected credit losses	-	(51)
Total contract assets	**1,016**	**2,723**

Set out below is the movement in the allowance for expected credit losses of contract assets:

	Consolidated entity	
	2019 $'000	2018 $'000
As at 1 January	51	238
Provision for expected credit losses (Note 17)	-	18
Written off during the period	-	(5)
Reversed during the period	(51)	-
Provision used during the period	-	(200)
As at 31 December	**-**	**51**

Contract assets are initially recognised for revenue earned from maintenance and constructions services as receipt of consideration is conditional on successful completion of performance obligations. Upon completion of these services and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

In 2019, $Nil (2018 Provision for doubtful debts: $18K) was recognised as provision for expected credit losses on contract assets.

No revenue was recognised during the year (2018: $Nil) for performance obligations satisfied in previous years.

11 Inventories

	Consolidated entity	
	2019 $'000	2018 $'000
Consumables	505	402
Total inventories	**505**	**402**

12 Plant and Equipment

	Consolidated entity	
	2019 $'000	2018 $'000
Furniture and fixtures - gross carrying value at cost	364	468
Furniture and fixtures - accumulated depreciation	(135)	(123)
Net book value furniture and fixture	**229**	**345**
Plant and equipment - gross carrying value at cost	1,365	1,236
Plant and equipment - accumulated depreciation	(348)	(117)
Net book value plant and equipment	**1,017**	**1,119**
Computer equipment – gross carrying value at cost	108	941
Computer equipment – accumulated depreciation	-	(525)
Net book value Computer equipment	**108**	**416**
Motor vehicles – gross carrying value at cost	2,667	776
Motor vehicles – accumulated depreciation	(889)	(344)
Net book value motor vehicle	**1,778**	**432**
Property - gross carrying value Cost	755	-
Property - accumulated depreciation	(549)	-
Net book value Right of Use Assets - Property	**206**	**-**
Total gross carrying value at cost	5,259	3,421
Total accumulated depreciation	(1,921)	(1,109)
Total net book value	**3,338**	**2,312**

Reconciliation of the carrying amounts at the beginning and end of the current financial year:

	Furniture and fixtures $'000	Plant and equipment $'000	Computer equipment $'000	Motor vehicles $'000	Building $'000	Total $'000
Balance at 1 January 2018	114	156	488	781	-	1,539
Additions	329	925	110	264	-	1,628
Additions through business combinations (Note 25)	-	63	-	93	-	156
Disposals	(63)	(8)	(3)	(500)	-	(574)
Depreciation expense	(35)	(17)	(179)	(206)	-	(437)
Balance at 31 December 2018	**345**	**1,119**	**416**	**432**	**-**	**2,312**
Additions	111	113	29	1,700	579	2,532
Adjust on transition to IFRS 16	-	-	-	759	176	935
Disposals	(254)	(37)	(70)	(12)	-	(373)
Impairment on loss	-	-	-	(626)	(169)	(795)
Depreciation expense	(68)	(181)	(183)	(461)	(380)	(1,273)
Balance at 31 December 2019	**134**	**1,014**	**192**	**1,792**	**206**	**3,338**

The carrying value of plant and machinery held under finance leases contracts at 31 December 2019 was $912K (2018: $890K). Additions during the year include $142K (2018: $947K) of plant and equipment and motor vehicles under finance leases.

Leased assets under hire purchase contracts are pledged as security for the related finance lease liability:

	Furniture and fixtures $'000	Plant and equipment $'000	Computer equipment $'000	Motor vehicles $'000	Building $'000	Total $'000
Balance at 1 January 2019	-	-	-	759	176	935
Additions	-	-	-	1,232	579	1,811
Depreciation expense	-	-	-	(408)	(331)	(739)
Balance at 31 December 2019	**-**	**-**	**-**	**1,583**	**424**	**2,007**

13 Intangible assets

	Goodwill $'000	Customer Relationships $'000	Productivity Tool $'000	Total $'000
Balance at 1 January 2018	11,793	473	112	12,378
Acquisition of a subsidiary	555	275	-	830
Amortisation	-	(283)	-	(283)
Impairment	(3,118)	-	(112)	(3,230)
Balance at 31 December 2018	**9,230**	**466**	**-**	**9,696**
Amortisation	-	(126)	-	(126)
Impairment	(9,230)	(340)	-	(9,570)
Balance at 31 December 2019	**-**	**-**	**-**	**-**

14 Goodwill impairments

During the year, the Group assessed its goodwill and intangible assets for impairment. The Group considers the relationship between its market capitalisation and its book value, among other factors when reviewing for indicators of impairment. Management found that the market capitalisation of the Group was below the book value of its equity, indicating a potential impairment of goodwill and impairment of the assets.

As part of assessing for impairment, it was determined that the cash generating units (CGUs) of the Group would be aggregated for the purposes of testing the goodwill of $9,230K due to the interrelated nature of operating segments.

The recoverable amount of the aggregated CGU was determined based on a value-in-use calculation using cash flow projections from financial forecasts. This forecast was extrapolated to a five-year forecast based on the assumptions detailed below.

The post-tax discount rate applied to cash flow projections is 11.50% (2018: 11.50%) and cash flows beyond the forecast period were extrapolated using a 2.4% growth rate (2018: 2.4%) that is the same as the long-term average growth rate for the electrical services industry.

Trading during the six months to 30 June 2019 had been more difficult than had been anticipated. This led to management reassessing the forecasts used as inputs to the value in use calculations which directly impacted the results of the assessment.

As a result of this analysis, it was concluded that the carrying value of the CGU exceeded its recoverable amount, and the goodwill associated with the CGU was subsequently recognised as a pre-tax impairment. In conjunction with the impairment of the goodwill management also impaired the customer contracts that had been recognised in conjunction with the goodwill when the assets were originally acquired.

15 Segment reporting

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. All segments operate only in one geographical area, being Australia.

(a) Segment performance

31-Dec-19	Asset maintenance and service	Construction & electrical project work	Corporate / unallocated	Total
	$'000	$'000	$'000	$'000
Revenue				
Sales	22,937	30,007	-	52,944
Other revenue	131	108	34	273
Total segment revenue	**23,067**	**30,115**	**34**	**53,217**
Operating expenses	24,888	30,671	409	55,968
Earnings before interest, tax, depreciation & amortisation (EBITDA)	**(1,821)**	**(556)**	**(375)**	**(2,751)**
Depreciation and amortisation	439	264	695	1,399
Earnings before interest and tax (EBIT)	**(2,260)**	**(820)**	**(1,070)**	**(4,150)**
Interest expense	47	45	38	131
Income tax (credit)/expenses	-	-	5,319	5,319
Impairment of assets	295	8	10,061	10,365
Net profit/(loss) for the year	**(2,602)**	**(874)**	**(16,488)**	**(19,964)**

31-Dec-18	Asset maintenance and service	Construction & electrical project work	Corporate / unallocated	Total
	$'000	$'000	$'000	$'000
Revenue				
Sales	16,027	22,806	1,678	40,510
Other revenue	190	452	641	1,283
Total segment revenue	**16,217**	**23,258**	**2,319**	**41,793**
Operating expenses	15,694	23,238	4,926	43,859
Earnings before interest, tax, depreciation & amortisation (EBITDA)	**523**	**19**	**(2,608)**	**(2,066)**
Depreciation and amortisation	40	131	469	639
Earnings before interest and tax (EBIT)	**483**	**(111)**	**(3,077)**	**(2,705)**
Interest expense	15	26	26	66
Income tax (credit)/expenses	-	-	(354)	(354)
Impairment of assets	-	3,230	-	3,230
Net profit/(loss) for the year	**468**	**(3,367)**	**(2,749)**	**(5,648)**

(b) Segment asset and liabilities

31-Dec-19	Asset maintenance and service	Construction & electrical project work	Corporate / unallocated	Total
	$'000	$'000	$'000	$'000
Total Assets	7,146	8,854	7,099	23,099
Total Liabilities	4,981	8,633	985	14,599

31-Dec-18	Asset maintenance and service	Construction & electrical project work	Corporate / unallocated	Total
	$'000	$'000	$'000	$'000
Total Assets	4,360	4,775	21,888	31,022
Total Liabilities	1,798	2,812	760	5,370

Major customers

The consolidated entity has a number of customers to which it provides services. The consolidated entity supplies a single external customer which accounts for 29% of external revenue (2018: 24%). The next most significant customer accounts for 25% (2018: 9%).

16 Trade and other payables

	Consolidated entity	
	2019 $'000	2018 $'000
Trade payables	5,013	2,068
Other payables	5,430	1,763
Total trade and other payables	**10,443**	**3,831**

17 Financial liabilities

17.1 Financial liabilities: Interest-bearing loans and borrowing

	Consolidated entity			
	Interest Rate %	Maturity	2019 $'000	2018 $'000
Current interest-bearing loans and borrowings				
Obligations under leases (Note 22)	4.73%	2020	1,038	177
Insurance Borrowing	2.18%	2020	247	-
NAB Invoice Finance Facility ($10,000,000 Facility)	5.34%	On Demand	-	1,149
Total current interest-bearing loans and borrowings			**1,285**	**1,326**
Non Current interest-bearing loans and borrowings				
Obligations under leases (Note 22)	4.83%	2021- 2022	1,948	843
Total non- current interest-bearing loans and borrowings			**1,948**	**843**
Total interest-bearing loans and borrowings			**3,233**	**2,169**

Tempo has a $10M Invoice Finance Facility with the National Australia Bank Limited ('NAB'). This facility attracts a variable interest rate. At 31 December the effective rate was 5.34%. At 31 December 2019 $10M was unused (2018: $8,851K). 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 Group has an asset finance leasing facility with NAB of $3,450K. At 31 December 2019 the amount of the facility that was unused was $2,538K. At 31 December 2018, the Group has an asset finance leasing facility with NAB of $1,000K and the amount of the facility that was unused was $126K.

Other finance leases in relation to financing of plant, vehicles and other equipment amount is Nil (2018: $146K).

Other leases in relation to plant, vehicles and other equipment amount to $2,074K. At 31 December 2018 the amount relating to other leases was $146K. The application of AASB 16 and subsequent recognition of leases for items previously classified as operating leases was recognised as a one-off adjustment on 1 January 2019 and increased the balance relating to leases by $969K to $1,989K.

All finance liabilities are repayable on demand with the exception of finance leases. Refer to Note 22 for the relevant maturity profile of these finance leases.

17.2 Financial liabilities: Bank guarantees and surety bonds

The Group has surety bond facilities of $7,000K (2018: $7,000K). At 31 December 2019 bonds valued at $2,002K had been issued (2018: $795K). The bond premium rate is 1.5% per annum on the face value of each bond.

As at 31 December 2019 the Company had bank guarantees issued of $286K (2018: $75K) which were secured by term deposits. Corresponding term deposits of $286K (2018: $75K) are recorded in other assets.

17.3 Fair values

The carrying value of all current financial assets and liabilities approximates the fair value largely due to the short-term maturity of these instruments. Non-current financial liabilities are recognised at a discount value implicit in the finance leases (refer Note: 22).

Set out below is a comparison of the carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Consolidated entity			
	2019		2018	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Non-current interest-bearing loans and borrowings	1,948	2,053	843	913
Obligations under finance leases (Note 22)	**1,948**	**2,053**	**843**	**913**

The fair value of obligations under finance leases is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.

Changes in liabilities arising from financing activities

	Consolidated entity					
	1-Jan-19 $'000	Cash flows $'000	New Leases $'000	Lease recognise as AASB 16 $'000	Others $'000	31-Dec-19 $'000
Current interest-bearing loans and borrowings (excluding items listed below)	1,149	(902)	-	-	-	247
Current obligations under leases	177	(956)	362	392	1,063	1,038
Non-current obligations under leases	843	-	1,625	543	(1,063)	1,948
Total liabilities from financing activities	**2,169**	**(1,858)**	**1,987**	**935**	**-**	**3,233**

	Consolidated entity				
	1-Jan-18 $'000	Cash flows $'000	New Leases $'000	Others $'000	31-Dec-18 $'000
Current interest-bearing loans and borrowings (excluding items listed below)	-	1,149	-	-	1,149
Current obligations under finance leases	164	(257)	186	84	177
Non-current obligations under finance leases	25	-	902	(84)	843
Total liabilities from financing activities	**189**	**892**	**1,088**	**-**	**2,169**

The 'Other' column includes is the reclassification of non-current portion of interest-bearing loans and borrowings (finance leases) to current due to the passage of time.

17.4 Financial instruments risk management objectives and policies

The Group's principal liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables and cash and short-term deposits that derive directly from its operations. The Group has determined that there is no material market, credit, liquidity or interest risk in relation to the cash or other receivables held in deposits.

The Group is exposed to market risk, credit risk and liquidity risk. Interest rate risks are not considered as significant. The Group's senior management oversees the management of these risks under the policies approved by the Risk, HSE and Commercial Committee and the Board.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price. Market risk comprises three types of risk, interest rate risk, foreign currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits and debt.

The sensitivity analysis in the following sections relate to the position as at 31 December in 2019 and 2018.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's long-term debt is secured with fixed interest rates. All long-term deposits have variable interest rates. As a result, the Board believes there is no material interest rate risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's has minimal to this risk profile.

Other price risk

The Group does not have any equity instruments or commodity risk exposure.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with reputable banks and financial institutions.

Credit quality of a customer is assessed prior to engagement. Outstanding customer receivables are regularly monitored. At 31 December 2019 the Group had 5 customers (2018: 6) that owed the Group more than $200K each and accounted for approximately 84% (2018: 57%) of all receivables. There were 5 customers (2018: 3) with balances over $500K accounting for 84% of all receivables (2018: 45%) of the total receivables balance.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses ("ECL"). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 9. The Group does not hold collateral as security. The Group evaluates the concentration risk with respect to trade receivables as low, as its customers are located within several industries and operate in largely independent markets.

The customers are grouped into four different categories:

	Consolidated entity		
	2019 $'000	Risk Assessment	2018 $'000
Listed public companies	1,874	Very Low	3,718
Government departments/agencies	357	Very Low	764
Not for profit organisations	98	Very Low	135
Commercial businesses	811	Very Low	327
Total trade receivables	**3,140**		**4,944**

Historically the Group's ECL has been extremely low. Impairment charges (under AASB 139) over the 5 years 2014 to 2018 inclusive averages to 0.28% of the total trade receivables per year.

Set out below is the information about the credit risk exposure on the Groups trade receivables and contract assets using a provision matrix:

31 December 2019

	Contract assets	Consolidated entity				
		0-30 Days	31-60 Days	61-90 Days	>91 Days	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Expected credit loss rate	0.00%	0.08%	0.49%	9.50%	17.81%	2.85%
Total gross carrying amount	1,016	6,207	1,639	1,410	977	11,250
Expected credit loss	-	5	8	134	174	321
Total ECL Provision	**-**	**5**	**8**	**134**	**174**	**321**

31 December 2018

	Contract assets	Consolidated entity				
		0-30 Days	31-60 Days	61-90 Days	>91 Days	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Expected credit loss rate	1.84%	0.25%	0.25%	2.00%	4.25%	1.48%
Total gross carrying amount	2,774	1,724	1,579	680	961	7,718
Expected credit loss	51	4	4	14	41	114
Total ECL Provision	**51**	**4**	**4**	**14**	**41**	**114**

Liquidity Risk

The Group monitors its risk of a shortage of funds using by utilising liquidity planning tools across a 15-month horizon.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of short-term borrowings and finance leases. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a variety of sources of funding and the majority of the debt maturing within 12 months can be rolled over with existing lenders.

18 Provisions

	Consolidated entity	
	2019 $'000	2018 $'000
Current provisions		
Employee benefits	805	679
Total current provisions	**805**	**679**
Non-current provisions		
Employee benefits	118	58
Total Non-current provisions	**118**	**58**
Total provisions	**923**	**737**

Employee benefits

Provision for employee benefits represents amounts accrued for annual leave, rostered days off, staff retentions and long service leave.

	Consolidated entity	
	2019 $'000	2018 $'000
Carrying amount at the beginning of period	737	1,305
Additional provision made	786	1,103
Amounts used	(600)	(1,671)
Total employee benefits provisions	**923**	**737**

Other benefits

	Consolidated entity	
	2019 $'000	2018 $'000
Carrying amount at the beginning of period	-	43
Additional provision made	-	-
Amounts used	-	(43)
Total employee benefits provisions	**-**	**-**

19 Contributed equity

		Note	Consolidated entity	
		Note	2019 $'000	2018 $'000
Ordinary shares fully paid		19 (a)	84,056	79,491
Treasury shares		19 (b)	-	-
Other contributed equity		19 (c)	-	850
			84,056	**80,341**

19 (a) Ordinary Shares

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

	Consolidated entity 2019		Consolidated entity 2018	
Movements in ordinary shares	**# of shares**	**$'000**	**# of shares**	**$'000**
Balance as at the beginning of the year	240,804,581	79,491	240,804,581	79,919
Shares issued – proceeds received	101,730,925	3,915	-	-
Costs of share issue	-	(200)	-	(413)
Release of other contributed equity	-	850	-	-
Tax effect relating to share issue cost	-	-	-	(15)
Balance as at the end of the year	**342,535,506**	**84,056**	**240,804,581**	**79,491**

19 (b) Treasury shares

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 28 for further details of the plan.

	Consolidated entity 2019		Consolidated entity 2018	
Movements in treasury shares	# of shares	$'000	# of shares	$'000
Balance as at the beginning of the year	-	-	(109,733)	(26)
Acquisition of on-market shares	-	-	(2,040,267)	(387)
Issue of shares under Employee Share Incentive Rights Plan	-	-	2,150,000	413
Other	-	-	-	-

19 (c) Other contributed equity

Other contributed equity relates 3,863,636 ordinary shares that were issued in August 2019 on settlement of contingent consideration for acquisition of KP Electric, which was agreed in the amendment purchase agreement in February 2018.

Share based payments reserve

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 28 for further details of the plan.

	2019	2018
	$'000	$'000
Balance as at the beginning of the year	1,580	2,010
Share-based payments	487	427
Reversal of unvested options	(25)	(776)
Tax effect relating to share-based payments	-	(81)

Capital risk management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value. The Group's objectives when managing capital is 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 2018.

20 Cash flow reconciliation

	Consolidated entity	
	2019 $'000	2018 $'000
Reconciliations of the net loss after tax to the net cash flows from operating activities		
Net Loss	(19,964)	(5,648)
Non-operating cash items		
Depreciation	1,273	437
Amortisation	125	201
Impairment of intangible and tangible assets	10,365	3,230
Provisions for expected credit losses	207	-
(Profit)/loss on sale of assets	(5)	(165)
ESOP,option and performance rights expenses	462	(349)
Gain on settlement of contingent consideration fro KP Electric acqusition	-	(555)
Changes in assets and liabilities		
Trade and other receivables and contract assets	(3,320)	(2,018)
Inventories	(103)	(2)
Other assets	(67)	694
Trade and other payables	6,577	961
Provisions	190	(605)
Deferred tax assets	5,318	(577)
Net Operating cash outflows	**1,058**	**(4,396)**

21 Loss per share (LPS)

Basic LPS is calculated by dividing the loss for the year attributable to ordinary equity holders of the parent by the weighted average number of the ordinary shares outstanding during the year.

There were no options outstanding at the end of 2019 (2018: Nil).

The following table reflects the loss and share data used in the basic EPS calculations:

	Consolidated entity	
	2019 $'000	2018 $'000
The following reflects the loss and share data used in the calculations of basic and diluted loss per share		
Net loss after tax	(19,964)	(5,648)
Loss used in calculating basic and diluted loss per share	**(19,964)**	**(5,648)**
Weighted average number of ordinary shares used in calculating basic loss per share	248,940,380	240,804,581

Effect of dilutive securities		
Share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	248,940,380	240,804,581

There have been no transactions involving ordinary shares between the reporting date and date of completion of these financial statements.

22 Lease expenditure commitments

	Consolidated entity	
	2019 $'000	2018 $'000
Depreciation charge for right-of-use assets:		
- Motor vehicles	408	-
- Property	331	-
Additions to right-of-use assets:		
- Motor vehicles	1,992	-
- Property	-	-
Carrying value of right-of-use assets:		
- Motor vehicles	1,583	-
- Property	424	-
Interest expense on lease liabilities	147	-
Short-term lease expense through profit or loss	-	-
Low value asset lease expense through profit or loss	-	-
Total cash outflow for leases	1,064	-

Operating lease commitments

The Group has entered into leases for property and motor vehicles, with lease terms between one and four years. The Group has the option, under some of its leases, to lease the assets for additional terms of one to three years.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are, as follows:

	Consolidated entity	
	2019 $'000	2018 $'000
Within one year	-	761
After one year but not more than five years	-	726
More than five years	-	-
Aggregate lease expenditure contracted for at reporting date	**-**	**1,487**

Lease commitments (2018: finance lease commitments)

The Group has leases for various items of plant and machinery. The Group's obligations under leases are secured by the lessor's title to the leased assets. Future minimum lease payments under leases and hire purchase contracts, together with the present value of the net minimum lease payments are, as follows:

	Consolidated entity			
	2019		2018	
	Minimum Payments $'000	Present value of Payment $'000	Minimum Payments $'000	Present value of Payment $'000
Within one year	1,158	1,038	220	177
After one year but not more than five years	958	884	919	843
More than five years	1,095	1,064	-	-
Total minimum lease payments	3,211	2,986	1,139	1,020
Less amounts representing finance charges	(225)	-	(119)	-
Present value of minimum lease payments	**2,986**	**2,986**	**1,020**	**1,020**

Note 2.2 provides detail of the Group's adoption of AASB 16: Leases. The Group applied the modified retrospective approach and as such, comparative disclosure continues to distinguish between operating and finance leases.

23 Capital Commitments

The entity had no capital commitments as at 31 December 2019 (2018: Nil)

24 Group information

Information about subsidiaries

The consolidated financial statements of the Group include:

		Consolidated entity	
	Country of Incorporation	2019	2018
Tempo Resources Solutions Pty Ltd	Australia	100%	100%
Tempo Engineering Pty Ltd	Australia	100%	100%
Cablelogic Pty Ltd	Australia	100%	100%
Tempo Construction & Maintenance Pty Ltd	Australia	100%	100%
Tempo Personnel Management Pty Ltd	Australia	100%	100%
Tempo Global Pty Ltd	Australia	100%	100%
KP Electric (Australia) Pty Ltd	Australia	100%	100%

The immediate and ultimate holding company of the Group is Tempo Australia Ltd which is based and listed in Australia.

25 Related party disclosures

Note 24 provides information about the Group's structure, including details of the subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant year.

	Consolidated entity	
	Purchases from related parties 2019 $'000	Purchases from related parties 2018 $'000
Angophora Capital Pty Ltd	60	38
Bontampo Nominees Pty Ltd	-	10
D&T Superannuation Pty Ltd	20	-
Sadsacks Holding Pty Ltd	2	-

Each of the above entities is considered to be a related party due to common directorships between them and the Group. The balances relate to director fee and capital raise underwriting fee. Outstanding balances $106K for Angophora Capital Pty Ltd related to consulting fees at year-end, which are unsecured and interest free.

Compensation of key management personnel of the Group

	Consolidated entity	
	2019 $'000	2018 $'000
Short-term employee benefits	864	637
Post-employment benefits	58	64
Long-term benefits	29	97
Termination benefits	26	342
Share-based payment	462	(345)
Total benefits	**1,439**	**795**

26 Business combinations

Acquisitions in 2019

There were no business acquisitions in 2019.

Acquisitions in 2018

On 1 July 2018, the Group acquired assets and liabilities from Comsite Services Pty Ltd ("Comsite"), a non-listed company based in Australia and specialising in end-to-end telecommunication maintenance services on mobile network infrastructure across regional NSW, ACT and Southern Queensland. The Group acquired Comsite because it enlarges the existing telecommunication maintenance services that was already offered to clients.

The fair values of the identifiable assets and liabilities of the Comsite business as at the date of acquisition were:

	Final fair value $'000
ASSETS	
Property, plant and equipment	157
Customer relationship intangibles	275
Total Assets	**432**
LIABILITIES	
Borrowings and interest-bearing liabilities	148
Deferred tax liability	76
Total liabilities	**224**
Total identifiable net assets at fair value	**208**
Cash used to acquire business	**763**
Goodwill arising on acquisition	**555**

The goodwill of $555,000 comprises the value of expected synergies arising from the acquisition, which is not separately recognised.

The business purchase agreement also contained clauses, relating to future payments to the former owners of Comsite, based on business performance and the continued employment of the personnel. These payments were classified as remuneration for post-combination services and were therefore not classed as contingent consideration on the Business Combination.

From the date of acquisition, Comsite contributed $1,678,000 of revenue and $560,000 of profits before tax from continuing operation of the Group. It was not possible to identify what the business would have contributed if it was acquired on 1 January 2018, due to the Group not having access to this financial information.

In December 2018 a termination to the business purchase agreement was signed with the former owner of Comsite relinquishing their rights to future remuneration-based business performance. In January 2019 the former owner resigned from their employment with the Group.

27 Parent company information

	2019 $'000	2018 $'000
Loss after income tax	16,823	(2,592)
Total comprehensive loss	**16,823**	**(2,592)**

Total current assets	7,030	31,908
Total assets	7,100	51,064
Total current liabilities	9,443	40,420
Total liabilities	9,536	40,906

Equity		
Contributed equity	84,602	80,341
Share based payment reserve	1,784	1,580
Accumulated losses	(88,822)	(71,763)
Total equity	**(2,436)**	**10,158**

Contingencies

The parent entity had no contingent liabilities as at 31 December 2019 (2018: Nil).

Capital Commitments

The parent entity had no contingent liabilities as at 31 December 2019 (2018: Nil).

28 Share based payments

An Employee Share Incentive Right Plan (ESIRP) was established by the Company and approved by shareholders at the general meeting held in May 2013 and renewed at the general meeting held on 31 May 2016. Under the ESIRP 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 the ESIRP.

The expense recognised for employee services received during the year was $495K (2018: $427K).

Movements during the year

The following tables illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options and performance rights during the year.

Performance rights granted during the year are valued with reference to the share price at the grant date.

	Consolidated entity 2019		Consolidated entity 2018	
Options	**# of options**	**WAEP**	**# of options**	**WAEP**
Outstanding as 1 January	-	-	2,000,000	$0.34
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Forfeited during the year	-	-	(2,000,000)	$0.34
Outstanding at 31 December	**-**	**-**	**-**	**-**

	Consolidated entity 2019		Consolidated entity 2018	
Performance rights	**# of shares**	**WAEP**	**# of shares**	**WAEP**
Outstanding as 1 January	500,000	-	4,945,000	-
Granted during the year	26,000,000	-	4,700,000	-
Exercised during the year	-	-	(2,150,000)	-
Forfeited during the year	(500,000)	-	(6,995,000)	-
Outstanding at 31 December	**26,000,000**	**-**	**500,000**	**-**

29 Auditors remuneration

The auditor of Tempo Australia Limited is PKF (NS) Audit & Assurance Ltd Partnership from 31 December 19, and before that it was Ernst & Young Australia.

	Consolidated entity	
	2019 $	**2018 $**
Audit or review of the financial reports		
Ernst & Young Australia	91,800[1]	85,400
PKF (NS) Audit & Assurance Ltd Partnership[2]	50,000	-
Total	**141,800**	**85,400**

1. *Among $91.8K, $40K was paid to Ernst & Young Australia for FY2018 additional auditing charges.*
2. *PKF (NS) Audit & Assurance Ltd Partnership were paid $22,800 for the consulting service provided during the year 2019.*

30 Post balance sheet events

The group has reviewed events since the 31 December 2019 and makes the following comments:

The Board of Tempo Australia has and will continue to address the potential effect of the Corona Virus on the business. Immediate cost reductions have been identified and will be implemented over the coming month/s.

The Tempo Business Executive and Board continues to examine any ongoing effects of CoVid-19 on our clients. We are in regular contact with our main clients to see if there is any additional services, we can deliver given that our people are already at their sites.

We have implemented further WHS protocols with our PPE to maximise individuals' protections – both of our staff and of our client's staff.

The Board is meeting Bi-weekly to review business levels and will continue to address costs and reductions in working capital where possible.

We will continue to fulfill our continuous disclosure obligation and provide updates if and when necessary.

Other than as noted above, no circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

31. Contingencies

The consolidated entity has no contingent assets or liabilities as at 31 December 2019 (2018: Nil).

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 31 DECEMBER 2019

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;

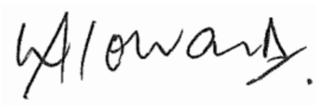
b. Give a true and fair view of the financial position of the consolidated entity as at 31 December 2019 and of its performance as represented by the results of their operations and its cash flows, for the year ended on that date; and

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.



William Howard

Executive Director, Chief Financial Officer & Company Secretary

Sydney

Date: 31 March 2020

INDEPENDENT AUDITOR'S REPORT

PKF

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TEMPO AUSTRALIA LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Tempo Australia Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other 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 Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the year ended; 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 Group 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.

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.

PKF(NS) Audit & Assurance Limited Partnership
ABN 91 850 861 839

Liability limited by a scheme approved under Professional Standards Legislation

Sydney
Level 8, 1 O'Connell Street
Sydney NSW 2000 Australia
GPO Box 5446 Sydney NSW 2001
p +61 2 8346 6000
f +61 2 8346 6099

Newcastle
755 Hunter Street
Newcastle West NSW 2302 Australia
PO Box 2368 Dangar NSW 2309
p +61 2 4962 2688
f +61 2 4962 3245

1. Revenue from contracts with customers – construction and electrical project work

Why significant	How our audit addressed the key audit matter
For the year ended 31 December 2019, revenue related to construction and electrical project work amounted to $30,007,000. The contract asset balance was $1,000,000 at 31 December 2019. The Group has assessed project revenue under AASB 15 and determined that performance obligations are satisfied over time as performance does not create an asset with an alternative use, as described in Note 3. The Group recognises revenue on this basis with the input method as allowed by AASB 15. As discussed in Note 3, the level of inputs for a particular project as well as the total expected inputs of a project requires judgement on the part of management, and this directly impacts upon the amount of revenue recognised for each accounting period. Accordingly, given the complexity of the judgement in the approach to AASB 15, we have determined revenue from construction and electrical project work to be a key audit matter.	Our work included, but was not limited to, the following procedures: • obtaining an understanding of the project execution processes and relevant controls relating to the accounting for construction and electrical project contracts; • testing selected key controls, including results reviewed by management, for their operating effectiveness and performed procedures to gain sufficient audit evidence on the accuracy of the accounting for customer contracts; • reading significant contracts to understand the terms and conditions and their impact on revenue recognition; • challenging management's estimates and judgments made for projects including comparing estimated project financials between reporting periods and assessing the historical accuracy of these estimates; • reconciling, on a sample basis, revenue to the supporting documentation, validating estimates of costs to complete, and testing the mathematical accuracy of calculations and the adequacy of project accounting; • examining costs included within contract assets on a sample basis by vouching the amounts back to source documentation and testing their recoverability through comparing the recoverable values as per the agreements with estimated cost to complete; and • testing for projects on a sample basis to confirm the appropriate application of revenue recognition policies. This included reconciling accounting entries to supporting documentation focusing on transactions occurring close before or after the balance sheet date to obtain sufficient evidence over the accuracy of cut-off.

2. Impairment of non-current assets

Why significant

For the year ended 31 December 2019, impairment expense amounted to $10,365,000.

$9,230,000 of this expense related to the impairment of goodwill while $1,135,000 related to the impairment of property, plant and equipment, and right of use assets.

The carrying value of goodwill following impairment is $nil. The carrying value of property, plant and equipment, and right of use assets at 31 December 2019 was $3,338,000.

The Group is required to assess assets other than goodwill for indicators of impairment on an annual basis and where indicators are present, the Group must test assets for impairment.

The Group is required to assess for impairment of goodwill on an annual basis.

The Group tests for impairment by reference to the recoverable amount of assets which management have assessed to be the value-in-use. The recoverable amount of assets requires judgement on the part of management to estimate future cashflows relating to Cash Generating Units (CGUs) and associated discount rates, growth rates, selling prices and direct costs.

The assessment of indicators of impairment as well as the assessment of recoverable values is complex and requires a number of key judgements and estimates, accordingly we consider impairment of non-current assets to be a key audit matter.

How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- assessing the presence of impairment indicators identified by management as described in Note 14;
- assessing the appropriateness of the identification of cash generating units (CGUs) and the allocation of assets, including goodwill to the CGUs;
- reviewing discounted cash flow models used for estimating recoverable amounts of assets; including assessing input variables and the arithmetical accuracy of models;
- reading the Board of Directors' minutes and various operational reports and plans in order to understand the future plans of the Group and whether there was any information that potentially conflicted with the assumptions made in the Group's cash flow forecast;
- discussing with management of the Group, the assumptions specifically related to the future pipeline of projects on which the Group is currently bidding;
- considering key macroeconomic events and considered their likely impact on CGUs;
- assessing the Group's actual results in comparison to prior year forecasts to assess historical forecast accuracy; and
- assessing the accuracy of disclosures in Note 14.

3. Recognition and valuation of deferred tax assets

Why significant	How our audit addressed the key audit matter
As disclosed in Note 7 of the financial report, at 31 December 2019 the Group has not recognised deferred tax assets (2018: $5,318,000 asset). As noted in Note 2(d) of the financial report, deferred tax assets are only recognised if the Group considers it probable that future taxable income will be generated to utilise these temporary differences and losses. Significant judgement is required in forecasting future taxable income. Based on the above, we have considered the recognition and valuation of deferred tax assets to be a key audit matter.	We have assessed and challenged management's judgements relating to the Group's ability to generate future taxable income, and also the recognition criteria under AASB 112. Our procedures included but were not limited to: • assessing the reasonableness of key assumptions with respect to future income and expenditure; • considering key macroeconomic factors and their impact on the uncertainty of recoverability; and • reviewing the nature of the deferred tax asset (i.e. temporary differences or revenue / capital losses) and its probability of being realised. We have also assessed the appropriateness of the disclosures included in Note 7 in respect of the deferred tax balances. On the basis of the procedures performed, we are satisfied that the deferred tax balances are not materially misstated and have been fairly disclosed.

Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is included in the Company's 2019 Annual Report, (but does not include the financial report and our 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 on the other information obtained prior to the date of this auditor's report, 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.

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PKF

Responsibilities of 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 Group's ability 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 Group 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 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 the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PKF

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included on pages of the directors' report for the year ended 31 December 2019.

In our opinion, the Remuneration Report of Tempo Australia Limited, for the year ended 31 December 2019, 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.

PKF

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SCOTT TOBUTT
PARTNER

31 MARCH 2020
SYDNEY, NSW

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 Board's intent. The governance structures and processes are defined in Tempo's Corporate Governance Statement which can be found at https://www.tempoaust.com/corporate.

SHAREHOLDER INFORMATION

The information below is current at 22 February 2020, 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	185	328,838,190	96.00
10,001 to 100,000	296	11,900,653	3.47
5,001 to 10,000	105	814,342	0.24
1,001 to 5,000	260	903,887	0.26
1 to 1,000	245	78,434	0.02
Total	**1,091**	**342,535,506**	**100.00**

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
ANGOPHORA CAPITAL PTY LTD	83,322,371	24.33
BONTEMPO NOMINEES PTY LTD	41,702,632	12.17
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	40,916,484	11.95

TOP 20 SHAREHOLDERS

Rank	Name	Number of ordinary shares	% of issued capital
1	ANGOPHORA CAPITAL PTY LTD	83,322,371	24.33
2	BONTEMPO NOMINEES PTY LTD	41,702,632	12.17
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	40,916,484	11.95
4	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	19,936,098	5.82
5	NATIONAL NOMINEES LIMITED	12,945,246	3.78
6	MR IVAN TANNER & MRS FELICITY TANNER	11,050,000	3.23
7	INGLEWOOD LODGE PTY LTD	10,000,000	2.92
8	ZERO NOMINEES PTY LTD	7,230,000	2.11
9	D & T SUPERANNUATION PTY LTD	6,845,216	2.00
10	CITICORP NOMINEES PTY LIMITED	5,438,490	1.59
11	KAHLIA NOMINEES PTY LTD	4,000,000	1.17
12	TUBECHANGERS PTY LTD	3,863,636	1.13
13	MISS SILVANA MASALKOVSKI	3,548,086	1.04
14	MR PAUL SANTILLO	3,025,000	0.88
15	CHEMBANK PTY LIMITED	2,800,000	0.82
15	VANAVO PTY LIMITED	2,150,000	0.63
16	MR ALEXANDER KING	2,032,500	0.59
17	MR ANTONIO SCAFFIDI & MRS MARIA SCAFFIDI	2,030,000	0.59
18	CHEMCO SUPERANNUATION FUND PTY LTD	2,000,000	0.58
19	MASSIMO BERGOMI	2,000,000	0.58
20	MRS JENNIFER ANNE CASHION	1,759,319	0.51
	Total	**268,595,078**	**78.41**
	Balance of register	**73,940,428**	**21.59**
	Grand total	**342,535,506**	**100**

CORPORATE DIRECTORY

DIRECTORS

Guido Belgiorno-Nettis	Non-Executive Chairman
William Howard	Executive Director, Chief Financial Officer and Company Secretary
David Iverach	Non-Executive Director
Charles Louis Rottier	Non-Executive Director

LEADERSHIP TEAM

Paul Dalgleish	Chief Executive Officer

STOCK EXCHANGE LISTING

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

REGISTERED OFFICE c/o Company Matters Pty Limited Level 12, 680 George Street Sydney NSW 2000	**PRINCIPAL PLACE OF BUSINESS** Level 12, 680 George Street Sydney NSW 2000 +61 (8) 9460 1500 info@tempoaust.com www.tempoaust.com	**POSTAL ADDRESS** PO Box 588 West Perth WA 6872 AUSTRALIA
AUDITOR PKF (NS) Audit & Assurance Ltd Partnership Level 8, 1 O'Connell St Sydney NSW, 2000 +61 02 8346 6000 www.pkf.com.au	**SHARE REGISTRY** Link Market Services QV1, Level 12 250 St Georges Terrace Perth WA 6000 +61 1300 554 474 www.linkmarketservices.com.au	