

**Augend Limited**  
**ACN 150 110 017**

**Appendix 4D**  
**Interim Financial report**  
**For the half-year ended 31 December 2016**

This interim financial report is lodged with the Australian Securities Exchange (ASX) under Listing Rule 4.2A.3.

**Appendix 4D – Interim Financial Report for the Half-year ended 31 December 2016**  
(Previous corresponding period: Half-year ended 31 December 2015)

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

Key Information:	Half-year ended	Half-year ended		
	31 December	31 December		
	2016	2015	Change	Change
	\$	\$	\$	%
Revenue from ordinary activities	56,299	6,239,429	(6,183,130)	(99.1)
Loss after tax from ordinary activities	(162,633)	(16,839,626)	16,676,993	(99.0)
Loss attributable to members	(162,633)	(16,839,626)	16,676,993	(99.0)

**DIVIDENDS PAID AND PROPOSED**

	Amount per	Franked Amount
<b>Ordinary Shares:</b>		
The Directors did not propose a dividend payment for the period ending 30 June 2016.		
The Directors have not proposed an interim dividend payment for the six months ending 31 December 2016.		

**SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

The Company has recorded a loss attributable to members of \$162,633.

**EXPLANATION OF KEY INFORMATION AND DIVIDENDS**

The commentary on the results for the period is contained in the Review of Operations included within the Directors' Report.

NET TANGIBLE ASSETS PER SHARE	31 December	31 December
	2016	2015
	(\$0.0003)	\$0.0029

**REVIEW OPINION**

The Company's financial report for the half-year ended 31 December 2016 has been subject to review by the Company's auditor.

**Directors' Report**

The Directors submit the financial report of Augend Limited for the half-year ended 31 December 2016.

**Directors**

The names of the Directors who held office during or since the end of the half-year:  
Derek Jones Non-executive Director (appointed 14 April 2016)  
Robert Di Russo Non-executive Director (appointed 14 April 2016)  
Keong Chan Non-executive Director and Company Secretary (appointed 6 June 2016)

**OPERATING RESULTS AND REVIEW OF CONTINUING OPERATIONS**

Period ended 31 December 2016	\$
<b>Revenue</b>	
Revenue from external customers	56,297
<b>Profit/(Loss) – EBIT</b>	56,297
Corporate expenses	(218,932)
<b>EBIT</b>	(162,635)
Interest Revenue	2
Interest Expense	-
<b>Net loss before tax from continuing operations</b>	(162,633)
Tax benefit	-
<b>Net loss after tax from continuing operations</b>	(162,633)

**Directors' Report (continued)**

**Review of Operations**

The Company delivered a net loss after tax for the six months to 31 December 2016 of \$162,633 compared to a net loss after tax of \$16,839,626 in the previous corresponding period (PCP). Earnings / (loss) per share decreased to (0.2) cents per share compared to (836.1) cents per share in the PCP.

The Company's EBIT result for the period was a \$162,633 loss. The previous corresponding period EBIT result was \$19,149,975 loss, including impairment charges of \$10,271,900.

Total revenue for the period decreased by 99% to \$56,299 compared to \$6,239,429 in the PCP.

**Cashflow**

At balance date, the Company had \$15,332 in cash resources to support its operations.

**Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under s307C of the *Corporations Act 2001* is set out on page 4 for the half-year ended 31 December 2016.

This report is signed in accordance with a resolution of the Board of Directors.



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Keong Chan

Director

Dated: 28 February 2017



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## DECLARATION OF INDEPENDENCE BY K L COLYER TO THE DIRECTORS OF AUGEND LIMITED

As lead auditor for the review of Augend Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to read 'K L Colyer', with a stylized flourish at the end.

**K L Colyer**  
Director

**BDO Audit Pty Ltd**

Brisbane, 28 February 2017

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED  
31 December 2016**

	Note	Company	
		2016 \$	2015 \$
<b>Revenue</b>	2	56,299	6,239,429
<b>Expenses</b>			
Drilling and consumables		-	(2,082,990)
Camp expenses		-	(1,488,681)
Logistics expenses		-	(198)
Catering expenses		-	(62,439)
Depreciation and amortisation expense		-	(566,632)
Employee benefits expense		-	(2,468,456)
Travel and accommodation		-	(408,299)
Motor vehicle lease and maintenance		-	(159,340)
Finance costs	2	-	(4,152)
Onerous lease expense		-	(5,468,729)
Impairment of assets	2	-	(10,271,900)
Administration and other expenses		(218,932)	(2,323,573)
<b>Loss before income tax</b>		<b>(162,633)</b>	<b>(19,065,960)</b>
Income tax (expense) / benefit	4	-	2,226,344
<b>Loss for the period</b>		<b>(162,633)</b>	<b>(16,839,626)</b>
<b>Other comprehensive income</b>			
Other comprehensive income / (loss) for the year, net of tax		-	-
<b>Total comprehensive income / (loss) for the year</b>		<b>(162,633)</b>	<b>(16,839,626)</b>
<b>Loss per share</b>			
• basic loss per share (cents)	11	(0.2)	(836.1)
• diluted loss per share (cents)	11	(0.2)	(836.1)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016

	Note	Company	
		31 December 2016 \$	30 June 2016 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	15,332	107,281
Trade and other receivables	6	12,495	-
<b>Total current assets</b>		<b>27,827</b>	<b>107,281</b>
<b>Non-current assets</b>			
<b>Total non-current assets</b>		-	-
<b>Total assets</b>		<b>27,827</b>	<b>107,281</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	7	58,382	-
Provisions	8	-	45,203
<b>Total current liabilities</b>		<b>58,382</b>	<b>45,203</b>
<b>Non-current liabilities</b>			
<b>Total non-current liabilities</b>		-	-
<b>Total liabilities</b>		<b>58,382</b>	<b>45,203</b>
<b>NET ASSETS</b>		<b>(30,555)</b>	<b>62,078</b>
<b>EQUITY</b>			
Issued capital	9	51,248,114	51,178,114
Reserves	10	-	-
Accumulated losses		(51,278,669)	(51,116,036)
<b>TOTAL EQUITY</b>		<b>(30,555)</b>	<b>62,078</b>

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2016

Company	Note	Ordinary Share Capital \$	Accumulated losses \$	Share Based Payments Reserve \$	Total \$
<b>Balance at 1 July 2015</b>		<b>50,479,008</b>	<b>(33,472,631)</b>	<b>296,094</b>	<b>17,302,471</b>
<b>Comprehensive income</b>					
Loss for the period		-	(16,839,626)	-	(16,839,626)
<b>Total comprehensive income / (loss) for the full year</b>		<b>-</b>	<b>(16,839,626)</b>	<b>-</b>	<b>(16,839,626)</b>
<b>Transactions with owners, in their capacity as owners, and other transfers</b>					
Issue of ordinary shares from employee share trust		75,000	-	(75,000)	-
Performance rights and options lapsed		-	-	(221,094)	(221,094)
Transaction costs		(1,654)	(1,544)	-	(3,198)
<b>Total transactions with owners and other transfers</b>		<b>73,346</b>	<b>(1,544)</b>	<b>(296,094)</b>	<b>(224,292)</b>
<b>Balance at 31 December 2015</b>		<b>50,552,354</b>	<b>(50,313,801)</b>	<b>-</b>	<b>238,553</b>
<b>Balance at 1 July 2016</b>		<b>51,178,114</b>	<b>(51,116,036)</b>	<b>-</b>	<b>62,078</b>
<b>Comprehensive income</b>					
Loss for the period		-	(162,633)	-	(162,633)
<b>Total comprehensive income / (loss) for the full year</b>		<b>-</b>	<b>(162,633)</b>	<b>-</b>	<b>(162,633)</b>
<b>Transactions with owners, in their capacity as owners, and other transfers</b>					
Issue of ordinary shares	9	70,000	-	-	70,000
<b>Total transactions with owners and other transfers</b>		<b>70,000</b>	<b>-</b>	<b>-</b>	<b>70,000</b>
<b>Balance at 31 December 2016</b>		<b>51,248,114</b>	<b>(51,278,669)</b>	<b>-</b>	<b>(30,555)</b>

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2016

	Note	Company	
		31 December 2016 \$	31 December 2015 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers (inclusive of GST)		56,297	5,290,694
Payments to suppliers and employees (inclusive of GST)		(218,248)	(9,342,537)
Interest received		2	88,166
Finance costs		-	(4,152)
Income tax payment		-	(2,226,334)
<b>Net cash used in operating activities</b>		<b>(161,949)</b>	<b>(1,741,495)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for plant, property and equipment		-	(7,782)
Proceeds from disposal of plant, property and equipment		-	1,074,555
<b>Net cash provided by investing activities</b>		<b>-</b>	<b>1,066,773</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		70,000	75,000
<b>Net cash provided by financing activities</b>		<b>70,000</b>	<b>75,000</b>
<b>Net decrease in cash held</b>		<b>(91,949)</b>	<b>(599,722)</b>
Cash and cash equivalents at beginning of period		107,281	1,140,836
<b>Cash and cash equivalents at end of period</b>	6	<b>15,332</b>	<b>541,114</b>

The accompanying notes form part of these financial statements.



## Notes to the financial statements for the half-year ended 31 December 2016

These financial statements and notes represent those of Augend Limited.

Augend Limited is a public company incorporated and domiciled in Australia. The Company was incorporated on 28 March 2011, and listed on the Australian Securities Exchange on 7 December 2011.

These interim financial statements were authorised for issue on 28 February 2017 by the directors of the Company.

### Note 1: Summary of Significant Accounting Policies

#### a) Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2016 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Company. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2016, together with any public announcements made during the following half-year.

#### Going concern

The financial statements have been prepared on the basis of accounting principles applicable to a going concern that contemplates the continuity of normal business activity and realisation of assets and the settlement of liabilities in the normal course of business.

For the half-year ended 31 December 2016, the Company incurred a loss of \$162,633 and incurred operating cash outflows of \$161,949. As at 31 December 2016 the Company had cash and cash equivalents of \$15,332, net current liabilities and net liabilities of \$30,555. These conditions give rise to a material uncertainty that may cast significant doubt over the Company's ability to continue as a going concern.

The ability of the Company to continue as a going concern is principally dependent upon one or more of the following:

- i) a Director related entity has provided written assurance that it will support the Company for a period of at least twelve months or until the Company is recapitalised and the suspension of shares is lifted;
- ii) The Company will look to raise additional capital or secure other forms of financing, as and when necessary to meet the Company's working capital requirements.

Should the Company be unable to continue as a going concern, it may be required to realise its assets and liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amount and classification of liabilities that might be required should the Company not be able to achieve the matters set out above and thus be able to continue as a going concern.

#### Incomplete financial information

On 21 December 2015, Augend Limited (then known as Titan Energy Services Limited) was placed into voluntary administration. Following the appointment of the administrators (and subsequently liquidators to the subsidiaries), the powers of the directors and officers of Augend Limited were suspended and the administrators (and subsequently liquidators to the subsidiaries) assumed control of these companies' business, property and affairs.

Due to the turnover of previous staff and officers, and the aforementioned, complete accounting records for the Group have not been able to be located for the year ended 30 June 2016. This led to insufficient information being available to support several material transactions as at and for the year ended 30 June 2016.

**Notes to the financial statements for the half-year ended 31 December 2016**

**Note 1: Summary of Significant Accounting Policies (continued)**

**b) Accounting policies**

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

**c) New and revised accounting requirements applicable to the current half-year reporting period**

The Company has considered the implications of new or amended Accounting Standards but determined that their application to the financial statements is either not relevant or not material.

**d) Critical accounting estimates and judgements**

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

**Note 2: Profit/(Loss) from ordinary activities**

	Company	
	31 December 2016	31 December 2015
	\$	\$
<b>Revenue</b>		
<b>From Continuing Operations</b>		
Services revenue	-	6,151,263
Interest revenue	2	88,166
Gain on Deed of Company Arrangement	56,297	-
<b>Total revenue and other income from continuing operations</b>	<b>56,299</b>	<b>6,239,429</b>
<b>Expenses</b>		
Profit before income tax from continuing operations includes the following specific expenses:		
<i>Impairment charges</i>		
Inventory	-	349,317
Property, plant and equipment	-	9,922,583
	-	<b>10,271,900</b>
<i>Finance costs</i>		
Interest and finance charges paid	-	4,152
	-	<b>4,152</b>
<i>Depreciation and amortisation expense</i>		
Drill rigs	-	204,065
Accommodation camps	-	125,872
Motor Vehicles	-	123,387
Plant & Equipment	-	113,308
	-	<b>566,632</b>

**Note 3: Operating Segments**

All segments were discontinued and written off after the appointment of receivers to the subsidiary companies. The Company now consists of a single segment, as reported to the new Directors. The information presented below for the year ended 30 June 2016 represents a description of the segments that existed prior to the appointment of the new Directors. A detailed operating segment note is not presented, based on the limited information available during the year. As disclosed in note 1, detailed accounting records are not available to allow the completion of this information prior to that date.

**a) Description of Segments**

The Company has determined the operating segments based on the internal reports reviewed by the Board of Directors that are used to make strategic decisions.

The following segments had historically been identified by the Company:

*Drill Rigs*

Owned and operated drilling rigs

*Camps*

Provided portable temporary camp hire and camp management services to remote sites.

Notes to the financial statements for the half-year ended 31 December 2016

**Note 3: Operating Segments (continued)**

*Catering*

Provided catering and camp management services.

*Logistics*

Provided water and waste transportation services to camps.

**Note 4: Income Tax Expense**

	Company	
	Dec 2016	Dec 2015
	\$	\$
<b>a) The components of tax expense comprise:</b>		
<i>Current tax</i>		
Current tax on profits for current year	-	-
Adjustments for current tax of prior periods	-	(2,226,344)
<b>Total current tax expense</b>	<b>-</b>	<b>(2,226,344)</b>

**Note 5: Cash and Cash Equivalents**

	Company	
	Dec 2016	June 2016
	\$	\$
Cash at bank and on hand	15,332	107,281
<b>Total cash and cash equivalents</b>	<b>15,332</b>	<b>107,281</b>

**Note 6: Trade and Other Receivables**

GST receivable	12,495	-
<b>Total trade and other receivables</b>	<b>12,495</b>	<b>-</b>

**Note 7: Trade and Other Payables**

Trade payables	58,382	-
<b>Total trade and other payables</b>	<b>58,382</b>	<b>-</b>

**Note 8: Provisions**

Other provisions for accrued expenses - Current	-	45,203
<b>Total provisions</b>	<b>-</b>	<b>45,203</b>

**Notes to the financial statements for the half-year ended 31 December 2016**

**Note 9: Issued Capital**

	31 December 2016 Shares	30 June 2016 Shares	31 December 2016 \$	30 June 2016 \$
<b>a) Issued Capital</b>				
Ordinary shares – fully paid	90,044,877	83,044,877	51,248,114	51,178,114
<b>Total issued capital</b>	<b>90,044,877</b>	<b>83,044,877</b>	<b>51,248,114</b>	<b>51,178,114</b>

**Ordinary Shares**

Ordinary shares participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Ordinary shares have no par value, and the Company does not have a limited amount of authorised share capital.

**b) Movements in Ordinary Share Capital during the Year**

Date	Details	Note	#	Issue Price	\$
01 Jul 2016	Opening balance		83,044,877		51,178,114
29 July 2016	Share issue		2,000,000	\$0.01	20,000
30 November 2016	Share issue		5,000,000	\$0.01	50,000
	Transaction costs arising on share issue				-
	Closing balance		<b>90,044,877</b>		<b>51,248,114</b>

**Notes to the financial statements for the half-year ended 31 December 2016**

**Note 10: Reserves**

	Company	
	Dec 2016	June 2016
	\$	\$
<b>Share Based Payments Reserve</b>		
Opening balance	-	296,094
Options lapsed	-	(221,480)
Retention payment converted	-	(74,614)
Closing balance	-	-

The share based payments reserve is used to recognise:

- The grant date fair value of options issued to employees but not exercised.
- The grant date fair value of performance rights attaching to shares not yet issued.

**Note 11: Loss Per Share**

	Dec 2016	Dec 2015
	Cents	Cents
<b>a) Basic &amp; Diluted Loss Per Share</b>		
From continuing operations attributable to the ordinary equity holders of the Company	(0.2)	(836.1)
<b>Total basic loss per share attributable to the ordinary equity holders of the Company</b>	<b>(0.2)</b>	<b>(836.1)</b>

**b) Reconciliation of Loss Used in Calculating Loss Per Share**

	Dec 2016	Dec 2015
	\$	\$
<b>Basic &amp; Diluted loss per Share</b>		
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:	(162,633)	(16,839,626)
	<b>(162,633)</b>	<b>(16,839,626)</b>

**c) Weighted Average Number of Shares Used as the Denominator**

	Number of Shares	Number of Shares
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	84,262,268	2,014,032 <sup>1</sup>
Adjustments for calculation of diluted loss per share:		
• Options	-	-
• Performance rights	-	-
Weighted average number of ordinary shares and potential ordinary share used as the denominator in calculating diluted loss per share	84,262,268	2,014,032

<sup>1</sup> Restated for the effects of the 40 for 1 share consolidation.

**Note 12: Events After the end of the Reporting Period**

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

**Note 13: Company Details**

The registered office and principal place of business of the Company is:

Suite 8, 1297 Hay Street,  
West Perth, WA, 6005.

The principal places of business are:

Augend Holdings Pty Ltd  
Suite 8, 1297 Hay Street,  
West Perth, WA, 6005.

**DIRECTORS' DECLARATION**

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 15, are in accordance with the *Corporations Act 2001* and:
  - a) comply with Australian Accounting Standard, AASB 134: *Interim Financial Reporting*; and
  - b) give a true and fair view of the financial position as at 31 December 2016 and of the performance for the year ended on that date of the company.
2. As indicated in note 1, in the directors' opinion, subject to the successful recapitalisation of the Company, there are reasonable grounds to believe that Augend Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors, made pursuant to section 303(5) of the *Corporations Act 2001*.



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Keong Chan  
Director

Perth, 28 February 2017



## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Augend Limited

### Report on the Half-Year Financial Report

We were engaged to review the accompanying half-year financial report of Augend Limited, which comprises the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

#### Directors' Responsibility for the Half-Year Financial Report

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

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on conducting the review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Because of the matter described in the Basis for Disclaimer of Conclusion paragraph, however, we were not able to obtain sufficient appropriate evidence as a basis for expressing a conclusion on the half-year financial report.

#### Independence

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

#### Basis for Disclaimer of Conclusion

On 21 December 2015, Augend Limited (then known as Titan Energy Services Limited) was placed into voluntary administration. Following the appointment of the administrators (and subsequently liquidators to the subsidiaries), the powers of the directors and officers of Augend Limited were suspended and the administrators (and subsequently liquidators to the subsidiaries) assumed control of these companies' business, property and affairs.

Due to the circumstances, the directors were unable to obtain all the necessary books and records pertaining to the consolidated entity. New directors were appointed 14 April 2016. On 17 June 2016, the company was released from administration following the settlement of a Deed of Company Arrangement.

Accordingly, we were unable to determine whether adjustments might have been necessary in respect of the financial performance, cash flows and financial position for the year to 30 June 2016. Whilst we have not become aware of any matter that makes us believe that the amounts recorded in the statement of financial position at 31 December 2016 is not materially accurate, the impact of opening balances on the current period financial performance and cash flows prevents us from expressing a conclusion on the half-year financial report taken as a whole.

#### **Disclaimer of Conclusion**

Because of the significance of the matters described in the Basis for Disclaimer of Conclusion paragraph, we have not been able to obtain sufficient appropriate evidence to form a conclusion on the half-year financial report. Accordingly, we do not express a conclusion on the half-year financial report.

**BDO Audit Pty Ltd**



**K L Colyer**  
Director

Brisbane, 28 February 2017