Augend Limited (formerly)

Titan Energy Services Limited and Controlled Entities

ACN 150 110 017

Appendix 4D

Interim financial report

For the half-year ended 31 December 2015

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 2015
(Previous corresponding period: Half-year ended 31 December 2014)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Key Information:	Half-year ended 31 December 2015 $'000	Half-year ended 31 December 2014 $'000	Change $'000	Change %
Revenue from ordinary activities	6,239,429	30,950,478	(24,711,049)	(79.8%)
Profit / (loss) after tax from ordinary activities attributable to members	(16,839,626)	(21,267,001)	4,427,375	20.8%
Profit / (loss) attributable to members	(16,839,626)	(21,267,001)	4,427,375	20.8%

DIVIDENDS PAID AND PROPOSED

	Amount per	Franked Amount
Ordinary Shares:		
The Directors did not propose a dividend payment for the period ending 30 June 2015.	-	-
The Directors have not proposed an interim dividend payment for the six months ending 31 December 2015.	-	-

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The Company announced the appointment of Joanne Dunn and Stefan Dopking of FTI Consulting as Voluntary Administrators to oversee the affairs of the Company and its subsidiaries on 21 December 2015.

Royal Wolf Trading Australia Pty Ltd, subsequently appointed Cassandra Mathews and Jarrod Villani of KordaMentha as joint and several Receivers of the Company and its subsidiaries on 15 January 2016 pursuant to a security interest duly registered on the Personal Property Securities Register.

A Deed of Company Arrangement (DOCA) was effectuated on 16 June 2016, with the Company complying with all the terms of the DOCA and control of the Company was reverted to the Board of Directors.

The Company has recorded an impairment expense of $349,317 against inventory and $9,922,583 against property, plant and equipment. The impairment expense is a non-cash item.

The Company has recorded a loss attributable to members of $16,839,626 including impairment charges of $10,271,900.

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 2015	31 December 2014
	$0.0029	$0.5061

REVIEW OPINION

The Group's financial report for the half-year ended 31 December 2015 has been subject to review by the Group's auditor. The auditor's review report for the half-year ended 31 December 2015 includes an emphasis of matter in respect of the preparation of the financial report on a going concern basis.

Directors' Report

The Directors submit the financial report of Augend Limited (formerly Titan Energy Services Limited) and its controlled entitles (the Group) for the half-year ended 31 December 2015.

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)
Rupert Cheong	Non-executive Director and Company Secretary (appointed 14 April 2016, resigned effective 9 June 2016)
Shaun Scott	Independent Non-executive Chairman (resigned effective 14 April 2016)
Stephen Bizzell	Non-executive Director (resigned effective 14 April 2016)
Mark Snape	Independent Non-executive Director (resigned effective 14 April 2016)

OPERATING RESULTS AND REVIEW OF CONTINUING OPERATIONS

Period ended 31 December 2015	**Drill Rigs $'000**	**Catering $'000**	**Camps $'000**	**Logistics $'000**	**Total $'000**
Revenue					
Revenue from external customers	5,952,456	108,345	89,609	-	6,150,410
Inter-segment revenue	-	-	-	-	-
Total segment revenue	**5,952,456**	**108,345**	**89,609**	**-**	**6,150,410**
Segment profit/ (loss) - EBIT	**(5,947,548)**	**(86,619)**	**(10,159,320)**	**(486,721)**	**(16,680,209)**
Unallocated:					
Depreciation					(48,587)
Corporate expenses					(2,421,178)
EBIT					**(19,149,974)**
Interest revenue					88,166
Interest expense and borrowing costs					(4,152)
Net loss before tax from continuing operations					**(19,065,960)**
Tax benefit					2,226,334
Net loss after tax from continuing operations					**(16,839,626)**

Directors' Report (continued)

Review of Operations

The Group delivered a net loss after tax for the six months to 31 December 2015 of $16,839,626 compared to a net loss after tax of $21,267,001 in the previous corresponding period (PCP). Earnings / (loss) per share decreased to (20.9) cents per share compared to (41.4) cents per share in the PCP.

The Group's EBIT result for the period was a $19,149,975 loss, including impairment charges of $10,271,900. The previous corresponding period EBIT result was $22,391,423 loss, including impairment charges of $16,708,746.

Total revenue for the period decreased by 80% to $6,239,429 compared to $30,950,478 in the PCP.

The Group had previously advised that the ability to continue as a going concern depended upon several factors including the ability to win new work and raise additional funds. While a suite of options were considered during the period including, refinancing, business combinations and disposal of businesses or assets to ensure sufficient working capital was available, a suitable solution that would be acceptable to the Group's secured creditor and would meet the requirement of potential investors in Titan Energy Services Limited was not forthcoming.

On 21 December 2015, the Company announced the appointment of Joanne Dunn and Stefan Dopking of FTI Consulting as Voluntary Administrators. On 15 January 2016 Cassandra Mathews and Jarrod Villani of KordaMentha were appointed joint and several Receivers. At this point control of the subsidiaries listed in Note 15 was lost. Following a second Creditors Meeting of the Company's subsidiaries on 5 February 2016, all subsidiaries were placed into liquidation which included the following entities:

Atlas Drilling Co Pty Ltd	ACN 127 647 689
Atlas Drilling Services Pty Ltd	ACN 158 617 111
Titan Plant Logistics Pty Ltd	ACN 152 471 219
Titan Resources Camp Hire Pty Ltd	ACN 152 471 200
Nektar Remote Hospitality Pty Ltd	ACN 152 471 200
Base Hospitality Pty Ltd	ACN 158 436 572
Base Transport and Logistics Pty Ltd	ACN 600 509 788
Titan Energy Services Holdings Pty Ltd	ACN 165 190 143

Following this, LB Cap Pty Ltd entered into negotiations with the Voluntary Administrators and joint and several Receivers to take control of the company. On 16 June 2016, 81,000,000 shares were issued and $640,000 was received from LB Cap Pty Ltd of which $500,000 was applied to effectuate the Deed of Company Arrangement (DOCA) and $140,000 held for working capital.

The effect of the Deed was to dispose of the following assets to the Voluntary Administrator in consideration for the Company being released from all claims including, but not limited to, the following liabilities existing at 31 December 2015:

Assets disposed/utilised	Carrying value at 31 December 2015 $
Cash and cash equivalents	541,114
Trade and other receivables	365,056
Inventories	482,455
Property, plant and equipment	6,702,520
Liabilities extinguished	
Trade and other payables	2,008,911
Provisions for employee entitlements	374,952
Provisions for onerous leases	5,468,729

Directors' Report (continued)

Review of Operations (continued)

The Deed of Company Arrangement also released the Company from the Deed of Cross Guarantee relating to the above named entities without any residual claim.

On 29 July 2016 the Company issued 2,000,000 shares for a consideration of $0.01 per share to raise $20,000 to fund working capital.

Cashflow

At balance date, the Group had approximately $541,114 in cash resources to support its operations.

Changes in 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 with the exception of property, plant and equipment which has been valued based on fair value less costs to sell, as opposed to the previous value in use method.

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 5 for the half-year ended 31 December 2015.

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

Keong Chan
Director
Perth, 15 August 2016

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
AUGEND LIMITED (FORMERLY TITAN ENERGY SERVICES LIMITED) AND CONTROLLED ENTITIES

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY C J SKELTON TO THE DIRECTORS OF AUGEND LIMITED

As lead auditor for the review of Augend Limited for the half-year ended 31 December 2015, 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.

This declaration is in respect of Augend Limited and the entities it controlled during the period.

C J Skelton
Director

BDO Audit Pty Ltd

Brisbane, 15 August 2016

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED
31 DECEMBER 2015**

	Note	Consolidated Group	
		31 December 2015 $'000	**31 December 2014 $'000**
Revenue	2	6,239,429	30,950,478
Expenses			
Oilfield services – drilling expenses		(2,082,990)	(2,177,273)
Accommodation services – camp expenses		(1,488,681)	(6,850,904)
Accommodation services – catering expenses		(62,439)	(3,627,602)
Accommodation services – logistics expenses		(198)	(836,421)
Depreciation and amortisation expense		(566,632)	(1,677,175)
Employee benefits expense		(2,468,456)	(15,581,286)
Travel and accommodation		(408,299)	(618,244)
Motor vehicle lease and maintenance		(159,340)	(572,451)
Finance costs		(4,152)	(549,799)
Investment review costs		-	(623,669)
Corporate restructuring expenses		-	(696,000)
Corporate refinancing expenses	2	-	(159,000)
Onerous lease expense		(5,468,729)	-
Impairment of assets	2	(10,271,900)	(16,708,746)
Administration and other expenses		(2,323,573)	(3,182,895)
Profit / (loss) before income tax		(19,065,960)	(22,910,987)
Income tax benefit / (expense)		2,226,334	1,634,578
Profit / (loss) from continuing operations		(16,839,626)	(21,276,409)
Net (loss) from discontinued operations		-	9,408
Profit / (loss) for the period		(16,839,626)	(21,267,001)
Other comprehensive income / (loss)			
Other comprehensive income / (loss) for the period, net of tax		-	-
Total comprehensive income / (loss) for the period		(16,839,626)	(21,267,001)
Profit / (loss) attributable to members of the parent entity		(16,839,626)	(21,267,001)
Total comprehensive income / (loss) attributable to members of the parent entity		(16,839,626)	(21,267,001)
Earnings / (loss) per share			
From continuing operations:			
– basic earnings / (loss) per share (cents)	14	(20.9)	(41.4)
– diluted earnings / (loss) per share (cents)	14	(20.9)	(41.4)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	Consolidated Group	
		31 December 2015 $'000	**30 June 2015 $'000**
ASSETS			
Current assets			
Cash and cash equivalents		541,114	1,141,016
Trade and other receivables	5	365,056	1,000,990
Inventories	6	482,455	784,204
Current tax receivable		-	-
Total current assets		1,388,625	2,926,210
Non-current assets			
Property, plant and equipment	7	6,702,520	17,815,653
Deferred tax assets		-	-
Intangible assets	8	-	-
Total non-current assets		**6,702,520**	**17,815,653**
Total assets		**8,091,145**	**20,741,863**
LIABILITIES			
Current liabilities			
Trade and other payables	9	2,008,911	2,679,693
Borrowings		-	-
Current tax liabilities		-	816
Provisions	10	5,843,681	328,130
Other current liabilities	11	-	393,583
Total current liabilities		**7,852,592**	**3,402,223**
Non-current liabilities			
Borrowings		-	-
Provisions	10	-	37,169
Total non-current liabilities		**-**	**37,169**
Total liabilities		**7,852,592**	**3,439,392**
NET ASSETS		**238,553**	**17,302,471**
EQUITY			
Issued capital	12	50,552,354	50,479,008
Reserves	13	-	296,094
Retained earnings / (accumulated losses)		(50,313,801)	(33,472,631)
TOTAL EQUITY		**238,553**	**17,302,471**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

Consolidated Group	Ordinary Share Capital $'000	Retained Earnings $'000	Share Based Payments Reserve $'000	Total $'000
Balance at 1 July 2014	45,761,062	18,992,316	856,248	65,609,626
Comprehensive income				
Profit (loss) for the period	-	(21,267,001)	-	(21,267,001)
Total comprehensive income for the half year	**-**	**(21,267,001)**	**-**	**(21,267,001)**
Transactions with owners, in their capacity as owners, and other transfers				
Dividends paid	-	(2,037,867)	-	(2,037,867)
Dividend reinvestment plan	364,536	-	-	364,536
Performance rights and options lapsed	-	-	(44,597)	(44,597)
Performance rights and options converted	752	-	(535,874)	(535,122)
Performance rights and options granted	-	-	18,511	18,511
Transaction costs	(7)	-	-	(7)
Total transactions with owners and other transfers	**365,281**	**(2,037,867)**	**(561,960)**	**(2,234,546)**
Balance at 31 December 2014	**46,126,343**	**(4,312,552)**	**294,288**	**42,108,079**
Balance at 1 July 2015	50,479,008	(33,472,631)	296,094	17,302,471
Comprehensive income				
Profit (loss) for the period	-	(16,839,626)	-	(16,839,626)
Total comprehensive income for the half year	**-**	**(16,839,626)**	**-**	**(16,839,626)**
Transactions with owners, in their capacity as owners, and other transfers				
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)
Total transactions with owners and other transfers	**73,346**	**(1,544)**	**(296,094)**	**(224,292)**
Balance at 31 December 2015	**50,552,354**	**(50,313,801)**	**-**	**238,553**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Consolidated Group	
	31 December 2015 $'000	**31 December 2014 $'000**
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	5,290,694	38,309,167
Payments to suppliers and employees	(9,342,537)	(37,715,414)
Interest received	88,166	30,235
Finance costs	(4,152)	(549,799)
Income tax paid	2,226,334	(552,347)
Net cash provided / (used in) by operating activities	**(1,741,495)**	**(478,158)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant, property and equipment	(7,782)	(1,501,065)
Proceeds from disposal of plant, property and equipment	1,074,555	357,261
Payment for acquisition of subsidiary	-	-
Net cash used in investing activities	**1,066,773**	**(1,143,804)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from / (repayment of) borrowings	-	1,721,862
Proceeds from issue of shares	75,000	364,536
Dividend paid	-	(2,037,867)
Share issue costs paid	-	(7,158)
Net cash provided by / (used in) financing activities	**75,000**	**41,373**
Net decrease in cash held	(599,722)	(1,580,589)
Cash and cash equivalents at beginning of period	1,140,836	4,257,999
Cash and cash equivalents at end of period	**541,114**	**2,677,410**

The accompanying notes form part of these financial statements

Notes to the financial statements for the period ending 31 December 2015

These consolidated interim financial statements and notes represent those of Augend Limited (formerly Titan Energy Services Limited) (the Company) and Controlled Entities (the Group).

Augend Limited (formerly Titan Energy Services Limited) is a public company incorporated and domiciled in Australia.

These interim financial statements were authorised for issue on 15 August 2016 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 2015 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group 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 Group. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2015, 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 2015, the Group generated a consolidated loss of $16,839,626 and incurred operating cash outflows of $1,741,495. As at 31 December 2015 the Group had cash and cash equivalents of $541,114, net current liabilities of $6,463,967 and net assets of $238,553.

Refer to Note 17 which details significant information regarding post balance date events that affect the consideration of the going concern basis of accounting.

The Directors' plans for the company going forward are to investigate and pursue appropriate projects and opportunities in the resources sector. This will include recapitalising the company through equity raisings.

The ability of the Company to continue as a going concern is dependent upon the raising of additional capital or securing other forms of financing, as and when necessary to meet the Company's working capital requirements.

These conditions give rise to a material uncertainty that may cast significant doubt over the Company's ability to continue as a going concern.

Note 1: Summary of Significant Accounting Policies

a) Basis of preparation (continued)

Going concern (continued)

Notwithstanding the above, the Directors consider it appropriate to prepare the financial statements on a going concern basis after having regard to the following matters:

i) The Company raised $140,000 as working capital via a capital raising announced 29 April 2016.
ii) Furthermore, on 29 July 2016 the Company issued 2,000,000 shares for a consideration of $0.01 per share to raise $20,000 to fund further working capital;
iii) The Company will look to raise additional capital via a prospectus capital raising in the first half of FY17.

Should the Group 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 Group not be able to achieve the matters set out above and thus be able to continue as a going concern.

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. Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

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

The Group 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 Group.

i) Impairment - general

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

In light of the appointment of voluntary administrators to the Group and subsequent DOCA in relation to the Company and the appointment of receivers and subsequent liquidation of the subsidiaries, the Directors consider that the only appropriate valuations when assessing impairment to inventory and property, plant and equipment are historical cost and fair market value. Fair market value has been obtained from recent third-party independent expert valuation or values achieved in realisation of the asset in liquidation subsequent to the reporting period.

The independent expert valuation was performed by Russell Keast, Director of Valuations, Hassall's on 3rd December 2015. It is based on an orderly liquidated sale valuation, consistent with the Company's plans. The key assumptions involved the use of a Market Sales Comparison approach based on the age, condition, replacement cost and current market demand of the assets.

Notes to the financial statements for the period ending 31 December 2015

Note 1: Summary of Significant Accounting Policies

Key estimates

Inventory and property, plant and equipment are carried in the statement of financial position at the following written-down values:

- Inventory $482,455
- Property, plant and equipment $6,702,520

ii) Recognition of deferred tax assets for carried forward tax losses

The Group recognises deferred tax assets relating to carried forward tax losses to the extent that directors assess it is probable that future taxable profit will be available against which the unused tax losses can be utilised. As described in the Directors' Report on page 3, the current economic environment is challenging and the Group has reported an operating loss for the six months to 31 December 2015 which, together with the post balance date events also denoted in the Directors' report, raises concerns that the Group will fail to make taxable profits in the future sufficient to utilise the carried forward tax losses. Based on this assessment deferred tax assets of $3,273,088 have not been recognised in this financial report.

Note 2: Profit/(Loss) from ordinary activities

	Consolidated Group	
	31 December 2015	**31 December 2014**
Revenue	**$'000**	**$'000**
From Continuing Operations:		
Services revenue	6,151,263	30,885,885
Interest revenue	88,166	30,235
Gain on disposal of property, plant and equipment	-	34,358
Total revenue and other income from continuing operations	**6,239,429**	**30,950,478**

Expenses

Loss before income tax from continuing operations includes the following specific expenses:		
Rental expense on operating leases		
Drill rigs	204,065	534,716
Accommodation camps	125,872	672,253
Motor vehicles	123,387	221,251
Plant and equipment	113,308	248,955
	566,632	**1,677,175**

Notes to the financial statements for the period ending 31 December 2015

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

	Consolidated Group	
	31 December 2015	**31 December 2014**
Expenses (continued)	**$'000**	**$'000**
Impairment charges (a)		
Goodwill	-	5,276,185
Inventory	349,317	227,581
Property, plant and equipment	9,922,583	11,204,980
	10,271,900	**16,708,746**
Finance costs		
Interest and finance charges paid	4,152	549,799
	4,152	**549,799**
Onerous Contract Expense (refer to Note 16)	**5,468,729**	**-**
Total significant expenses	**16,311,413**	**18,935,720**

(a) *Impairment of assets*

The Company has reassessed the recoverable amount of its cash generating units (CGU's) goodwill, plant and equipment and other non-financial assets. The additional impairment provision and impairment expense recorded since 30 June 2015 was as follows:

- Accommodation Services – Camps: $3,535,953
- Oilfield Services – Drilling: $6,735,947

This has resulted in a total impairment expense of $10,271,900 being recorded for the six months to 31 December 2015. This is reflected in the financial statements as a $349,317 impairment expense against inventory and a $9,922,583 impairment expense against property, plant and equipment.

Note 3: Dividends

	Consolidated Group	
	31 December 2015	**31 December 2014**
Distributions paid / provided for:	**$'000**	**$'000**
No dividend in respect of period ending 31 December 2015 (final fully franked ordinary dividend for year ended 30 June 2014 of 4.0 cents per fully share paid)	**-**	2,037,867
Dividends satisfied under the Dividend Reinvestment Plan	**-**	(364,536)
Dividends paid in cash	**-**	**1,673,331**

Note 4: Operating Segments

a) Description of segments

The Group determines its operating segments based on internal reports reviewed by the Board of Directors and used to make strategic decisions. The following segments have been identified by the Group:

Oilfield services - drilling

Owns and operates four drilling rigs.

Accommodation services - camps

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

Accommodation services – catering

The accommodation services – catering segment provides catering and camp management services.

Notes to the financial statements for the period ending 31 December 2015

Note 4: Operating Segments (continued)

a) Description of segments (continued)

Accommodation services - logistics

The accommodation services – logistics segment provides water and waste transportation services to camps.

b) Segment Information Provided to the Board of Directors

(i) Segment performance

Period ended 31 December 2015	Drill Rigs $'000	Catering $'000	Camps $'000	Logistics $'000	Total $'000
Revenue					
Revenue from external	5,952,456	108,345	89,609	-	6,150,410
Inter-segment revenue	-	-	-	-	-
Total segment revenue	**5,952,456**	**108,345**	**89,609**	**-**	**6,150,410**
Segment profit/ (loss) - EBIT	**(5,947,458)**	**(86,619)**	**(10,159,320)**	**(486,812)**	**(16,680,209)**
Unallocated:					
Depreciation					(49,587)
Corporate expenses					(2,420,178)
EBIT					**(19,149,975)**
Interest revenue					88,166
Interest expense and borrowing costs					(4,152)
Net loss before tax from continuing operations					**(19,065,961)**
Tax benefit					2,226,334
Net loss after tax from continuing operations					**(16,839,626)**

Period ended 31 December 2014	Drill Rigs $'000	Catering $'000	Camps $'000	Logistics $'000	Total $'000
Revenue					
Revenue from external customers	11,092,008	9,807,470	14,039,905	1,834,746	36,774,129
Inter-segment revenue	-	(4,522,792)	(45,713)	(1,321,412)	(5,889,917)
Total segment revenue	**11,092,008**	**5,284,678**	**13,994,192**	**513,334**	**30,884,212**
Segment result - EBIT	**(7,743,945)**	**135,363**	**(11,138,927)**	**(421,699)**	**(19,169,208)**
Unallocated:					
Net gain on disposal of property, plant & equipment					34,358
Depreciation					(47,054)
Corporate expenses					(3,209,519)
EBIT					**(22,391,423)**
Interest revenue					30,235
Interest expense and borrowing costs					(549,799)
Net loss before tax from continuing operations					**(22,910,987)**
Tax benefit					1,634,578
Net loss after tax from continuing operations					**(21,276,409)**
Net profit / (loss) after tax from discontinued operations (net of tax)					9,408
Net loss after tax for the period					**(21,267,001)**

Notes to the financial statements for the period ending 31 December 2015

Note 4: Operating Segments (continued)

(i) Segment assets

As at 31 December 2015	Drill Rigs $'000	Catering $'000	Camps $'000	Logistics $'000	Total $'000
Segment assets	5,913,664	51,726	1,928,976	88,352	7,982,718
Unallocated assets					108,427
Closing balance 31 December 2015					**8,091,145**
Segment liabilities	1,505,434	(12,030)	303,899	(43,882)	1,753,421
Unallocated liabilities					6,099,171
Closing balance 31 December 2015					7,852,592

As at 30 June 2015	Drill Rigs $'000	Catering $'000	Camps $'000	Logistics $'000	Total $'000
Segment assets	12,187,698	187,715	6,625,121	135,000	19,135,534
Unallocated assets					1,606,329
Closing balance 30 June 2015					**20,741,863**
Segment liabilities	1,826,750	129,352	784,243	65,785	2,806,130
Unallocated liabilities					633,262
Closing balance 31 December 2015					**3,439,392**

Note 5: Trade and Other Receivables

	Consolidated Group	
	31 December 2015 $'000	**30 June 2015 $'000**
Trade receivables	287,483	492,827
Provision for doubtful debts	(212,065)	(161,119)
Other receivables	-	28,387
Accrued revenue	-	5,400
Deposits paid	63,385	272,040
GST Receivable	18,779	118,870
Prepayments	207,474	244,585
Total trade and other receivables	**365,056**	**1,000,990**

Note 6: Inventory

	Consolidated Group	
	31 December 2015 $'000	**30 June 2015 $'000**
Spare parts and stores	1,875,788	1,828,221
Provision for obsolescence	-	(318,179)
Provision for impairment (Refer Note 3)	(1,393,333)	(725,838)
Total inventory	**482,455**	**784,204**

Notes to the financial statements for the period ending 31 December 2015

Note 7: Plant and Equipment

	Consolidated Group	
	31 December 2015 $'000	**30 June 2015 $'000**
Drill Rigs		
At cost	28,302,125	28,494,713
Accumulated depreciation	(8,846,118)	(8,884,396)
Accumulated impairment losses	(15,227,062)	(10,092,577)
	4,228,945	**9,517,740**
Camps		
At cost	21,248,311	22,918,269
Accumulated depreciation	(5,776,968)	(5,991,877)
Accumulated impairment losses	(13,199,383)	(10,330,065)
	2,271,960	**6,596,327**
Motor Vehicles		
At cost	2,607,978	3,542,227
Accumulated depreciation	(1,627,544)	(2,018,323)
Accumulated impairment losses	(778,819)	(422,524)
	201,615	**1,101,380**
Plant and Equipment		
At cost	1,865,383	2,431,556
Accumulated depreciation	(1,215,579)	(1,376,160)
Accumulated impairment losses	(649,804)	(455,190)
	-	**600,206**
Total plant and equipment	**6,702,520**	**17,815,653**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial period.

	Drill Rigs $'000	**Camps $'000**	**Motor Vehicles $'000**	**Plant and Equipme $'000**	**Total $'000**
Balance at 1 July 2014	20,248,811	17,937,166	1,791,029	8,290,737	48,267,742
Additions	288,426	133,442	224,240	271,706	917,813
Reclassifications	(72,115)	7,350	-	(7,350)	(72,115)
Disposal of Subsidiary	-	-	(37,222)	(6,977,418)	(7,014,640)
Disposals – written-down value	-	(286,702)	(36,549)	(100,154)	(423,405)
Depreciation expense	(854,804)	(864,864)	(417,593)	(422,124)	(2,559,385)
Impairment losses accumulated	(10,092,577)	(10,330,065)	(422,524)	(455,190)	(21,300,356)
Carrying amount at 30 June 2015	**9,517,740**	**6,596,327**	**1,101,380**	**600,206**	**17,815,653**
Additions	-	7,782	-	-	7,782
Transfers	14,896	-	-	(14,896)	-
Disposals – written-down value	(7,347)	(523,341)	(262,399)	(281,596)	(1,074,683)
Depreciation expense	(125,872)	(204,065)	(123,387)	(113,308)	(566,632)
Impairment losses	(5,170,472)	(3,604,743)	(513,979)	(190,406)	(9,479,600)
Carrying amount at 31 December 2015	**4,228,945**	**2,271,960**	**201,615**	**-**	**6,702,520**

Notes to the financial statements for the period ending 31 December 2015

Note 8: Intangible Assets

		Consolidated Group	
	Note	**31 December 2015 $'000**	**30 June 2015 $'000**
Goodwill			
Cost		5,276,185	5,276,185
Accumulated impairment losses		(5,276,185)	(5,276,185)
Total intangible assets		**-**	**-**

Note 9: Trade and Other Payables

	Consolidated Group	
	31 December 2015 $'000	**30 June 2015 $'000**
Trade payables	1,507,185	1,260,294
Other creditors	501,726	1,419,399
Total trade and other payables	**2,008,911**	**2,679,693**

Note 10: Provisions

	Consolidated Group	
	31 December 2015 $'000	**30 June 2015 $'000**
Provision for employee entitlements – current	374,952	128,130
Provision for onerous leases – current	5,468,729	200,000
Total current provisions	**5,843,681**	**328,130**
Provision for employee entitlements – non-current	-	37,169
Provision for onerous leases – non-current	-	-
Total non-current provisions	**-**	**37,169**
Total provisions	**5,843,681**	**365,299**

Refer to Note 16 for basis of accounting in relation to onerous leases.

Note 11: Other Current Liabilities

	Consolidated Group	
	31 December 2015 $'000	**30 June 2015 $'000**
Unearned revenue	-	393,583
Total other current liabilities	**-**	**393,583**

Notes to the financial statements for the period ending 31 December 2015

Note 12: Equity Securities Issued

	31 December 2015 Shares	30 June 2015 Shares	31 December 2015 $'000	30 June 2015 $'000
Ordinary shares – fully paid	81,753,072	80,606,283	50,552,354	50,479,008
Total issued Capital	81,753,072	80,606,283	50,552,354	50,479,008

Date	Details	Note	#	Issue Price	$'000
01 Jul 2015	Opening balance		80,606,283		50,479,008
20 Jul 2015	Shares issued to satisfy retention		1,146,789	$0.07	75,000
Subtotal					50,554,008
Transaction costs arising on share issue, net of deferred					(1,654)
Total			**81,753,072**		**50,552,354**

Note 13: Reserves

	Consolidated Group	
Share based payments reserve	**31 December 2015 $'000**	**30 June 2015 $'000**
Balance at beginning of period	296,094	856,249
Options expense	-	105,000
Options lapsed	(296,094)	(130,605)
Retention payment expense	-	75,000
Performance rights granted	-	(535,874)
Performance rights lapsed	-	(73,676)
Balance at end of period	**-**	**296,094**

The share based payments reserve is used to recognise the grant date fair value of options issued to employees but not exercised; and the grant date fair value of performance rights attaching to shares not yet issued.

Note 14: Earnings per Share

	31 December 2015 Cents	31 December 2014 Cents
a) Basic earnings / (loss) per share		
From continuing operations attributable to the ordinary equity holders of the Company	(20.9)	(41.4)
Total basic earnings / (loss) per share attributable to the ordinary equity holders of the Company	(20.9)	(41.4)
b) Diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the Company	(20.9)	(41.4)
Total diluted earnings / (loss) per share attributable to the ordinary equity holders of the Company	(20.9)	(41.4)

Notes to the financial statements for the period ending 31 December 2015

Note 14: Earnings per Share (continued)

c) Reconciliation of earnings / (loss) used in calculating earnings / (loss) per share	**31 December 2015**	**31 December 2014**
Basic earnings / (loss) per share	**$**	**$**
Profit / (loss) attributable to the ordinary equity holders of the Company used in calculating basic earnings / (loss) per share	(16,839,626)	(21,267,001)
Diluted earnings / (loss) per share		
Profit / (loss) attributable to the ordinary equity holders of the Company used in calculating diluted earnings / (loss) per share	(16,839,626)	(21,267,001)

d) Weighted average number of shares used as the denominator	**31 December 2015 number**	**31 December 2014 number**
Weighted average number of ordinary shares used as the denominator in calculating basic earnings / (loss) per share	80,561,278	51,327,554
Adjustments for calculation of diluted earnings / (loss) per share:		
▪ Options	-	-
Weighted average number of ordinary shares and potential ordinary share used as the denominator in calculating diluted earnings / (loss) per share	80,561,278	51,327,554

As at 31 December 2014, the Company had a number of Performance Rights outstanding in accordance with the Company's approved Performance Rights Plan. The performance conditions that applied to these rights had not been met at 31 December 2014 and as such, in accordance with AASB 133 *Earnings per Share*, these rights have not been included in the calculation of diluted earnings per share. This rights expired prior to 31 December 2015.

Note 15: Interest in Subsidiaries

Information about principal subsidiaries

Set out below is the Group's subsidiaries at 31 December 2015. The subsidiaries listed below have share capital consisting solely of ordinary shares or, in the case of the Titan Equity Plan Trust, ordinary units, which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's country of incorporation or registration is also its principal place of business.

Name of subsidiary	**Principal Place of Business**	**Ownership Interest Held by the Group**	
		31 December 2015	**30 June 2015**
Atlas Drilling Co Pty Ltd	Australia	100%	100%
Atlas Drilling Services Pty Ltd	Australia	100%	100%
Titan Plant Logistics Pty Ltd	Australia	100%	100%
Titan Resources Camp Hire Pty Ltd	Australia	100%	100%
Nektar Remote Hospitality Pty Ltd	Australia	100%	100%
Base Hospitality Pty Ltd	Australia	100%	100%
Base Logistics and Transport Pty Ltd	Australia	100%	100%
Titan Energy Services Holdings Pty Ltd	Australia	100%	100%
Titan Equity Plan Trust	Australia	100%	100%

Notes to the financial statements for the period ending 31 December 2015

Note 15: Interest in Subsidiaries (continued)

Subsidiaries' financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

Refer to Note 17: Events After the end of the Interim Period for details on the appointment of receivers, loss of control of these subsidiaries and their subsequent liquidation.

Note 16: Commitments and Contingent Liabilities

a) Commitments

	Consolidated Group	
Operating lease commitments	**31 December 2015 $'000**	**30 June 2015 $'000**
Payable – minimum lease payments:		
Within one year	-	3,940,298
Later than one year but not later than five years	-	4,751,200
Later than five years	-	-
	-	**8,691,498**

Operating leases over real property

In connection with the voluntary administration of the Group no further economic benefits will be received from leases over real property. Therefore, such leases have been considered as onerous to the Group and recognised in the current period as an onerous lease equal to the discounted value of future lease payments under the leases.

Operating leases over accommodation rooms

In connection with the voluntary administration of the Group no further economic benefits will be received from leases over accommodation rooms and leased premises. Therefore, such leases have been considered as onerous to the Group and recognised in the current period as an onerous lease equal to the discounted value of future lease payments under the leases.

Onerous lease expenses recognised in the current period was allocated as follows:

- Accommodation Services – Camps: $4,292,237
- Accommodation Services – Logistics: $ 323,148
- Unallocated (head office leases etc): $ 853,344

Total $5,468,725

b) Contingent liabilities

The Group had contingent liabilities at 31 December 2015 in respect of:

Guarantees

Royal Wolf Trading Australia Pty Ltd (RWT)

Augend Ltd, Atlas Drilling Co Pty Ltd, Titan Plant Logistics Pty Ltd and Titan Resources Camp Hire Pty Ltd (together Guarantors) jointly and severally unconditionally guarantee payment of debt owed to Royal Wolf Trading Australia Ltd (RWT). The Guarantors jointly and severally indemnify RWT against any loss in relation to the non-payment or recovery of debt owing.

Notes to the financial statements for the period ending 31 December 2015

Note 16: Commitments and Contingent Liabilities (continued)

b) Contingent Liabilities (continued)

Deed of cross guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries of the Company are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports and directors' reports.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The Deed of Company Arrangement (DOCA) subsequent to year end released the Company from this Deed of Cross Guarantee – refer to Note 17.

The directors are not aware of any other contingent liabilities or assets that are likely to have a material effect on the results of the Group, as disclosed in these financial statements.

Note 17: Events After the end of the Interim Period

Loss of Control and subsequent Deed of Company Arrangement

On 21 December 2015, the Company announced the appointment of Joanne Dunn and Stefan Dopking of FTI Consulting as Voluntary Administrators. On 15 January 2016 Cassandra Mathews and Jarrod Villani of KordaMentha were appointed joint and several Receivers. At this point control of the subsidiaries listed in Note 15 was lost. Following a second Creditors Meeting of the Company's subsidiaries on 5 February 2016, all subsidiaries were placed into liquidation which included the following entities:

Atlas Drilling Co Pty Ltd	ACN 127 647 689
Atlas Drilling Services Pty Ltd	ACN 158 617 111
Titan Plant Logistics Pty Ltd	ACN 152 471 219
Titan Resources Camp Hire Pty Ltd	ACN 152 471 200
Nektar Remote Hospitality Pty Ltd	ACN 152 471 200
Base Hospitality Pty Ltd	ACN 158 436 572
Base Transport and Logistics Pty Ltd	ACN 600 509 788
Titan Energy Services Holdings Pty Ltd	ACN 165 190 143

Following this, LB Cap Pty Ltd entered into negotiations with the Voluntary Administrators and joint and several Receivers to take control of the company. On 16 June 2016, 81,000,000 shares were issued and $640,000 was received from LB Cap Pty Ltd of which $500,000 was applied to effectuate the Deed of Company Arrangement (DOCA) and $140,000 held for working capital.

Notes to the financial statements for the period ending 31 December 2015

Note 17: Events After the end of the Interim Period (continued)

The effect of the Deed was to dispose of the following assets to the Voluntary Administrator in consideration for the Company being released from all claims including, but not limited to, the following liabilities existing at 31 December 2015:

Assets disposed/utilised	Carrying value at 31 December 2015 $
Cash and cash equivalents	541,114
Trade and other receivables	365,056
Inventories	482,455
Property, plant and equipment	6,702,520
Liabilities extinguished	
Trade and other payables	2,008,911
Provisions for employee entitlements	374,952
Provisions for onerous leases	5,468,729

The Deed of Company Arrangement also released the Company from the Deed of Cross Guarantee relating to the above named entities without any residual claim.

The above assets and liabilities represent those across all segments as at 31 December 2015. The trigger for determining whether these assets are to be classified as held for sale, being the entry into the DOCA, occurred post year end hence no such reclassification has been recognised in these financial statements.

Subsequent Capital Raising

On 29 July 2016 the Company issued 2,000,000 shares for a consideration of $0.01 per share to raise $20,000 to fund working capital.

Other than the above, there are no other events subsequent to balance date.

Directors' Declaration

In accordance with a resolution of the directors of Augend Limited, the directors of the Company declare that:

1) The financial statements and notes, as set out on pages 6 to 22 are in accordance with the *Corporations Act 2001*, including:
   a) complying with Accounting Standard AASB 134: *Interim Financial Reporting*; and
   b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date.
2) Having regard to the matters referred to in Note 1, in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Keong Chan
Director
Perth, 15 August 2016

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Augend Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Augend Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Augend Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1 in the half-year financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO Audit Pty Ltd

BDO

Chris Skelton

C J Skelton
Director

Brisbane, 15 August 2016