




LogiCamms

2020 Annual Report

LogiCamms creates and transforms assets to build a smarter future

Inside this report

LogiCamms

FY2020 Highlights

Normalised EBITDAI

$11.4M

(up 38%[1])

Strong cash conversion with net cash position

$7.2M

(up 57%)

Merger successfully bedded in – with synergy, capacity and capability benefits all realised

Stronger balance sheet supporting larger contract wins

Improved project performance & reduced overheads led to normalised EBITDAI margin of

8.1%[1]

(up 2.3[1] percentage points)

Rapid and effective response to COVID-19 to protect our people, preserve cash and margins, and continue to deliver quality outcomes for our clients

1 On a like-for-like basis.

Progress on our Promises

Improved financial performance from merger benefits, improved project performance and reduced overheads

Synergy benefits

- **More than $3m annualised savings realised**
- **Normalised EBITDAI margins improved 2.3 percentage points[1]**
- **Strengthened competitive position through lower overheads**

Capacity benefits

- **Strengthened balance sheet**
- **Winning larger contracts**
- **Attracted new talent to bolster the Executive Team**

Capability benefits

- **Cross-sell opportunities realised with pipeline operators**
- **Successful geographic expansion of Asset Management Service Line**
- **Increased multi-disciplinary workshare – lowering overheads and benefitting clients**

1 On a like-for-like basis.

Merger implementation scorecard

PHASE 1
Enhance efficiency, profitability and develop common culture

COMPLETED

- $3m annualised operating cost reductions achieved: lower overheads
- Common culture established: new Vision, Mission and Values
- New strategy developed and implemented – focused on specialist Service Lines
- Merged organisation structure implemented across the business
- Executive Leadership Team refreshed and bolstered
- Budgets, financial reporting and payroll integrated
- Rationalised innovation products to those with near-term commercialisation plans
- Legacy engineering systems and processes merged and rationalised

PHASE 2
Leverage skill set to secure organic growth

COMPLETED

- Cross-selling opportunities realised
- Leveraging strengthened specialist capabilities
- Merged teams co-located
- ITC systems integrated
- Implemented new ERP's Human Capital Management functions
- Recruited additional Business Development and Marketing resources
- Innovated to deliver client outcomes in COVID-19 work from home arrangements
- Optimised workshare methods which improved teamwork and client experiences

PHASE 3
Capitalise on momentum and stronger balance sheet to pursue growth opportunities

NEARING COMPLETION

- Leveraged lower overheads and stronger financial position to win larger contracts
- Improved reimbursability (lowering overheads) through co-location of teams
- Continued to build capability and market presence in our Service Lines in key growth markets
- Built profile of Service Lines to expand client base and funnel of opportunities
- Implemented incentive plans to focus on business performance and shareholder value
- Replace and upgrade ERP to increase efficiency

Chairperson’s Report

As your new Chair I have the privilege to present the Logicamms Limited Annual Report and Accounts for the 2020 Financial year.

This year has been one of continued evolution for LogiCamms and one that also presented some unusual challenges due to the COVID-19 pandemic. Nonetheless, I am sure you will be pleased with the financial results and the position the Company is in, as we ready to take advantage of the opportunities that the post COVID-19 world will present.

Our financial results are generally in line with the case presented to shareholders for the merger. Normalised EBITDAI (i.e. excluding post-merger transition costs and other one-offs) reported was $11.4m. Restated to adjust for the accounting treatment change resulting from the implementation of AASB 16 Leases, the normalised EBITDAI reported for FY2020 was $9.5m compared with $6.9m proforma for FY2019. FY2020 revenue was in line with FY2019 proforma revenue and the FY2020 net operating cash inflows of $11.6m increased from the proforma $5.4m in FY2019. Statutory NPAT reported for FY2020 was $2.8m, whilst the restated FY2020 NPAT was $3.1m, similar to the proforma $3.2m reported in FY2019, reflecting the impact on FY2020 of the post-merger transition costs (which are now nearing completion). Net tangible assets increased from $11.0m to $17.1m. Reported basic earnings per share was 1.4 cents for FY2020.

Very early during the onset of COVID-19, the Company reacted quickly to prepare for a possible protracted market downturn and disruption to working arrangements. With careful early planning, and some small investments in IT, we were able to rapidly transition virtually all of our employees to working from home in March. As COVID-19 restrictions have eased, our people have adopted a blend of working from home and working from our offices. This forced experiment in working remotely has been a success. We have continued to deliver quality outcomes for our clients – on time and on budget. For the foreseeable future, we plan to continue these blended working arrangements as they present the Company with an opportunity to reduce its office overhead costs, while at the same time providing employees with more choice in their working arrangements.

At this point I must pay tribute to the large number of our employees who reduced their working hours and to the Executive Leadership Team and our Board, all of whom volunteered to take reductions in remuneration of up to 20% in recognition of the downturn and understanding that it could be severe and prolonged. Thankfully the revenue contraction so far has not been as serious as modelled in our worst case scenario, and most parts of the organisation, where revenues have stabilised and recovered somewhat, have recently had remuneration restored to pre COVID-19 levels. The non-executive board members continued to voluntarily accept reduced fees.

We have strictly adhered to all Government guidelines regarding workplace management in the COVID-19 era and to date none of our employees have tested positive for the virus. Logicamms had no recordable health and safety incidents in the year and our Total Recordable Injury Frequency Rate remains at zero, which we regard as an excellent performance especially given the expansion of our construction, maintenance and operations work.

The pandemic’s impact on the economy, coupled with lower oil and gas prices, has witnessed a delay by some of our clients in commitments to major new capital works, and a general softness in demand from the oil and gas sector in the last quarter of FY2020. These conditions are expected to continue in the near term. The mining industry on the other hand, particularly in Western Australia, has remained solid both in terms of sustaining capital spend and investment in preliminary work for significant new projects. We are also expecting a ramp up in infrastructure spend in FY2021, in part due to government stimulus measures. However, we are also expecting to come under some margin pressure as competition intensifies.

Perhaps not surprisingly, revenue in the Asset Management and Digital Industry (Industry 4.0) sectors of our business have continued to grow through this period of uncertainty; as a result of which, we are actively seeking to recruit technical and management talent to support that growth. As might be expected, our Competency Training business was temporarily impacted by COVID-19 restrictions but the Pipelines and Power Service Lines have both maintained their strong and respected market positions.

Recognising the need to have a responsive, agile and price competitive organisation in these interesting times, we have taken the opportunity to right size the business and trim overheads. We have also sought new executive talent to support the implementation of the market facing strategy of the company. To that end, we have appointed two experienced industry professionals in Western Australia: Andrew Rowe has been appointed as the general manager for the West Region, replacing Keith Horstmann who retired in July 2020, and John Kempe has been appointed as Business Development Manager.

Full integration of the merger of OSD and LogiCamms is nearly complete. The implementation of a new Enterprise Resource Planning (ERP) system was the last major task. Its purpose, to establish a more efficient and cost competitive operations platform to support future growth. In planning at the time of the 2019 AGM, the new ERP project was then initiated in February 2020, with an initial target completion date of July this year. Out of necessity, we have had to slow the implementation since the onset of the pandemic, to ensure we had maximum utilisation of our billable team members, some of whom would have otherwise been engaged on the ERP project. However, we are on track to complete full implementation of the new system before the end of calendar 2020.

The merger of two multi branch organisations is always a challenge, none the less so, when one is a public company and one a private company. Still, our team members have embraced the merger and our financial results are testament to the success of the enterprise delivering the forecast merger savings and the other integration benefits touted at the outset. The Chief Executive Officer's report which follows provides a more detailed update on the merger integration scorecard.

At the 2019 AGM, it was announced that an incentive plan for the Executive Leadership Team had been instituted. That Short-Term Incentive (STI) plan brought focus on financial performance and delivering integration synergies in FY2020. The result is an organisation that is now more commercially astute day-to-day, although further improvements are needed in the management of some of the larger projects we have secured through our improved business development disciplines. It is our intention to continue with an STI plan having a focus on yearly performance relative to budget. But we also need a plan to encourage and reward longer term shareholder wealth creation. We will therefore be putting to shareholders, for approval at the AGM, a Long-Term Incentive (LTI) plan for senior executives, which has a three year look ahead on performance.

Always of interest to shareholders is the topic of dividends. Our cash position is healthy with $15.9m in total cash at the end of FY2020 and the Company remained in a net cash position with this improving from $4.6m to $7.2m. Your Board has been prudent, setting aside (in a separate bank account) allowable deferred tax payments to State and Federal governments totalling $1.8m at the end of FY2020. Our bankers have also been accommodating by allowing us to defer loan principal repayments. Eventually we will have to resume normal tax remittances and principal repayments. It is the judgement of the Board, that due to the uncertainty of the COVID impacted economy, we should preserve cash for now and review the situation at the half year. We are therefore not recommending a full year dividend.

I would now like to address Board related matters. During the year, my Chair predecessor Charles Rottier, who was one of the instigators and drivers of the merger of Logicamms and OSD, retired; as did fellow Non-Executive Director, Richard Robinson. Both contributed greatly to the foundations upon which the current Board seeks to continue to build a highly respected and profitable professional services organisation. Joining me on the Board this year is Matthew Morgan who, with his capital markets background, will play a significant role in our plans to expand the business now we have a platform for growth. In coming weeks, we expect to be able to announce the appointment of a fifth Director, who has a legal background and is familiar with our market segment.

Finally, on behalf of the Board, I would like to thank the CEO, Chris O'Neill, and all his dedicated Executive Leadership Team, and all LogiCamms employees for a solid performance in FY2020; not forgetting of course, the valued support of our bankers and you, our patient shareholders. While it is difficult to forecast with any certainty what FY2021 will hold for LogiCamms, we are in much better shape now than we have been for many years to face the future with confidence.

Yours sincerely

Phillip Campbell

Phillip Campbell
Non-Executive Chair

Chief Executive Officer's Report

FY2020 has been a successful year for LogiCamms with the bedding in of the merger, realisation of its benefits, and solid financial performance in the face of the impacts of COVID-19.

Financial highlights include a healthy lift in our margins with Normalised EBITDAI as a percentage of revenue increasing from proforma 5.8% in FY19 to 8.1% in FY2020 on a like for like basis (i.e. adjusting back from changes to treatment of leases due to AASB16). This has been achieved through good project performance, tight control of overheads and on-time realisation of merger synergies of over $3m in annualised savings.

We also achieved strong conversion of EBITDA to cash with net statutory operating cash inflows of $11.6m for the year ended 30 June 2020 (compared to net inflow of $5.4m in FY2019). This $11.6m comprised $14.4m of FY2020 operating cash flow less the outflow of $2.8m of merger costs, predominantly transaction consulting costs that were booked as an expense in the FY2019 accounts. The closing cash position improved from $8.3m to $15.9m. The strong cash conversion performance is a result of faster invoicing of work in progress, tight management of debtors and a proposals process that has improved our cashflow terms with our clients. Our cash position was also assisted by deferring payments to Governments as they permitted in response to COVID-19 impacts.

It is a testament to the success of the merger and the opportunities that it created to re-shape the business that by nearly every key financial metric LogiCamms ended the year stronger than it started. Realising the benefits of the merger, rationalising expenditure on our Innovation Products, eliminating the onerous lease obligation, and a quick response in further trimming overheads when it became apparent COVID-19 was going to have a material and sustained impact on the global economy, means that the Company is now well positioned to pursue growth opportunities and capitalise on our lower overheads, better systems, and strengthened balance sheet to further improve our proposal win ratio and successfully pursue more of the larger projects.

LogiCamms again had no recordable health, safety or environment incidents in the year which is a testament to our strong safety culture and the effectiveness of our HSE systems.

Operationally FY2020 has been a year of two phases for LogiCamms, with the first part of the year involving the successful integration of the merger of OSD and LogiCamms, and the last few months focused on responding and adapting to the COVID-19 situation and its economic impacts.

As noted in last year's Annual Report, we had been in detailed planning for the merger for months before the transaction completion on 28th June 2019 and this allowed us to quickly implement the transition plan, realise all the synergies, set common financial parameters and methods of measurement, and 'hit the ground running' as a merged company in FY2020. Early in FY2020 we implemented the merged organisation structure from top to bottom across the business (including a refreshed Executive Leadership Team), quickly integrated our IT systems and co-located our teams in each city. We implemented a new Vision and Mission and engaged with our team members to develop an enhanced set of Values (The 'LogiCamms Way') which we have actively utilised in building a common Company culture.

We saw immediate benefits of the merger with a lift in reimbursability and lower overheads through synergy savings. As we predicted, the strengthening of our balance sheet (combined with our robust proposal development and review process) has helped us win larger contracts, and our lower overheads per hour have increased our competitiveness and significantly lifted our margins. Also as predicted, the merger has resulted in cross-sell opportunities, some of which have already been captured.

The response of our clients and our staff to the merger has been overwhelmingly positive and throughout the merger transition we have continued to deliver for our clients and improved our financial and operational disciplines. We regard the merger as an outstanding success and it is a credit to the Company's leaders for their careful planning and execution, and to all our team members for the way they have enthusiastically embraced the change, adapted quickly and formed a cohesive operation.

Virtually all the elements of our merger integration scorecard are now marked as achieved, with completion of the implementation of our new integrated Enterprise Resource Planning (ERP) system the last major outstanding step. Already we have consolidated to one payroll system and also rolled out the comprehensive Human Capital Management part of our new ERP, with the project and finance elements to follow shortly. Costs relating to this last part of the merger transition will continue to be incurred in the first half of FY2021 as our ERP replacement is implemented and transition resources complete their tasks.

In relation to the impact of COVID-19, as mentioned in Phillip Campbell's Chairperson's report above, we reacted quickly to ensure the protection of our people and utilised our business continuity plans to speedily and smoothly transition to working from home. In March 2020 we developed financial models for a range of potential economic scenarios and used this analysis to plan and quickly implement a reduction in overheads and put in place steps to preserve a strong cash balance. The financial impact of COVID-19 on our company has so far been much closer to the best-case scenario than the worst-case scenario and although oil and gas work has decreased and training took a short-term downturn, the other parts of our business have been largely unaffected.

I take this opportunity to add to Phillip Campbell's words of thanks to our team members for the sacrifices they have made in dealing with COVID-19 impacts and to their outstanding resilience and adaptability. Our people also demonstrated the LogiCamms Way element of Innovation by quickly developing new ways of delivering for our clients – including the use of virtual reality, live streamed training and Factory Acceptance Tests, and 'virtual' system safety assessments. The way the people of LogiCamms have responded to the COVID-19 challenges is an excellent testament to the positive common culture we have built as a merged Company.

We have adapted to the new ways of working that were forced upon us by COVID-19 and are moving to a 'new normal' of blended working arrangements and reduced office costs. We are already seeing advantages in terms of increased workshare between locations and we expect our new flexible working arrangements will also help us be an employer of choice, and diversify and widen the pool of talent available to us for recruitment. However, we also recognise the potential downsides of these new working arrangements (particularly the challenges of maintaining strong team culture) and are developing ways to mitigate these risks. I expect the role of our People and Culture support team, and IT tools, including the Human Capital Management part of our new ERP, will be increasingly important as we embrace and lead the 'new normal'.

Turning to strategy, I am pleased to report that we have delivered on all three of the strategic focus areas we outlined in last year's Annual Report. These were:

1. **Focusing on fully harnessing the benefits of the merger – including capturing the remainder of the synergy cost savings, cross-selling of capabilities to our expanded client base and using our expanded capabilities, scale and lower overheads to win larger contracts.** This has been fully achieved as outlined above.
2. **Focusing our approach to market (including our brand presence) on our six specialty Service Lines – and using this approach to drive the structure within our business units and our capability building.** This is continuing to be successful, with highlights of this approach being the increased market presence and geographic expansion of our Asset Management Service Line and the growth of our Digital Industry Service Line.
3. **Focusing of our Innovation efforts so that internal innovations are driven by our Service Lines and our Innovation Products are rationalised and each has a clear near-term plan for commercialisation.** This has been fully achieved with our Innovation Products rationalised to four items. Our StacksOn™ mining stockyard modelling and optimisation software suite has commenced commercialisation with a fully paid and licenced pilot project being successfully completed on an iron ore mine for a global mining company and paid studies are underway for its implementation on other mines and ports.

Given the completion of focus areas 1 and 3 above, and the changing world we find ourselves in, we have refreshed our Company strategy to further build on focus area 2 mentioned above:

LogiCamms is a company which creates and transforms assets (plants, processes and people) to build a smarter future. We deliver fit for purpose solutions across the whole life cycle of assets and we are known for being highly responsive and flexible. Our strategy is to clearly communicate and articulate these differentiated characteristics in growth markets and to further promote our specialist expertise in each of our six Service Lines (Asset Management, Competency Training, Digital Industry, Pipelines, Power and Process Plant) in those growth markets.

We will further build and promote our capabilities in front-end work (studies and commercial services) in each of our Service Lines (which can position us well for larger subsequent scopes, based on our solid performance). We will also expand our successful niche EPC capability.

LogiCamms' strategy remains committed to our key markets of Mining and Minerals, Infrastructure (particularly water and power) and Hydrocarbons (oil & gas and chemicals). We also remain focused on our core geographies of Australia, New Zealand, PNG and the Pacific.

We expect our long-term growth areas will be in providing expanded services to mining, industry digitalisation in multiple sectors, battery minerals, renewables, grid connections, hydrogen and carbon de-intensification. We expect continued growth and broadening of our work in infrastructure and we expect that the oil and gas sector will rebound and continue to be a profitable market for LogiCamms for many years to come, as the world changes its energy mix over time.

A key to the implementation of this refreshed strategy is significantly strengthening our business development and marketing, and we have already recruited key specialists in these areas. We have also been successfully trialling the use of a Customer Relationship Management (CRM) system and have now commenced full rollout and effective use of this system across the Company.

Seldom has there been a time with such near term uncertainty as now, but as outlined above, LogiCamms is in good financial shape, with a clear strategy, bolstered leadership, strong operational discipline and demonstrated adaptability – and as such is well positioned to tackle the future, seize the opportunities that will emerge and hence accelerate and grow to create greater shareholder returns.

Asset Management

The LogiCamms Asset Management team works with asset owners and operators across Australia, New Zealand, Papua New Guinea and the Pacific to provide solutions that drive efficiency, reduce costs and improve productivity. Our multi-disciplined teams provide expertise, local knowledge and global experience which adds value for clients from across the hydrocarbons, mining, minerals processing, infrastructure and utilities sectors.

- Strategic Asset Management
- Maintenance and Reliability Engineering
- Asset Integrity Management Compliance
- Materials and Inventory Management
- Asset Management Systems and Data Management
- Plant Shutdowns and Turnaround
- Commissioning and Completions
- Specialist Asset Management Training

Competency Training

Competency Training (RTO 31299) provides specialist training services for upskilling of personnel for major industrial operations and key infrastructure. Competency Training offers nationally recognised courses, site-specific training as well as customised competency assurance services.

Competency Training draws on LogiCamms' personnel and experience in engineering, project delivery and operations services (across all of LogiCamms' other Service Lines) to provide technical training and compliance services that is rooted in industry experience and delivered by experts. Competency Training has a particularly strong position in training in electrical services (including high voltage and low voltage switching), electrical equipment for hazardous areas and controls & automation (including coding and configuration).

Competency Training uses our 'hands-on' training facilities and our leading virtual reality environments to imbed practical skills and confidence. Our world-class dedicated training facilities are in major centres and we also regularly run courses on our client's sites. Training is delivered by qualified, experienced lecturers who have multi-disciplinary experience and, in many cases, are currently practicing as engineers and designers. With this combination of capabilities, Competency Training also offers competency assessment and assurance services as well as specialist course development.

Digital Industry

LogiCamms offers integrated, cost-effective, cyber-secure and future-proof industrial automation and data management systems that enable clients to extract the maximum value from their facilities. We provide our clients with fit-for-purpose control and monitoring functionality that collects, manages and utilises data to optimise production and enable predictive management of assets.

- Leading Digital Industry Capabilities
- Industrial Networks and IT Infrastructure
- Operational Technology (Control & Automation)
- Systems Integration
- Data Management, Analysis and Utilisation
- Industry 4.0 – Capturing the Power of Data
- Digital Industry Consulting
- Greenfield & Brownfield Project Capability
- Replacement/upgrades of legacy systems

Pipelines

Our Pipelines Service Line, branded OSD Pipelines, consists of an experienced team of registered pipeline professionals dedicated to providing excellence across the full life cycle of pipelines and associated assets. These services range from due diligence and commercial services through conceptualisation, valuation, design, construction and commissioning – and include us operating and maintaining pipelines, integrity assessments and providing specialist training. As pipeline industry leaders, OSD Pipelines have been involved in the successful installation of thousands of kilometres of oil, gas, water and slurry pipelines throughout Australia, New Zealand, PNG, the Pacific Islands and South America.

- Engineering Design
- Procurement Services
- Geomatics & Spatial Analytics
- AIDE (Automated Infrastructure Design Engine)
- Land Management & Regulatory Approvals
- Pipeline Operations & Maintenance
- Asset Integrity Management

OSD PIPELINES
A DIVISION OF LOGICAMMS

Power

LogiCamms provides secure, cost effective and robust power solutions that are code-compliant and tailored to our clients' requirements. LogiCamms is known for its impressive heritage in Power – focusing on cost-effectiveness, performance and compliance for clients.

- Electrical Power System Modelling and Advanced Protection
- Grid connections
- High Voltage Distribution Infrastructure
- Hazardous Areas Classification, Design, Inspection and Auditing
- Compliance Inspections, Fabrication Surveillance and Localisation of Foreign Equipment
- Electrical Distribution Infrastructure
- Design of Earthing, Lightning Protection and Electrostatic Control
- Regulatory Services

Process Plant

LogiCamms provides full multi-disciplinary and single discipline engineering and project delivery services for the oil and gas, chemicals, mining and minerals, water, sugar, and food & beverage industries. As a mid-tier engineering partner, we deliver our clients the scale and capability to deliver large and complex projects cost-effectively while also providing our hallmark agility, flexibility and responsiveness.

We have track record and expertise in all phases of multi-disciplinary projects from concept study, front-end design and detailed design – and we can provide full EPC delivery.

- Broad Engineering & Project Delivery Capability
- Process Engineering
- Mechanical and Piping Engineering
- Civil and Structural Engineering
- Instrumentation, Controls and Safe-guarding
- Design and Drafting Services
- CAPEX and OPEX Minimisation

Directors' Report

Your Directors present their report on LogiCamms Limited ("**Company**" or "**LogiCamms**") and its controlled entities ("**Group**") for the financial year ended 30 June 2020.

1. Directors and Officers

The current Directors and Officers of LogiCamms Limited are:

Name	Position
Phillip Campbell	Independent Non-Executive Chairperson
Matthew Morgan	Independent Non-Executive Director
Brian O'Sullivan	Executive Director — Corporate Development
Linton Burns	Executive Director — Transition
Chris O'Neill	Chief Executive Officer
Andrew Ritter	Company Secretary

Information on the Directors and Officers, including former Directors and Officers, is in section 4.

2. Principal Activities & Review of Operations

2.1 Principal Activities

LogiCamms primarily delivers engineering, project delivery and operations services to the Mining and Mineral Processing, Hydrocarbons (Oil and Gas and Chemicals) and Infrastructure industries. Our key geographies are Australia, New Zealand, Papua New Guinea and the Pacific Islands and we service these areas from our network of offices in Adelaide, Brisbane, Darwin, Mackay, Melbourne, New Plymouth & Perth and from our project delivery site offices.

The Company has a strong position in each of our two segments being Engineering and Training. The two segments are further broken down into our six specialist Service Lines:

Engineering

Asset Management: Providing reliability engineering, asset inspection and integrity services, maintenance strategies and database development and condition monitoring and assessment expertise.

Digital Industry: Specialist engineering and project delivery (including Engineering, Procurement and Construction (EPC) delivery) in controls and automation, data acquisition, industry digitalisation (including IIOT – Industrial Internet of Things), industrial data analytics and advanced algorithms. This is provided for a wide range of industries with particularly strong experience in mining and minerals processing (including mobile machines), water, oil and gas (upstream and downstream) and petrochemicals.

Pipelines: Full life-cycle services to all aspects of pipelines including conceptual studies, engineering design, EPC delivery, commissioning, operations & maintenance, commercial services, condition assessment and repairs. We specialise in gas, oil, water and hydro-transport (slurry) pipelines including all associated facilities including compressor stations, pumping stations, terminal facilities, pigging systems, metering systems, SCADA systems and tie-ins.

Power: Specialist engineering and project delivery (including EPC delivery) in low voltage and high voltage electrical systems. This includes electrical distribution and reticulation, grid connections, switchboards and motor control centres, protection systems, as well as specialist expertise and tools in electrical equipment in hazardous areas.

Process Plant: Full multi-disciplinary engineering, design and procurement capabilities for all oil and gas and chemical facilities including well-head systems, gathering networks, processing facilities (physical and chemical processing), compression and pumping facilities, tank farms and distribution systems. We are specialists in cost-effective, fit-for-purpose designs and in the use of modular/packaged equipment.

2. Principal Activities & Review of Operations (continued)

2.1 Principal Activities (continued)

Training

Competency Training: A Registered Training Organisation providing specialist training – particularly in the areas of electrical and instrumentation, controls and automation, switchgear and electrical equipment for hazardous areas. Competency Training has dedicated, fully-equipped training facilities (allowing for 'hands-on training with equipment) in Perth and Brisbane and also provides extensive and customised on-site training courses at client's own sites as well as live-streamed virtual training and the use of Virtual Reality and e-learning.

2.2 Market Overview and Outlook

Industry Sectors

Our **Mining** markets all appear to be holding up very well despite the impacts of COVID-19, and in fact we are seeing increasing level of activity in mining and minerals processing (particularly in Western Australia). This activity is particularly evident in our core capability areas of brownfield projects, replacement of outdated equipment, digital transformation and asset management. Bringing more of our Service Line offerings to mining and expanding our presence in this key and growing market is a strategic objective for the company and we have already bolstered our management team in Western Australia to help achieve this.

In the **Infrastructure** sector, we were successful in securing a significant number of larger projects in FY2020 (particularly in digital transformation work for water utilities) and infrastructure spending appears to be remaining solid. We expect this to continue as governments increase stimulus spending in the near to medium term. We plan to further leverage our capabilities, including our strong Digital Industry and Power track record in the water industry into other Infrastructure and energy areas - and we have already won contracts in the emerging field of Hydrogen production facilities.

Although the **Hydrocarbons** (oil & gas and chemicals) market weakened in the last several months of FY2020 as a result of significant drop in global oil and gas prices, these prices have now stabilised and clients are continuing expenditure, albeit at a reduced rate compared to the 1st half of FY2020. We expect soft market conditions in this sector will last until at least the end of 2020 calendar year. It is likely that larger projects will therefore be deferred, but we note that LogiCamms' business in Hydrocarbons is predominantly concentrated on essential services for sustaining existing producing assets, reducing costs and increasing efficiencies and we expect much of this work to continue.

Service Lines

Our **Asset Management Service Line** has had a very successful FY2020 and although oil and gas work has reduced somewhat, this is being offset by the successful geographic expansion of our Asset Management Service Line into Western Australia where opportunities continue to develop (especially in mining), and by expansion into additional industries including water and other utilities.

For our **Competency Training Service Line,** COVID-19 saw a significant deferment of face-to-face training activity for several months, but demand for our training courses is now returning, particularly in mining, and we have no exposure in Victoria where a second wave of COVID-19 has re-emerged. We quickly adapted and used the COVID-19 situation to rapidly accelerate the development of our remote learning methods (including live streaming, virtual reality and e-learning) and these are now part of our standard toolkit. We are also expanding our geographic reach. Competency Training is now participating in several government training subsidy arrangements which further increase the attractiveness of our courses.

Our **Digital Industry Service Line** experienced sustained growth throughout FY2020 due to us winning significant digital transformation projects in the infrastructure and mining industries. Many of these digital transformation projects involved the replacement or standardisation of legacy automation and data acquisition equipment in order to establish a sound platform for digital transformation of these industries (including the inclusion of elements of Industry 4.0 Technology). We expect this trend to continue and LogiCamms is well positioned in this growing market. Our Digital Industry Service Line has also gained us a foothold in the emerging Hydrogen market.

Our **Pipelines Service Line** also had a strong FY2020 and although work for oil and gas producers has now softened, work continues for gas transmission and distribution clients and for pipelines for miners (typically for gas supply, but with some emerging opportunities for slurry pipelines). Our pipelines operations and maintenance contracts performed very well, we adapted quickly to the COVID-19 restrictions, and we are bidding on further long-term pipeline operations contracts. The merger of OSD and LogiCamms has provided opportunities to expand our pipelines services in South Australia and Victoria, and our strengthened balance sheet has improved our positioning for EPC projects.

Directors' Report (continued)

2. Principal Activities & Review of Operations (continued)

2.2 Market Overview and Outlook (continued)

Our **Power Service Line** has had a strong FY2020 and has also successfully established capability in grid connections for renewable generation, as well as breaking into the electrical equipment testing market. These new capabilities are in expected growth areas as part of the general trend towards electrification, decentralised generation and the need for restructuring and modernisation of electrical infrastructure. As such, we see growth potential for our Power Service Line both in our core industrial markets as well as in the utility markets.

Our **Process Plant Service Line** had a strong first three quarters of FY2020, particularly with the successful completion of new fuel terminal projects in New Zealand and PNG. However, this Service Line has been impacted by the reduction in oil and gas activity and we expect this market to remain soft at least until the end of 2020 calendar year. This situation has accelerated our efforts to expand our Process Plant work in other industries, particularly mining and minerals processing where we already have a foothold. In the past, most of our Process Plant work has been in Hydrocarbons in New Zealand, Queensland and PNG and now we are using our presence, track record and client relationships in Western Australia and South Australia to increase our Process Plant services into the mining sector and other industries in these regions.

Outlook

Given the impact and uncertainties associated with COVID-19 we expect the first half FY2021 to be somewhat subdued in terms of new work opportunities but the second half of FY2021 is expected to be stronger. LogiCamms has successfully bedded in the merger and harnessed its benefits, is operating tightly and has stayed strong through the COVID-19 situation, and is thus well positioned to accelerate out of the downturn as opportunities arise.

2.3 Significant Risks

Market Risks

Some of the Company's markets have been impacted negatively by COVID-19 and the associated depressed global oil and gas prices. LogiCamms reacted swiftly to mitigate the impacts of COVID-19 and low oil and gas prices which materialised in March 2020, with cash preservation measures immediately put in place enabling the majority of our staff to work remotely while still delivering for our clients. Longer term, there is still market risk regarding potential further impacts of COVID-19 and changes in oil and gas prices however, the merged group is in a stronger position to withstand such risks.

Regulatory Risks

The Company is subject to local laws and regulations in each of the jurisdictions in which it operates. Furthermore, LogiCamms operates in both the Engineering and Training segments predominantly within Australia and New Zealand. Future laws or regulations may be introduced affecting engineering and training companies and if this occurred, it could restrict or complicate LogiCamms' activities. Any such impacts may adversely impact LogiCamms' future operating and financial performance.

Litigation and Industry Risks

In the course of its business, LogiCamms is exposed to potential legal and other claims or disputes, including litigation from employees, regulators or third parties. Further, the engineering industry in which the Company operates involves risks associated with safety, structural defects, environmental investigations and general litigation. With litigation comes risks and should an adverse decision transpire from a potential litigation claim, this could have a materially adverse impact on the financial performance of the Company.

Geographic Risks

LogiCamms has a diversified geographic footprint with operations across Australia and New Zealand, and the company also executes projects in Papua New Guinea and the Pacific Islands. The work outside of Australia and New Zealand presents some risks in terms of safety during visits but these are well managed and mitigated.

LogiCamms' business is predominantly based on serving the Mining and Mineral Processing, Hydrocarbons (Oil & Gas and Chemicals) and Infrastructure (particularly water) industries. As such LogiCamms' business would be impacted if there was a deterioration in demand for engineering, project delivery, asset services and/or training services in one or more of these industries.

The business may also be affected by changes in the nature of the engineering industry, such as changes to demand for different commercial models for project delivery or asset services.

2. Principal Activities & Review of Operations (continued)

2.3 Significant Risks (continued)

Financial Risks

The Group's ongoing financial strength depends on the Group's ability to generate earnings and to make interest and principal payments on its debt.

LogiCamms may need to raise additional capital (whether debt, equity or hybrid) in order to continue growing, meet debt finance obligations and increase its profitability. As a listed entity, the Group has many options open to it should capital raising be required in the future.

The Group's revenue and profitability is highly correlated to spending levels by resource, energy, infrastructure and other businesses which use engineering services, which in turn could be affected by changes in macroeconomic conditions in Australia, New Zealand and internationally. Changes in the macroeconomic environment are beyond the control of LogiCamms and include, but are not limited to:

- Global commodity prices (including exchange rate risk) – particularly in oil and gas, iron ore and coal;
- Changes in government investment and legislation – particularly in the water sector;
- Changes in aggregate investment and economic output;
- Changes in employment levels and labour costs, wage inflation and changes in industrial relations laws, which will affect the cost structure of LogiCamms; and
- Other changes in economic or market conditions which may affect the revenue or costs of LogiCamms.

2.4 Environmental Regulation and Performance

The Group has determined that no particular or significant environmental regulations apply to its operations.

The Directors have considered climate-related risks and do not currently deem there to be an associated material risk to the Group's operations and the amounts recognised in the financial statements. The Group continues to monitor climate-related and other emerging risks and the potential impact on the financial statements. Potential impacts of legislation or other factors on our clients with regard to greenhouse gas emissions are regarded as presenting more opportunities than risks for LogiCamms.

2.5 COVID-19 Subsidies

One of the Group's entities was eligible for the Australian Government's JobKeeper wage subsidy scheme and received $585,000 in wage subsidies for the year ended 30 June 2020. Two of the Group's entities in New Zealand were also eligible for the New Zealand Government's equivalent scheme and received $487,006 in AUD equivalent.

2.6 After Balance Date Events

Since the end of the financial year, the Directors are not aware of any matters or circumstances not otherwise dealt with in this report or the financial report that have, or may, significantly affect the operations or state of affairs of the Group in future years.

Directors' Report (continued)

3. Review of Financial Performance

3.1 Financial Performance Overview

A summary of the Group's operating results for the year ended 30 June 2020 is below:

	2020 $'000 (audited)	2019 $'000 (unaudited Pro-forma)
Revenue	116,996	119,384
Earnings before interest, tax, depreciation, amortisation and impairment ("EBITDAI")	8,885	6,870
Profit before tax	4,040	4,403
Income tax expense*	(1,244)	(1,204)
Profit for the year attributable to equity holders in the Company	2,796	3,199

* No tax payable in Australia since LogiCamms Limited had accumulated tax losses totalling $24.5 million

The Group's statutory financial results for FY2020 compared to the pro-forma financial results for FY2019 are as follows:

» Revenue of $117.0 million, down slightly from a pro-forma revenue of the Group of $119.4 million for the 2019 financial year;

» Profit before tax of $4.0 million, down slightly from a pro-forma profit before tax of the Group of $4.4 million for the 2019 financial year;

» Profit after tax of $2.8 million, down from a pro-forma profit after tax of the Group of $3.2 million for the 2019 financial year;

» EBITDAI of $8.9 million, up from a pro-forma EBITDAI of the Group of $6.9 million for the 2019 financial year; and

» EBITDAI as a percentage of revenue at 7.6%, up from a pro-forma percentage of the Group of 5.8% for the 2019 financial year.

The pro-forma financial results for the year ended 30 June 2019 are unaudited and are included to provide a measure of the post-merger Group's performance year on year. The pro-forma disclosure is as a result of the terms under AASB 3 Business Combinations, whereby OSD Pty Ltd was deemed to be the accounting acquirer of LogiCamms Limited in June 2019. Accordingly, the pro-forma disclosure has been prepared on the basis that the merged group existed as at 1 July 2018. The statutory financial statements for the year ended 30 June 2019 represent the results of OSD for the period 1 July 2018 to 30 June 2019 and the results of LogiCamms for the period 28 June 2019 to 30 June 2019.

3.2 Working Capital Management

The Group improved its operating cash flows with a net operating inflow of $11.6 million (2019: inflow of $5.4 million). The Group has a strong working capital management process which is proving to be effective.

3.3 Statement of Financial Position

The Group's total assets decreased slightly to $58.7 million in 2020 (2019: $59.2 million). The end of year cash balance of $15.9 million increased significantly from $8.3 million in 2019.

The net assets of the Group increased to $27.7 million at 30 June 2020 (2019: $25.3 million).

The Group's total liabilities decreased to $31.0 million at 30 June 2020 (2019: $33.9 million), due to decreases in trade and other payables.

At 30 June 2020, the Group had utilised $8.3 million of its $11 million NAB Multi Option Facility. The composition of the $8.3 million was made up of $3.0 million of the Corporate Markets loan and $5.3 million of the Bank Guarantee Facility. None of the Group's $1.5 million Business Overdraft Facility had been utilised.

3.4 Dividends

LogiCamms Limited did not declare any dividend in the 2020 financial year, or after the end of the financial year.

4. Information on Directors and Officers

4.1 Information on current Directors

The information on the current Directors of LogiCamms Limited is as follows:

Mr Phillip Campbell

Title	Independent Non-Executive Director and Chairperson.
Details	Appointed Director on 22 October 2019 and Chairperson on 26 February 2020.
Qualifications	B. Electrical and Electronics Engineering — University of Queensland, GAICD.
Experience	Phillip is an experienced independent non-executive director on publicly listed and private company boards. He has executive experience (MD/CEO roles) in a range of national manufacturing and engineering businesses and he has significant experience in expanding and developing businesses.
Special responsibilities	Chairperson of the Board (appointed 26 February 2020). Chairperson of the Nomination & Remuneration Committee (appointed 22 October 2019). Chairperson of the Board Proposal Approval (Projects) Committee (appointed 22 October 2019). Member of the Audit & risk Committee (appointed 28 February 2020).
Directorships of other listed companies (current or held within the last 3 years)	Fleetwood Corporation Limited (ASX:FWD) and Vmoto Ltd (ASX:VMT).
Interests in the Company	Nil.

Mr Matthew Morgan

Title	Independent Non-Executive Director.
Details	Appointed 22 October 2019.
Qualifications	B. Commerce. B. Applied Science, MBA — Queensland University of Technology.
Experience	Matthew is an experienced independent non-executive director on publicly listed and private company boards. He began his career as an institutional venture capital fund manager with QIC Limited and has significant commercial experience including mergers and acquisitions and capital raising.
Special responsibilities	Chairperson of the Audit & Risk Committee (appointed 26 November 2019). Member of the Nomination & Remuneration Committee (appointed 22 October 2019).
Directorships of other listed companies (current or held within the last 3 years)	Total Brain Ltd (ASX:TTB) and Leaf Resources Ltd (ASX:LER).
Interests in the Company	27,027 ordinary shares.

Directors’ Report (continued)

4. Information on Directors and Officers (continued)

4.1 Information on current Directors (continued)

Mr Brian O’Sullivan AM

Title	Executive Director — Corporate Development.
Details	Appointed 28 June 2019.
Qualifications	B. Engineering (Mechanical) — University of Queensland, Post Grad Diploma Management, Fellow IEAust, MAICD.
Experience	As the former founder and Chairman of OSD Pty Ltd, Brian has experience in energy related developments, with a strong emphasis on oil and gas pipeline and facilities projects. He has over 30 years’ experience in business management, project management and engineering, primarily direct design and construction experience with major pipelines and petrochemical facilities in Australia, PNG and South East Asia. Brian’s key strengths include a strong technical knowledge and an in-depth understanding of commercial business activities. Brian has been a company director holding board positions for a range of entities, including Chairman of the Australian Muscular Dystrophy Foundation.
Special responsibilities	Member of the Nomination & Remuneration Committee. Member of the Board Proposal Approval (Projects) Committee (appointed 4 March 2020).
Directorships of other listed companies (current or held within the last 3 years)	None.
Interests in the Company	77,103,087 ordinary shares.

Mr Linton Burns

Title	Executive Director — Transition.
Details	Appointed 28 June 2019.
Qualifications	B. Arts (Accounting) — University of South Australia, Chartered Accountant ANZ.
Experience	Linton has over 25 years’ commercial, financial business and management experience including leading corporate transactions such as mergers and acquisitions and IPO’s. Prior to being appointed to his role with LogiCamms, Linton was Managing Director of OSD and has held other CFO and COO positions with ASX and Nasdaq listed companies.
Special responsibilities	Member of the Audit & Risk Committee. Member of the Board Proposal Approval (Projects) Committee. Member of the Nomination & Remuneration Committee (appointed 28 February 2020).
Directorships of other listed companies (current or held within the last 3 years)	None.
Interests in the Company	3,877,298 ordinary shares. 2,124,546 options.

4. Information on Directors and Officers (continued)

4.2 Information on current Officers

The information on the current Officers of LogiCamms Limited is as follows:

Mr Chris O'Neill

Title	Chief Executive Officer.
Details	Appointed 26 November 2018.
Qualifications	B. Engineering (Electrical & Electronic) — Swinburne University, MAICD.
Experience	Chris has more than 25 years' Australian and international experience across the resources, energy and infrastructure industries. Prior to joining LogiCamms he was Executive General Manager for Development (Resources and Industrial) for Broadspectrum from 2014 to 2018. Prior to that he held a number of senior roles during a 14-year tenure with WorleyParsons Ltd (now Worley) including Regional Managing Director for Australia East and the Pacific, and Director of Oil & Gas for Western Australia and the Northern Territory. In addition to his experience with engineering and services companies (including in Australia, the UK and in Kazakhstan) he has also worked for BHP, ExxonMobil, and Santos.
Special responsibilities	Member of the Board Proposal Approval (Projects) Committee.
Interests in the Company	601,600 ordinary shares. 1,750,000 performance rights.

Mr Andrew Ritter

Title	Company Secretary.
Details	Appointed 28 February 2020.
Qualifications	B. Commerce (University of Queensland), Chartered Accountant ANZ, Fellow of Governance Institute of Australia FCIS.
Experience	Andrew has over 20 years of international finance and governance experience with 15 years as CFO and Company Secretary of publicly listed global organisations. He provides CFO and company secretarial consulting services for ASX listed and unlisted companies.
Special responsibilities	None.
Interests in the Company	Nil.

Directors' Report (continued)

4. Information on Directors and Officers (continued)

4.3 Former Directors and Officers

The former Directors and Officers of LogiCamms Limited in the 2020 financial year are:

Name	Position	Date Resigned
David Shaw	Company Secretary	13 September 2019
Richard Robinson	Independent Non-Executive Director	26 November 2019
Charles Rottier	Independent Non-Executive Director and Chairperson	28 February 2020
Dan Drewe	Chief Financial Officer & Company Secretary	28 February 2020

4.4 Meetings of Directors

The number of meetings of Directors (including meetings of committees of Directors) of LogiCamms Limited, and number of meetings attended by each of the Directors, during the financial year are:

Director	Board Meetings		Audit & Risk Committee Meetings		Nomination and Remuneration Committee Meetings		Project Committee Meetings	
	A	H	A	H	A	H	A	H
Phillip Campbell (appointed 22 October 2019)	11	11	2	2	3	3	2	2
Matthew Morgan (appointed 22 October 2019)	11	11	5	5	2	2	–	–
Brian O'Sullivan	16	16	–	–	5	5	1	1
Linton Burns	16	16	8	8	2	2	3	3
Charles Rottier (resigned 28 February 2020)	9	9	5	6	2	3	2	2
Richard Robinson (resigned 26 November 2019)	7	7	4	4	2	2	1	1

A = Number of meetings attended.

H = Number of meetings held during the time the Director was a member of the Board or Committee.

5. Indemnification and Insurance of Directors, Officers, and Auditors

Under the Company's Constitution, the Company indemnifies each current and former Director and Officer of the Group against certain liabilities and costs incurred by them in their engagement by the Group, except where the liability arises out of conduct involving a lack of good faith. The Company also indemnifies each current and former Director and Officer of the Group against certain liabilities and costs incurred when the Director or Officer acts as a Director or as an Officer of another body corporate at the Company's request and the liability or cost is incurred in that capacity.

Neither indemnity extends to liabilities or costs from which the Company is prohibited from indemnifying current or former Directors and Officers under the *Corporations Act 2001* (Cth).

In addition, the Company has entered in Deeds of Access, Indemnity and Insurance with its Directors and Officers of the Group. Under those Deeds, the Company agrees to matters including the following:

- Indemnify the Director or Officer to the extent permitted by law and under the Company's Constitution; and
- Maintain a directors' and officers' insurance policy.

Since the end of the previous financial year the Group has paid insurance premiums of $177,953 (2019: $163,100) in respect of directors' and officers' liability insurance policies.

LogiCamms has agreed to reimburse PricewaterhouseCoopers ("PwC") for any liability (including reasonable legal costs) that PwC incur in connection with any claim by a third party arising from a breach by LogiCamms Limited of its agreement with PwC.

6. Corporate Governance Statement

LogiCamms Limited and the Board are committed to achieving and demonstrating the highest standard of corporate governance. LogiCamms Limited reviews its corporate governance practices annually against the Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council and in line with the ASX Listing Rules. The 2020 Corporate Governance Statement is dated as at 30 June 2020 and reflects the corporate governance practices in place throughout the FY2020 financial year. The 2020 Corporate Governance Statement was approved by the Board on 27 August 2020.

A description of LogiCamms Limited's current corporate governance practices is set out in the Corporate Governance Statement which can be viewed at www.logicamms.com/investor-center/corporate-governance.

7. Remuneration Report – Audited

The Directors present the LogiCamms Limited remuneration report, which has been audited, for the financial year ended 30 June 2020, outlining key aspects of the consolidated entity's remuneration policy and framework and remuneration awarded this year.

This Remuneration Report outlines the Key Management Personnel ("KMP") remuneration arrangements of the Group in accordance with the requirements of the *Corporations Act 2001* (Cth) and its Regulations. For the purposes of this report the KMP of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise).

The report is structured as follows:

7.1 Overview of the Company's approach to executive reward

7.2 Remuneration governance;

7.3 Elements of remuneration;

7.4 KMP remuneration;

7.5 Overview of the Company's service contracts with Executives;

7.6 Non-executive director arrangements;

7.7 Options; and

7.8 Other statutory information.

7.1 Overview of the Company's approach to executive reward

The Board has adopted a remuneration policy for the consolidated entity that considers the current size and nature of the Company's operations.

Remuneration of KMPs is set at levels to reflect market conditions and encourage the continued services of KMP, including by benchmarking KMP remuneration to determine where roles are currently positioned, reviewing base salary, any short-term incentive ("STI") and any long-term incentive ("LTI").

The Company's remuneration strategy recognises and rewards performance in a way that is consistent with general practices in the markets in which the Company operates. The Company's remuneration philosophy is focused on the following key principles and approaches:

- align rewards to business outcomes that deliver value to shareholders;
- to drive a high-performance culture by setting challenging objectives and rewarding high performing individuals;
- assist in the attraction and retention of highly skilled individuals; and
- be competitive within the employment markets in which the Company operates.

Directors' Report (continued)

7. Remuneration Report – Audited (continued)

7.1 Overview of the Company's approach to executive reward (continued)

This report specifically sets out remuneration information for the key people who can directly influence the long term strategic direction of the Company and had the authority for planning, directing and controlling the affairs of the Company during the financial year ended 30 June 2020, and continue to have going into FY2021. They include the Chief Executive Officer and other key executives and non-executive directors of the Company as set out below:

Non-executive and executive Directors

The non-executive and executive Directors for LogiCamms Limited for FY2020, and continuing (unless noted as resigned), are:

Name	Position
Phillip Campbell	Non-Executive Director (appointed 22 October 2019) and Chairperson (from 28 February 2020)
Matthew Morgan	Non-Executive Director (appointed 22 October 2019)
Brian O'Sullivan	Executive Director
Linton Burns	Executive Director
Charles Rottier	Chairperson (resigned 28 February 2020)
Richard Robinson	Non-Executive Director (resigned 26 November 2019)

Other key management personnel

The key management personnel who are not directors for LogiCamms Limited for FY2020, and continuing (unless noted as resigned), are:

Name	Position
Chris O'Neill	Chief Executive Officer
Dan Drewe	Chief Financial Officer & Company Secretary (resignation effective 28 February 2020)
Michael Casey	Chief Financial Officer (appointed 12 February 2020)

7.2 Remuneration governance

To determine the remuneration of its KMP the consolidated entity has a Nomination and Remuneration Committee ("Committee"). The Committee makes recommendations to the Board in relation to the remuneration of KMP, including the fixed and at-risk components of remuneration. Based on the information and recommendations provided by the Committee, the Board applies its discretion to determine the remuneration, including any changes to fixed components of KMP as well as any awards under the STI and LTI Plans. The Committee assists the Board in reviewing the Company's remuneration policies and practices, and in selecting and appointing directors of the Company. The proceedings of each Committee meeting are reported directly to the Board. The chairperson of the Committee is an independent chair. The Chief Executive Officer is invited to attend the Committee meetings for those parts that are appropriate.

The primary objective of LogiCamms' executive remuneration strategy is creating a framework that supports sustainable growth over the long term, recognising that this is in the interests of all stakeholders. This framework seeks to reward, retain, and motivate senior executives in a manner aligned with shareholders' interests.

The Committee has not engaged independent remuneration consultants in FY2020 to assist in the discharge of its responsibilities but plans to do so in future years.

7. Remuneration Report – Audited (continued)

7.3 Elements of remuneration

The remuneration and other terms of employment for the Group's executive KMP are formalised in Executive Service Agreements (ESA) and incentive plans. The total remuneration packages for these executive KMP contain:

- A Total Fixed Remuneration component (TFR) — Comprises salary plus superannuation capped at the concessional contribution limit. Fixed remuneration is set with reference to role, market, relevant experience, and performance. It is reviewed annually; and
- An at-risk remuneration component – The Board considers that the financial and operational performance and prospects of the Company are strongly linked to creating shareholder wealth. Accordingly, the Board has put in place at-risk components to remuneration based on success in delivering on pre-defined targets. For FY2020, the at-risk components were in the form of:
  - Short Term Incentive (STI) – payable in cash. Entitlement to any STI was based on LogiCamms' financial and operational performance over FY2020, in addition to individual performance measures; and
  - Long Term Incentive (LTI) – there was no new LTI plans introduced in FY2020 although it is planned to introduce one in FY2021 with the approval of Shareholders. The existing LTI plan for CEO Chris O'Neill continued.

7.3.1 Short-term incentives

The performance measures are set annually after consultation with the Directors and the executives and are specifically tailored to the areas where each Executive has a level of control. The measures target areas the Board believes hold the greatest potential for expansion and profit and cover financial and non-financial measures.

The performance measures for the STI comprise a combination of individual and Group specific performance targets. The weighting is generally 50% non-financial and 50% financial with an overarching safety modifier that can result in no STI being awarded. In setting the performance measures for the STI, the Committee is conscious to ensure that all targets are measurable and provide a challenging but meaningful incentive to participants.

Financial performance targets are derived from budgeted EBIT above a qualifying threshold which is considered an appropriate measure of the Company's profitability.

Non-financial metrics are based on performance against specific individual performance targets derived from period specific objectives which in turn are aligned with business strategies identified annually during the business planning process linked to the Board's sign off of budgets. The maximum amount of these awards is based on a percentage of the executives TFR (which is set out in Table 7.3.3).

The Board has the final discretion on individual performance of an executive KMP and applies such determination as a modifier to increase or decrease the STI payable.

A strict interpretation of the STI rules for FY2020 resulted in the Committee determining that no STI was payable in respect of FY2020 under those rules. However, in light of the effect COVID-19 had on Q4 revenues, the response of executives to some extraordinary demands on their time as a result of the crisis, and their willingness to voluntarily sacrifice up to 20% of their salary for a period of time, the Board has determined to make discretionary STI payments as set out in Table 7.3.4.

7.3.2 Long-term incentives

The first tranche of 200,000 performance rights awarded to Chris O'Neill vested on 26 November 2019, with 191,600 converting into fully paid ordinary shares and 8,400 lapsing.

The outstanding performance rights provided to Chris O'Neill upon him being appointed as the Company's Chief Executive Officer commencing on 26 November 2018 are:

- 583,334 performance rights, vesting within 30 days of release of the Company's financial results for FY2021. These performance rights are subject to the following performance conditions: (a) Chris O'Neill remaining employed by the Company at the vesting date; and (b) the Group achieving EBITDA for FY2021 of at least $12.3m (or such other figure agreed by the Board in approving the budget for the financial year). The award of this incentive may be pro-rated at the discretion of the Board; and
- 1,166,666 performance rights, vesting within 30 days of release of the Company's financial results for FY2022. These performance rights are subject to the following performance conditions: (a) Chris O'Neill remaining employed by the Company at the vesting date; and (b) the Group achieving EBITDA for FY2022 of at least $14.4m (or such other figure agreed by the Board in approving the budget for the financial year). The award of this incentive may be pro-rated at the discretion of the Board.

7. Remuneration Report – Audited (continued)

7.3 Elements of remuneration (continued)

7.3.2 Long-term incentives (continued)

The performance conditions associated with the LTI awarded to Chris O'Neill on his appointment as Chief Executive Officer were chosen by the Board as it incentivises the Chief Executive Officer to drive the long term growth of the Group for the benefit of its shareholders, with the outcomes capable of being objectively measured.

7.3.3 Proportions of fixed and at-risk remuneration

The table below sets out LogiCamms' target mix of fixed and at risk components for each of the executive KMP of the Group for FY2020 as a percentage of total potential remuneration:

Name	Title	Fixed Remuneration (TFR)	STI %	LTI %
Chris O'Neill	Chief Executive Officer	77%	23%	#
Brian O'Sullivan	Director Corporate Development	77%	23%	–
Linton Burns	Director Transition	61%	39%	–
Dan Drewe	Chief Financial Officer (resignation effective 28 February 2020)	77%	23%	–
Michael Casey	Chief Financial Officer (appointed 12 February 2020)	80%	20%	–

Chris O'Neill has a LTI but the current arrangement is not based on a percentage of TFR. Per his Executive Services Agreement, subsequent LTI arrangements will be based on 70% of his TFR.

7.3.4 Discretionary STIs awarded

The table below sets out STIs awarded for FY2020.

Key Management Personnel	Discretionary STI Granted	Total Available STI
Chris O'Neill	55,000	150,000
Brian O'Sullivan	20,000	108,845
Dan Drewe	–	105,015
Michael Casey	10,000	–

7.3.5 Consequence of performance on shareholder wealth

In determining the award under the STI and LTI plans for LogiCamms, regard was had to the following indices what relate to LogiCamms Limited for the year ended 30 June 2020.

	2020	2019	2018	2017	2016
EBITDA ($'000)	8,554	–	1,870	(8,133)	(8,409)
EBIT Normalised ($'000)	7,528	–	97	(10,769)	(12,378)

» Prior year numbers have not been adjusted for the introduction of IFRS 16 Leases.

» Consistent with last financial year, no numbers have been included for FY2019 as the report contains the numbers of the OSD Group, not the LogiCamms Group.

7. Remuneration Report – Audited (continued)

7.4 KMP Remuneration

Name	Year	Fixed remuneration				Variable remuneration			
		Cash salary	Non-monetary benefits	Post employment benefits	Termination benefits	Options, rights and bonuses	Total	Proportion of remuneration performance related	Value of options and Rights as proportion of remuneration
		$	$	$	$	$	$	%	%
Non-Executive Directors									
Charles Rottier (resigned 28 February 2020)	**FY20**	**73,762**	**–**	**8,609**	**–**	**–**	**82,371**	**–**	**–**
	FY19	68,493	–	6,507	–	–	75,000	–	–
Richard Robinson (resigned 26 November 2019)	**FY20**	**42,917**	**–**	**–**	**–**	**–**	**42,917**	**–**	**–**
	FY19	75,000	–	–	–	–	75,000	–	–
Phillip Campbell (appointed 22 October 2019)	**FY20**	**61,019**	**–**	**–**	**–**	**–**	**61,019**	**–**	**–**
Matthew Morgan (appointed 22 October 2019)	**FY20**	**48,266**	**–**	**–**	**–**	**–**	**48,266**	**–**	**–**
Peter Watson (resigned 28 June 2019)	FY19	120,000	–	–	–	–	120,000	–	–
Total Non-Executive Director Remuneration	**FY20**	**225,964**	**–**	**8,609**	**–**	**–**	**234,573**	**–**	**–**
	FY19	263,493	–	6,507	–	–	270,000	–	–
Executive Directors									
Brian O'Sullivan	**FY20**	**316,805**	**3,712**	**20,500**	**–**	**20,000**	**361,017**	**5.54**	**–**
Linton Burns	**FY20**	**497,659**	**–**	**26,003**	**365,384**	**420,000***	**1,309,046**	**32.08**	**–**
Total Executive Directors	**FY20**	**814,464**	**3,712**	**46,503**	**365,384**	**440,000**	**1,670,063**	**–**	**–**
Executives									
Chris O'Neill	**FY20**	**495,777**	**708**	**25,772**	**–**	**132,820**	**655,077**	**20.28**	**11.88**
	FY19	288,771	4,136	12,365	–	75,066	380,338	19.74	–
Dan Drewe (resigned 28 February 2020)	**FY20**	**274,393**	**2,947**	**16,355**	**224,740**	**–**	**518,435**	**–**	**–**
	FY19	353,609	7,091	20,531	–	44,091	425,322	4.70	10.37
Michael Casey (appointed 12 February 2020)	**FY20**	**70,241**	**1,437**	**6,108**	**–**	**10,000**	**87,786**	**11.39**	**–**
Total Executives	**FY20**	**840,411**	**5,092**	**48,235**	**224,740**	**142,820**	**1,261,298**		
	FY19	642,380	11,227	32,896	–	119,157	805,660		

*Linton Burns was entitled to a Retention Bonus of $240,000, an STI of $180,000 and a termination benefit of $365,384 pursuant to his Executive Service Agreement.
Non-Executive Directors, Executive Directors and Executives have taken a 20% reduction in remuneration effective April 2020 in response to COVID-19.
Discretionary STIs were awarded to Chris O'Neill $55,000, Brian O'Sullivan, $20,000 and Michael Casey $10,000 for FY2020. Vesting of performance rights totalling $77,820 were awarded to Chris O'Neill.

7. Remuneration Report – Audited (continued)

7.4 KMP Remuneration (continued)

Equity instruments included in remuneration

As disclosed in the table below, performance rights have been awarded to the KMP as part of the total remuneration. These were awarded in the prior reporting period and some have vested and some have been forfeited, in accordance with the grant conditions. Others are yet to vest in accordance with the grant conditions.

Name	Instrument	Number	Grant Date	Fair Value per instrument at grant date	Vested in Year	Forfeited in Year	Number at Reporting Date	Financial Years in which Grant Vests
Chris O'Neill	Performance Rights	200,000	21-Nov-18	$0.13	2020	8,400	N/A	N/A
	Performance Rights	583,334	21-Nov-18	$0.13	–	–	583,334	2022
	Performance Rights	1,166,666	21-Nov-18	$0.13	–	–	1,166,666	2023

No options were awarded to KMP as part of their remuneration during the reporting period.

All performance rights and options granted under the LTI Plans carry no voting or dividend entitlements.

Currently, based on the number of performance rights issued, should all these securities convert to shares, they would represent 0.87% of the Company's issued share capital.

7.5 Overview of the Company's service contracts with Executives

Set out below is the overview of the consolidated entity's Executive Services Agreements with its executive key management personnel for the 2020 financial year:

Name	Status	Position	Term of agreement	Notice period	Fixed remuneration	Non- monetary benefits	Performance based remuneration (% of Fixed remuneration)	
					$		STI %	LTI %
Chris O'Neill	Current	Chief Executive Officer	Permanent	6 months	500,000	Car park and mobile phone	30%	70%
Brian O'Sullivan	Current	Director Corporate Development	Permanent	6 months	362,817	Car park and mobile phone	30%	50%
Linton Burns	Current	Director Transition	Fixed-term contract	N/A[1]	500,000	Car park and mobile phone	–	–
Michael Casey	Current	Chief Financial Officer	Permanent	3 months	320,000	Car park and mobile phone	25%	–
Dan Drewe	Former	Chief Financial Officer	Permanent	6 months[2]	350,049	Car park and mobile phone	30%	50%

1 Pursuant to a "Variation to Executive Service Agreement of 20 March 2019", Linton Burns will terminate his employment effective 2 October 2020. Linton Burns will be entitled to a redundancy payment of $365,384.

2 Dan Drewe resigned his position as Chief Financial Officer on 5 December 2019, effective 28 February 2020. Pursuant to the terms of his employment contract, the notice period of six months was deemed satisfied by the Board and payment made accordingly, Dan received a termination benefit of $224,740.

3 Chris O'Neill has a LTI but the current arrangement is not based on a percentage of TFR as noted elsewhere. Per his Executive Services Agreement, subsequent LTI arrangements will be based on 70% of his TFR.

7. Remuneration Report – Audited (continued)

7.6 Non-executive director arrangements

Remuneration Policy

The Board seeks to set aggregate remuneration of non-executive directors at a level that provides the Group with the ability to attract and retain directors of appropriate calibre, whilst incurring a cost that is acceptable to shareholders.

The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually against fees paid to non-executive directors ("NEDs") of comparable companies.

The Company's constitution and the ASX listing rules specify that the NED fee pool shall be determined from time to time by a general meeting. The latest determination (in 2013) by shareholders approved an aggregate fee pool of up to $600,000 with such fees to be allocated to the NEDs as the Board of Directors may determine.

The remuneration of NEDs consists of directors' fees, with such fees being inclusive of any membership or chairpersonship of any committee. NEDs do not receive retirement benefits.

Messrs Phillip Campbell and Matthew Morgan received a base fee of $120,000 and $75,000 (respectively) inclusive of superannuation for being NEDs of the Group. These Directors took a 20% remuneration decrease from April 2020 onwards as a result of COVID-19. The former Board Chairperson, Mr Charles Rottier, who resigned on 28 February 2020, received an annualised base fee of $120,000 (2019: $120,000) inclusive of superannuation for the period. Mr Phillip Campbell was elected Chairperson by the Board effective 28 February 2020.

NEDs do not participate in the Company's STI or LTI plans.

Movements in shares

The movement during the reporting year in the number of ordinary shares in the Company held directly, indirectly or beneficially, by KMP of the consolidated entity, is as follows:

Name	Balance at 1 July 2019 ("SOFY")	Received on vesting of performance rights	Ceased to be a KMP	Other changes	Balance at 30 June 2020 ("EOFY")
Charles Rottier[1]	206,032	–	(206,032)	–	–
Brian O'Sullivan	77,103,087	–	–	–	77,103,087
Linton Burns	3,877,298	–	–	–	3,877,298
Chris O'Neill	410,000	191,600	–	–	601,600
Dan Drewe[2]	135,459	–	(135,459)	–	–
Matt Morgan[3]	–	–	–	27,027	27,027

1 Charles Rottier resigned effective 28 February 2020.

2 Dan Drewe resigned effective 28 February 2020.

3 Matt Morgan purchased shares on market as advised to the market on 20 December 2019.

7.7 Options

In the reporting period, no Directors or Officers were issued any options as part of their remuneration.

In relation to the 4,780,229 options issued to holders of OSD Pty Ltd options in FY2019, these options will convert into ordinary shares in LogiCamms Limited in the number that is equal to the number of options exercised. The expiry date in relation to the 4,780,229 options is 21 July 2021, and they may be exercised by the holders at any time prior to that expiry date. The holders of the options do not have any right to participate in any share issue.

If all the options are exercised then they will represent 2.38% of the total issued ordinary shares, and LogiCamms will receive $526,500.

No shares have been issued during the 2020 financial year or since as a result of the exercise of any options.

Directors' Report (continued)

7. Remuneration Report – Audited (continued)

7.7 Options (continued)

Option Holder	No. of OSD options	Strike price for conversion into OSD shares	OSD option expiry date	Converts into number of LCM options	Strike price for conversion to LCM shares	LCM option expiry date	Proceeds if exercised
Linton Wayne Paul Burns and Suzanne Mary Byrne as trustees for Burns Family Trust	100,000	$1.33	21 July 2021	1,062,273	$0.1252	21 July 2021	$133,000
Linton Burns as trustee for Linton Burns Superannuation Fund	100,000	$1.16	21 July 2021	1,062,273	$0.1092	21 July 2021	$116,000
Craig Sheather	100,000	$1.16	21 July 2021	1,062,273	$0.1092	21 July 2021	$116,000
Laurie Paxton	50,000	$0.91	21 July 2021	531,137	$0.0857	21 July 2021	$45,500
Giffard Services Pty Ltd	100,000	$1.16	21 July 2021	1,062,273	$0.1092	21 July 2021	$116,000

7.8 Other statutory information

Voting of shareholders at last year's annual general meeting

At its AGM on 26 November 2019 LogiCamms Limited received approximately 99% of the votes cast in favour of the resolution adopting the remuneration report for the 2019 financial year. The company did not receive any specific feedback at the AGM or through the reporting period on its remuneration practices.

This concludes the remuneration report, which has been audited.

8. Non-Audit Services

During the year PwC, the Group's auditor, provided non-audit services. The non-audit services provided by PwC consisted of tax compliance services in the amount of $155,282, this included advice pertaining to the reverse takeover, in particular, the completion of the Purchase Price Allocation.

The Directors are satisfied that the provision of non-audit services by PwC during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 (Cth), based on advice from the Group's Audit & Risk Committee, for the following reasons:

- The non-audit services did not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

Details of the amounts paid to the auditor of the Group, PwC, and its related practices for audit and non-audit services provided during the year are set out in note 4(j) of the Financial Report below. No amounts were paid to other auditors in respect of the statutory audit.

9. Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* (Cth) for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001* (Cth).

10. Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 (Cth) is set out on page 32.

11. Rounding of Amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016. Amounts in the Directors' report have been rounded off in accordance with that Legislative Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

12. Resolution Approving Directors' Report

This Directors' Report is made in accordance with a resolution of Directors.

Phillip Campbell
Chairperson

Brisbane
28 August 2020

Auditor's Independence Declaration

As lead auditor for the audit of LogiCamms Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

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

Michael Crowe
Partner
PricewaterhouseCoopers

Brisbane
28 August 2020

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LogiCamms Limited
Financial Report

ABN 90 127 897 689

Current Reporting Period
Financial Year ended 30 June 2020

Previous Corresponding Period
Financial Year ended 30 June 2019

Inside this report

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2020

	Notes	2020 $'000	2019 $'000
Revenue	4(a)	**116,996**	35,030
Cost of sales	4(f)	**(80,680)**	(28,082)
Gross profit		**36,316**	6,948
Other income	4(b)	**1,418**	24
Acquisition costs	4(c)	**-**	(1,258)
Impairment losses on investment	9(b)	**(331)**	-
Other operating expenses	4(e)	**(32,763)**	(5,701)
Profit from operating activities		**4,640**	13
Finance (expense)/income	4(d)	**(623)**	5
Share of net profit of equity accounted investees	9(b)	**23**	29
Profit before income tax		**4,040**	47
Income tax (expense)/credits	4(g)	**(1,244)**	134
Profit for the year attributable to owners of the Company		**2,796**	181
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign currency translation differences		**(294)**	111
Other comprehensive income for year, net of tax		**(294)**	111
Total comprehensive profit for the year attributable to owners of the Company		**2,502**	292
Earnings per share			
Basic earnings per share (cents per share)	4(h)	**1.4**	0.0
Diluted earnings per share (cents per share)	4(h)	**1.3**	0.0

As set out in note 2, basis of preparation, the consolidated statement of profit or loss and comprehensive income for the year end 30 June 2019 represents the result of OSD for the period from 1 July 2018 to 30 June 2019 and the results of LogiCamms for the period from 28 June 2019 to 30 June 2019. The consolidated statement of profit or loss and comprehensive income for the year end 30 June 2020 represents the consolidated entity's result comprising OSD and LogiCamms.

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	2020 $'000	2019 $'000 (Restated)
Assets			
Cash and cash equivalents	5(a)	**15,930**	8,346
Trade and other receivables	5(b)	**17,142**	24,309
Contract assets	5(b)	**1,820**	5,417
Current tax assets	4(g)	**156**	514
Total current assets		**35,048**	38,586
Investment in equity accounted investees	9(b)	**68**	416
Property, plant and equipment	6(a)	**1,334**	2,605
Right-of-Use Assets	6(b)	**4,687**	-
Deferred tax assets	4(g)	**6,961**	7,381
Intangible assets	6(c)	**10,589**	10,208
Total non-current assets		**23,639**	20,610
Total assets		**58,687**	59,196
Liabilities			
Trade and other payables	5(c)	**10,353**	17,548
Contract liabilities	5(d)	**3,417**	4,663
Borrowings	5(g)	**1,537**	910
Lease liabilities	6(b)	**2,344**	-
Current tax liability	4(g)	**743**	395
Employee benefits	5(e)	**5,578**	3,895
Provisions	5(f)	**1,421**	1,545
Total current liabilities		**25,393**	28,956
Trade and other payables	5(c)	**-**	778
Employee benefits	5(e)	**124**	729
Borrowings	5(g)	**2,011**	2,816
Lease liabilities	6(b)	**2,805**	-
Provisions	5(f)	**679**	656
Total non-current liabilities		**5,619**	4,979
Total liabilities		**31,012**	33,935
Net assets		**27,675**	25,261
Equity			
Share capital	7(a)	**21,013**	21,013
Reserves	7(b)	**107**	323
Retained earnings		**6,555**	3,925
Total equity attributable to owners of the Company		**27,675**	25,261

See note 12 for details regarding the restatement as a result of Purchase Price Allocation (PPA) adjustment.

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

	Notes	Attributable to the owners of LogiCamms Share Capital $'000	Reserves $'000	Retained earnings $'000	Total $'000
Balance at 1 July 2018		5,783	(72)	5,928	11,639
Profit for the year		–	–	181	181
Other comprehensive income		–	111	–	111
Total comprehensive income for the year		–	111	181	292
Net contributions of equity	12	15,230	284	–	15,514
Dividends paid	7(c)	–	–	(2,184)	(2,184)
Balance at 30 June 2019		21,013	323	3,925	25,261
Balance at 30 June 2019		**21,013**	**323**	**3,925**	**25,261**
Change in accounting policy	3(f)	**–**	**–**	**(166)**	**(166)**
Restated total equity at 1 July 2019		**21,013**	**323**	**3,759**	**25,095**
Profit for the year		**–**	**–**	**2,796**	**2,796**
Other comprehensive income		**–**	**(294)**	**–**	**(294)**
Total comprehensive income for the year		**–**	**(294)**	**2,796**	**2,502**
Share based payment	7(b)	**–**	**78**	**–**	**78**
Balance at 30 June 2020		**21,013**	**107**	**6,555**	**27,675**

As set out in note 2, basis of preparation, the comparative information for 30 June 2019 comprises the equity balances of OSD at 1 July 2018, the profit for the year and transactions with equity holders of OSD including the impact of the reverse acquisition, and the equity balances of the consolidated group comprising OSD and LogiCamms at 30 June 2019. The consolidated statement of changes in equity for the period 1 July 2019 to 30 June 2020 represents the changes in equity of the consolidated entity comprising OSD and LogiCamms for that period.

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2020

	Notes	2020 $'000	2019 $'000
Cash flows from operating activities			
Receipts from customers (including GST)		**140,532**	36,845
Payments to suppliers and employees (including GST)		**(128,018)**	(29,914)
		12,514	6,931
Interest paid		**(626)**	(23)
Transaction costs relating to acquisition		**-**	(448)
Income taxes paid		**(317)**	(1,014)
Net cash inflow from operating activities	5(a)	**11,571**	5,446
Cash flow from investing activities			
Acquiree's cash position on acquisition at 28 June 2019	12	**-**	3,057
Dividends from Associates	9(b)	**40**	24
Interest received		**3**	28
Proceeds from sale of property, plant and equipment		**56**	(9)
Acquisition of property, plant and equipment and intangibles		**(1,453)**	(95)
Net cash (outflow)/inflow from investing activities		**(1,354)**	3,005
Cash flow from financing activities			
Proceeds from borrowings		**1,942**	-
Repayment of related entity borrowings		**-**	(3,000)
Repayment of borrowings		**(1,980)**	(191)
Repayment of lease liabilities		**(2,301)**	-
Dividends paid to company shareholders		**-**	(2,184)
Net cash outflow from financing activities		**(2,339)**	(5,375)
Net increase in cash and cash equivalents		**7,878**	3,076
Cash and cash equivalents at the beginning of the year		**8,346**	5,159
Effects of exchange rate changes on cash and cash equivalents		**(294)**	111
Cash and cash equivalents at the end of the year	5(a)	**15,930**	8,346

As set out in note 2, basis of preparation, the comparative information for 30 June 2019 comprises the opening cash balance of OSD as at 1 July 2018, the transactions for the year being 12 months of OSD and 2 days of LogiCamms including the impact of the reverse acquisition on the cash balance. The statement of cash flows for the period 1 July 2019 to 30 June 2020 represents the cash flows of the consolidated entity comprising OSD and LogiCamms for the year.

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. General information

LogiCamms Limited (the "Company") or ("LogiCamms") is a company domiciled in Australia. The address of the Company's registered office is Level 14, 200 Mary Street, Brisbane, Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2020 comprise the Company and its subsidiaries (together referred to as "the Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities.

The Group is primarily involved with the resources, energy and infrastructure sectors providing Engineering and Training services, primarily in Australia, New Zealand, Papua New Guinea and the Pacific Islands.

The financial statements were approved by the Board of Directors on 28 August 2020.

2. Basis of preparation

(a) Statement of compliance

The financial report is a general-purpose financial report, which:

- has 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") and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board as applicable to a for-profit entity.
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or before 1 July 2019.
- does not early adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective.

(b) Basis of measurement and presentation currency

The Consolidated financial statements have been prepared on the historical cost basis.

The Consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

The Company is of a kind referred to in legislative instrument 2016/191 and in accordance with that legislative instrument, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(c) Business Combination – Reverse Acquisition

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer. Acquisition-related costs are expensed as incurred.

LogiCamms completed the legal acquisition of OSD Pty Ltd on 28 June 2019.

Under the terms of AASB 3 Business Combinations, OSD was deemed to be the accounting acquirer in the business combination. This transaction has therefore been accounted for as a reverse acquisition under AASB 3. Accordingly, the consolidated financial statements of LogiCamms was prepared as a continuation of the consolidated financial statements of OSD. OSD as the deemed acquirer, accounted for the acquisition of LogiCamms at 28 June 2019. Refer to note 12 for further details of the business combination.

The implications for the application of AASB 3 on the financial statements is as follows:

Consolidated Statement of profit and loss and comprehensive income

- The 2020 Consolidated statement of profit or loss and comprehensive income comprises 12 months of the consolidated entity's result comprising OSD and LogiCamms.
- The 2019 Consolidated statement of profit or loss and comprehensive income comprises 12 months of OSD's results and the results of LogiCamms for the year from the acquisition date to the financial year end being 28 June 2019 to 30 June 2019.

Consolidated Statement of financial position

- The 2020 and 2019 statement of financial position represent that of the consolidated entity.

Consolidated Statement of changes in equity

- The 2020 statement of changes in equity represents the changes in equity of the consolidated entity comprising OSD and LogiCamms for the period ended 30 June 2020.
- The 2019 statement of changes in equity comprises the opening equity balances of OSD as at 1 July 2018, the profit for the year and transactions with equity holders being 12 months of OSD and 2 days of LogiCamms including the impact of the reverse acquisition on the equity balances and the closing equity balances of the consolidated entity as at the end of the period being 30 June 2019.

Consolidated Statement of cash flows

- The 2020 statement of cash flows represents the cash flows of the consolidated entity comprising OSD and LogiCamms for the period ended 30 June 2020.
- The 2019 statement of cash flows comprises the opening cash balance of OSD as at 1 July 2018, the transactions for the year being 12 months of OSD and 2 days of LogiCamms including the impact of the reverse acquisition on the cash balance.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on amounts recognised in the financial statements are included in the following notes:

Note 8 – Risk – going concern

Notes 4(a) and 5(b) – revenue recognition, trade receivables and contract assets

Note 4(g) – recoverability of deferred tax assets

Note 6(c) and 8(c) – measurement of the recoverable amounts of cash-generating units containing goodwill

Note 12 – business combination

(d) Going concern

The financial statements have been prepared on a going concern basis. Refer note 8(b) for further commentary.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by the Group.

(a) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (“GST”), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

(b) Foreign currency

Foreign currency transactions

Transactions included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency”). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency using the year end exchange rates. Foreign currency gains or losses on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

3. Significant accounting policies (continued)

(b) Foreign currency (continued)

Foreign currency transactions (continued)

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in consolidated statement of profit or loss.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the presentation currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such items are considered to form part of the net investment in the foreign operation and are recognised in other comprehensive income and presented in the translation reserve in equity.

(c) New and amended standards adopted

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2019:

- AASB 16 Leases
- AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle
- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement
- Interpretation 23 Uncertainty over Income Tax Treatments

The Group revised its accounting policies as a result of adopting AASB 16. The Group elected to adopt the new standard using the modified retrospective method but recognised the cumulative effect of initially applying the new standard on 1 July 2019. This is disclosed in note 3(f). Other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

The Group has not elected to early adopt any accounting standards and / or amendments.

(d) New accounting standards and interpretations not yet adopted

There are no standards, not yet effective that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(e) Other accounting policies

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to these financial statements.

(f) Changes in accounting policies

This note explains the impact of the adoption of AASB 16 Leases on the Group's financial statements.

As indicated in note 3(c) above, the Group has adopted AASB 16 Leases retrospectively from 1 July 2019 but has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are recognised in the opening balance sheet on 1 July 2019. The new accounting policies are disclosed in note 6(b).

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 4.55%.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application.

3. Significant accounting policies (continued)

(f) Changes in accounting policies (continued)

(i) Practical expedients applied

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review there were no onerous contracts as at 1 July 2019;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying AASB 117 and Interpretation 4 Determining whether an Arrangement contains a Lease.

(ii) Measurement of lease liabilities

	2019 $'000
Operating lease commitments disclosed as at 30 June 2019	8,734
Discounted using the lessee's incremental borrowing rate at the date of initial application	8,266
Less short term lease recognised on a straight line basis	(957)
Lease liability recognised as at 1 July 2019	7,309
Of which are:	
Current lease liabilities	2,384
Non-current lease liabilities	4,925
	7,309

(iii) Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 30 June 2019.

The recognised right-of-use assets relate to the following types of assets:

	1 July 2019 $'000
Properties (refer note below)	7,031
Equipment (Reclassification from PPE note – 6(a))	41
Total right-of-use assets	**7,072**

(iv) Adjustments recognised in the consolidated statement of financial position on 1 July 2019

The change in accounting policy affected the following items in the consolidated statement of financial position on 1 July 2019:

	Amount $'000
Right-of-use assets – increase by	7,072
Deferred tax assets – increase by	71
Total impact on assets	**7,143**
Lease liabilities – increase by	7,309
Total impact on liabilities	**7,309**
The net impact on retained earnings on 1 July 2019	**166**

4. Operations – results for the year

(a) Revenue

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time in the following major service lines and geographical regions:

2020	Australia $'000	New Zealand $'000	Total $'000
Engineering services			
— Services revenue	**87,863**	**14,855**	**102,718**
— EPC revenue	**8,626**	**–**	**8,626**
Training services	**5,652**	**–**	**5,652**
Total revenue from external parties	**102,141**	**14,855**	**116,996**
Timing of revenue recognition			
Over time	**102,141**	**14,855**	**116,996**

2019	Australia $'000	New Zealand $'000	Total $'000
Engineering services			
— Services revenue	25,593	3,429	29,022
— EPC revenue	6,008	–	6,008
Total revenue from external parties	31,601	3,429	35,030
Timing of revenue recognition			
Over time	31,601	3,429	35,030

Revenue from contracts with customers

Where performance obligations are satisfied over time, revenue is recognised in the consolidated statement of profit and loss by reference to the progress towards complete satisfaction of each performance obligation. This does not include any significant financing component.

» Revenue Recognition — Service Based Contracts

Revenue from the provision of consulting services is typically recognised over time (typically 3 to 4 months in duration) when the Group has an enforceable right to payment for its performance completed to date.

» Revenue Recognition — Provision of contract Engineering, Procurement and Construction services (EPC).

Contracts with customers to provide contract engineering, procurement and/or construction services can include either one performance obligation or multiple integrated performance obligations within each contract. The Group assesses each of its contracts individually and where there are separate performance obligations identified, the transaction price is allocated based upon the relative stand-alone selling prices of the services provided.

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably.

Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the consolidated statement of profit or loss.

Revenue is recognised over time, typically based on an input method using an estimate of costs incurred to date as a percentage of total estimated costs at contract completion.

» Revenue Recognition — Training Services

Revenue from training services is recognised over time (typically 1 to 5 days in duration) when the training services are delivered and the Group has an enforceable right to payment for training once it has been attended by the participant.

4. Operations – results for the year (continued)

(b) Other income

	2020 $'000	2019 $'000
Net foreign exchange gains	**239**	18
AU JobKeeper Payment*	**585**	–
NZ Wages subsidy*	**487**	–
Sundry income	**107**	6
	1,418	24

* Government grants relating to JobKeeper payment and wages subsidy allowances are recognised in the consolidated statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate.

(c) Acquisition costs

	2020 $'000	2019 $'000
Legal expenses	–	389
External consultancy expenses	–	711
IT expenses	–	9
Labour costs	–	149
	–	1,258

(d) Finance (expenses)/income – net

	2020 $'000	2019 $'000
Interest income on bank deposits	**3**	28
Interest expense on financial liabilities	**(626)**	(23)
	(623)	5

(e) Other operating expenses

The consolidated statement of profit or loss and other comprehensive income includes the following specific expenses:

	Notes	2020 $'000	2019 $'000
Salaries and wages		**18,463**	1,867
Employment related expenses		**1,218**	422
General outgoings		**1,608**	703
Subscriptions, licences and memberships		**2,244**	557
Consulting		**1,636**	842
Depreciation and amortisation*		**3,891**	339
Insurance		**1,318**	336
Other administrative expenses		**2,385**	635
		32,763	5,701

*Included in above is depreciation on Property, Plant an Equipment $935K, Right-Of-Use Asset $2,330K and Intangible Assets $626K

4. Operations – results for the year (continued)

(f) Cost of sales

	2020 $'000	2019 $'000
Personnel expenses	**46,220**	15,603
Contractor expenses	**10,734**	4,859
Project reimbursable expenses (including procurement)	**23,726**	7,620
	80,680	28,082

Personnel expenses and Contributions to defined contribution superannuation funds

The Group's accounting policy for liabilities associated with employee benefits is set out in note 5(e). All employees in Australia are party to a defined contribution superannuation scheme and receive fixed contributions from the Group. A similar arrangement (Kiwisaver) is in place for employees in New Zealand but this scheme is voluntary and a small number of employees choose not to participate. The Group's legal or constructive obligation is limited to these contributions in Australia and New Zealand. Contributions to defined contribution funds are recognised as an expense as they become payable.

(g) Taxation

Income tax expense comprises current and deferred tax. Current and deferred tax is recognised in consolidated statement of profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income.

Income tax expense

	2020 $'000	2019 $'000
Current tax expense		
Current year	**(824)**	(797)
Deferred tax expense		
(Decrease)/increase deferred tax assets	**(420)**	931
Total income tax (expense)/benefit	**(1,244)**	134
Numerical reconciliation between tax expense and pre-tax accounting profit		
Profit for the year	**2,796**	181
Total income tax (expense)/benefit	**(1,244)**	134
Profit before income tax	**4,040**	47
Income tax using the Company's domestic tax rate of 30% (2019 – 30%)	**(1,212)**	(14)
Withholding taxes paid	**-**	-
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Sundry items	**(64)**	1
Non-deductible expenses	**32**	147
Total income tax (expense)/benefit	**(1,244)**	134

The difference between the actual income tax expense and the income tax expense using the Company's domestic rate of 30% is mainly attributable to tax losses and incentives not recognised combined with goodwill impairment.

4. Operations – results for the year (continued)

(g) Taxation (continued)

Current tax assets and liabilities

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

	2020 $'000	2019 $'000
Current tax asset		
Current tax asset	**156**	514
Current tax liability		
Current tax liability	**743**	321
Current tax liability recognised on acquisition	–	74
	743	395

The current tax asset relates to non-resident contractor withholding tax.

Tax assets and liabilities — recognised deferred tax assets and liabilities

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is based upon the expected manner of realisation or settlement of the carrying amount of assets and liabilities using the applicable tax rates. Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets; and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets	2020 $'000	2019 $'000
The balance comprises temporary differences attributable to:		
Tax losses	**4,709**	5,664
Employee benefits	**2,133**	1,659
Contract liabilities	**1,013**	1,238
Other deferred tax assets	**1,283**	1,571
	9,138	10,132
Set-off of deferred tax liabilities pursuant to set-off provisions	**(2,177)**	(2,751)
Net deferred tax assets	**6,961**	7,381

4. Operations – results for the year (continued)

(g) Taxation (continued)

Deferred tax assets	Tax losses $'000	Employee benefits $'000	Contract liabilities $'000	Other deferred tax assets $'000	Total $'000
Movements					
At 1 July 2018	–	387	–	425	812
(Charged)/credited					
– to profit or loss	–	(4)	–	338	334
(Charged)/credited					
– to reserves	–	–	–	–	–
Deferred tax asset recognised on acquisition	5,664	1,276	1,238	808	8,986
At 30 June 2019	5,664	1,659	1,238	1,571	10,132
At 1 July 2019	**5,664**	**1,659**	**1,238**	**1,571**	**10,132**
(Charged)/credited					
– to profit or loss	**(955)**	**474**	**(225)**	**(217)**	**(923)**
(Charged)					
– to reserves	–	–	–	**(71)**	**(71)**
At 30 June 2020	**4,709**	**2,133**	**1,013**	**1,283**	**9,138**

Deferred tax liabilities	2020 $'000	2019 $'000
The balance comprises temporary differences attributable to:		
Work in progress	**(533)**	(1,490)
Customer relationships	**(1,079)**	(1,249)
Other deferred tax liabilities	**(565)**	(12)
	(2,177)	(2,751)
Set-off of deferred tax liabilities pursuant to set-off provisions	**2,177**	2,751
Net deferred tax liabilities	**–**	–

Deferred tax liabilities	Customer relationships $'000	Work in progress $'000	Other deferred tax liabilities $'000	Total $'000
Movements				
At 1 July 2018	–	–	(15)	(15)
Credited to profit or loss	–	62	3	65
Deferred tax liabity recognised on acquisition	(1,249)	(1,552)	–	(2,801)
At 30 June 2019	(1,249)	(1,490)	(12)	(2,751)
At 1 July 2019	**(1,249)**	**(1,490)**	**(12)**	**(2,751)**
Credited/(charged) to profit or loss	**170**	**957**	**(553)**	**574**
At 30 June 2020	**(1,079)**	**(533)**	**(565)**	**(2,177)**

4. Operations – results for the year (continued)

(g) Taxation (continued)

Deferred tax is not recognised for the following temporary differences:

» Initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;

» Differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and

» Initial recognition of goodwill.

At 30 June 2020 there was a tax benefit of $7.4million (2019: $8.3million) relating to unused tax losses of $24.5million.

Tax consolidation

The Company and its wholly owned Australian resident entities are part of a Tax Consolidated Group. Consequently, all members of the Tax Consolidated Group are taxed as a single entity. The head entity within the Tax Consolidated Group is LogiCamms Limited.

(h) Earnings per share

Reconciliation of earnings used in calculating earnings per share

	2020 $'000	2019 $'000
Profit for the year	**2,796**	181
WANOS[1] used to calculate basic EPS (Shares)	**200,908**	118,920
WANOS[1] used to calculate diluted EPS (Shares)	**207,438**	123,707
Basic EPS (cents per share)	**1.4**	0.0
Diluted EPS (cents per share)	**1.3**	0.0

1 Weighted average number of ordinary shares

	2020 $'000	2019 $'000
Number of shares		
WANOS used to calculate basic EPS (Shares)	**200,908**	118,920
Effect of performance rights on issue	**6,530**	4,787
WANOS used to calculate diluted EPS (Shares)	**207,438**	123,707

Calculation of earnings per share

Basic earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the WANOS, adjusted for any bonus elements.

Diluted earnings per share

Diluted earnings per share are calculated as net profit attributable to members of the parent, adjusted for:

» cost of servicing equity (other than dividends);

» the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and

» other non-discretionary changes in revenue or expenses during the year that would result from the dilution of potential ordinary shares divided by the WANOS and dilutive potential ordinary shares, adjusted for any bonus element.

4. Operations – results for the year (continued)

(i) Segment reporting

The Group has two reportable segments in which it operates, being Engineering services and Training. This is based on information that is internally provided to the executive group for assessing performance and making operating decisions. Therefore, no additional disclosure in relation to the revenues, profit or loss, assets and liabilities or other management items has been made.

The Group is domiciled in Australia, with operations across Australia, New Zealand, Papua New Guinea and the Pacific Islands. Revenue and non-current assets are attributed to the reportable segments based on the revenue and non-current assets owned by the subsidiaries domiciled in each region and are as follows:

Revenue

	2020 $'000	2019 $'000
Engineering services	**111,344**	35,030
Training services	**5,652**	–
	116,996	35,030

Reconciliation of EBITDA to operating profit before income tax is as follows:

	2020 Engineering $'000	2020 Training $'000	2020 Total $'000	2019 Engineering $'000
EBITDA	**7,416**	**1,138**	**8,554**	409
EBITDA			**8,554**	409
Finance cost			**(623)**	(23)
Depreciation and amortisation			**(3,891)**	(339)
Profit before income tax from continuing operations			**4,040**	47

Details of the Group's most significant customer revenues at 30 June 2020 are shown in the following table. The most significant single customer at 30 June 2020 is a large, publicly listed resources company.

	2020 $'000	% of revenue 2020	2019 $'000	% of revenue 2019
Most significant single customer	**13,354**	**11%**	9,530	27%
Top 10 most significant customers	**61,592**	**53%**	27,941	80%

	2020 $'000	2019 $'000
Non-current assets excluding deferred tax assets		
Australia	**15,886**	16,788
New Zealand	**792**	489
	16,678	17,277

4. Operations – results for the year (continued)

(j) Auditors' remuneration

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2020 $	2019 $
Audit services		
Audit and review of the Company's Financial Report	**270,192**	340,573
Non-audit services		
Tax compliance services	**155,282**	70,000
Other assurance services	**–**	220,000
	155,282	290,000
Total remuneration of PwC	**425,474**	630,573

(k) Leases

As explained in note 3(c) and 3(f) above, the Group has changed its accounting policy for leases where the group is the lessee.

The Group leases various offices, equipment and vehicles. Rental contracts are typically made for fixed periods of 12 months to 10 years, but may have extension options.

Until 30 June 2019, leases of property, plant and equipment (where the Group, as lessee, had substantially all the risks and rewards of ownership) were classified as finance leases. Finance leases were capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables. Each lease payment was allocated between the liability and finance cost. The finance cost was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life, or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the group as lessee were classified as operating leases (note 11). Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

4. Operations – results for the year (continued)

(k) Leases (continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to consolidated statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in consolidated statement of profit and loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Depreciation and amortisation

The Group's accounting policies for depreciation and amortisation are set out in note 6.

5. Operations – Operating assets and liabilities

(a) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts. Cash balances reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year.

	2020 $'000	2019 $'000
Cash and cash equivalents at 30 June:		
Cash on hand	–	1
Cash at bank	**15,930**	8,345
	15,930	8,346

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities is disclosed in note 8(b).

Reconciliation of cash flows from operating activities

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

	2020 $'000	2019 $'000
Cash flows from operating activities		
Profit for the year	**2,796**	181
Adjustments for:		
Depreciation & amortisation	**3,891**	339
Share of profits of associate	**(23)**	(29)
Loss on Fixed Assets disposal	**781**	–
Impairment losses on investment	**331**	–
Share based payments	**78**	–
Interest received	**(3)**	(28)
Adjusted operating profit before changes in working capital and provisions	**7,851**	463
Change in trade and other receivables	**7,167**	1,481
Change in contract assets	**3,597**	30
Change in trade and other payables	**(7,972)**	4,708
Change in deferred tax asset	**491**	(396)
Change in income taxes payable	**706**	(1,342)
Change in contract liabilities	**(1,246)**	265
Change in provisions and employee benefits	**977**	237
Net cash from operating activities	**11,571**	5,446

5. Operations – Operating assets and liabilities (continued)

(b) Trade and other receivables

	2020 $'000	2019 $'000
Current		
Trade receivables	**15,708**	23,372
Loss allowances/Provision for impairment of receivables	**(130)**	(226)
Prepayments and sundry debtors	**1,564**	1,163
	17,142	24,309
Contract assets	**1,820**	5,417

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on their shared characteristics and the days past due.

Contract assets represent balances earned, but which are not yet unconditional and have substantially the same characteristics as trade receivables. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation for the contract asset balances.

The expected credit loss rates are based on the historical payment profile of receivables prior to 30 June 2020 and the corresponding historical credit losses experienced during this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Other attributes considered include observing a deterioration of customer credit ratings together with any delays experienced in customer collections. The expected credit losses have been assessed but are not considered material.

Individual debts which are known to be non-collectible are written off as identified.

(c) Trade and other payables

	2020 $'000	2019 $'000
Current		
Trade payables	**3,101**	8,514
GST payable	**1,885**	913
Accrued expenses	**4,674**	5,745
Sundry creditors	**693**	1,816
Lease incentives	–	560
	10,353	17,548
Non-Current		
Lease incentives	–	778

Trade and other payables are recognised initially at fair value less transaction costs and subsequently at amortised cost using the effective interest method.

The Group's exposure to currency and liquidity risk related to Trade and other payables is disclosed in note 8(b).

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Tax Office ("ATO") is included as a current asset or liability in the statement of financial position.

Lease incentives were included in Trade and other payables until 30 June 2019 but were reclassified to lease liabilities on 1 July 2019 in the process of adopting the new leasing standard. See note 3(f) for further information about the change in accounting policy for leases.

5. Operations – Operating assets and liabilities (continued)

(d) Contract liabilities

	2020 $'000	2019 $'000
Contract liabilities	**3,417**	4,663

The contract liabilities primarily relate to consideration received from customers in advance of providing goods or services, or unearned revenue. These liabilities will be recognised as revenue when the services are performed.

(e) Employee benefits

	2020 Current $'000	2020 Non-current $'000	2020 Total $'000	2019 Current $'000	2019 Non-current $'000	2019 Total $'000
Leave obligations	**5,578**	**124**	**5,702**	3,895	729	4,624

Annual leave, long service leave and time off in lieu

The liability for annual leave, long service leave and time off in lieu is measured as the present value of expected future payments (including on-costs) for the service provided by employees up to the reporting date. Expected future payments are discounted using the yield on high-quality corporate bonds that have maturity dates approximating the terms of the Group's obligations.

(f) Provisions

	2020 Current $'000	2020 Non-current $'000	2020 Total $'000	2019 Current $'000	2019 Non-current $'000	2019 Total $'000
Onerous lease provision	–	–	–	368	–	368
Bonus provision	**740**	–	**740**	297	–	297
Make good provision	–	**679**	**679**	242	656	898
Service warranties	**198**	–	**198**	176	–	176
Restructuring/redundancy costs	**483**	–	**483**	462	–	462
Total	**1,421**	**679**	**2,100**	1,545	656	2,201

The movement in provisions for the period is shown below:

	Onerous lease provision $'000	Bonus provision $'000	Make good provision $'000	Service warranties $'000	Restructuring/ redundancy costs $'000	Total $'000
Carrying amount at 1 July 2019	368	297	898	176	462	2,201
Credited to profit or loss	–	–	9	–	–	9
addition provisions recognised	–	740	–	176	483	1,399
unused amounts reversed	–	(80)	–	(147)	–	(227)
Amounts used during the year	(368)	(217)	(228)	(7)	(462)	(1,282)
Carrying amount at 30 June 2020	–	**740**	**679**	**198**	**483**	**2,100**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

5. Operations – Operating assets and liabilities (continued)

(f) Provisions (continued)

Warranty

A provision for warranty is usually recognised at the commencement of a project based on risks identified during the planning stage. Projects are subsequently reviewed periodically to ensure provisions remain sufficient. A full reassessment is performed at each reporting date, taking into account historical warranty expenses and contract terms to ensure the provision is appropriate.

Onerous leases

A provision for onerous leases is recognised when the expected benefits (expected lease inflows) to be derived by the Group from a lease are lower than the unavoidable cost of meeting its obligations under the lease. The provision is measured at the present value of the lower of the expected cost of terminating the lease and the expected net cost of continuing the lease. Before a provision is established, the Group recognises any impairment loss on the assets associated with the lease.

Bonus provision

The Group recognised a liability and an expense for bonuses based on a formula that takes into consideration incentive (or other bonus) arrangements in place relative to the anticipated performance relative to the criteria in those arrangements. The Group recognised a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Make good provision

A make good obligation is recognised when the Group leases premises and the lease contract contains an obligation to return the premises to its pre-lease condition at the conclusion of the lease. The provisions are calculated on a $/sqm basis, are reviewed for appropriateness periodically, and recorded at the present value of the estimated future cost to make good the premises.

(g) Borrowings

	2020			2019		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Secured						
Bank loans	**1,200**	**1,800**	**3,000**	600	2,400	3,000
Equipment loans	**337**	**211**	**548**	210	349	559
Lease liabilities (iv)	–	–	–	42	67	109
	1,537	**2,011**	**3,548**	852	2,816	3,668
Unsecured						
Insurance premium financing	–	–	–	26	–	26
Lease liabilities	–	–	–	32	–	32
	–	–	–	58	–	58
Total borrowings	**1,537**	**2,011**	**3,548**	910	2,816	3,726

5. Operations – Operating assets and liabilities (continued)

(g) Borrowings (continued)

Movements in borrowings

The movement in borrowings for the period is shown below:

	Bank loans $'000	Equipment finance loans $'000	Insurance premium funding $'000	Total $'000
Carrying amount at the start of the year	3,000	668	58	3,726
Additional borrowings	–	691	1,252	1,943
Repayments during the year	–	(702)	(1,278)	(1,980)
Reclassify to lease liabilities (iv)	–	(109)	(32)	(141)
Carrying amount at end of year	**3,000**	**548**	–	**3,548**

(i) Secured liabilities and assets pledged as security

Bank loans represent amounts borrowed under the Group's multi-option working capital facility with NAB. The loan is in the form of a three-year corporate market loan interest only for the first six months followed by quarterly amortisation payments (repayment of principal) of $300,000. As part of the Group's cash preservation measures as a result of COVID-19, NAB agreed to defer the 31 March 2020 and 30 June 2020 payments with the $600,000 deferment now being payable on 30 June 2022.

Covenants imposed by the bank include a Finance Charges Cover Ratio, whereby the Group's EBITDA is adjusted for any finance lease charges and must exceed interest expenses by a ratio of 2:1, an Operating Leverage to EBITDA Ratio, where the Group's Total Debt must not exceed 3:1, and a Bank Guarantee Security Value covenant to be less than 100% at all times. Finally, the dividend payment amount of the Group in respect of any financial year must not exceed 60% of its net profit after tax for that financial year.

LogiCamms has not breached its covenants during the financial year. The Group renewed its facilities with NAB in FY2019, extending the expiry date of the multi-option facility to 30 June 2022. The new facility was contingent upon a $3million reduction to the NAB Corporate Markets loan balance of $6million at the time of the merger. All facilities except the corporate market loan are subject to annual review with the next review to take place in October 2020. Details of the amount utilised and available at the reporting date is set out below:

Facility	Limit at 30 June 2020	Amount used	Amount available
NAB Multi-option Facility	$11.0million	$8.3million	$2.7million
Corporate Markets Loan	$3.0million	$3.0million	$0.0million
Bank Guarantee Facility	$6.5million	$5.3million	$1.2million
Business Overdraft	$1.5million	$0.0million	$1.5million
Total	**$11.0million**	**$8.3million**	**$2.7million**
NAB Corporate and Purchasing Card	$0.3million	$0.1million	$0.2million
NAB Revolving Lease Limit	$1.5million	$0.5million	$1.0million

Amounts amortised under the corporate markets loan are available for redraw under the bank guarantee facility.

(ii) Bank guarantees and contract performance bonds

The Group utilises bank guarantees as security for its obligations under premises leases and to guarantee its performance and warranty obligations under certain construction, procurement and engineering services contracts. Refer to note 5(g) (i) for detail. Current bank guarantee limit is subject to review in October 2020.

(iii) Other facilities

The Group uses short-term finance to fund expenses such as its insurance premiums and software licences so that the cash flow for these annual expenditures is spread over the year. These loans are not secured.

5. Operations – Operating assets and liabilities (continued)

(g) Borrowings (continued)

(iv) Finance leases — 2019

Finance lease liabilities were included in borrowings until 30 June 2019, but were reclassified to lease liabilities on 1 July 2019 in the process of adopting the new leasing standard. See note 3(f) for further information about the change in accounting policy for leases.

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented:

	2020 $'000	2019 $'000
Net debt		
Cash and cash equivalents	**15,930**	8,346
Lease liabilities — repayable within one year	**(2,344)**	–
Lease liabilities — repayable after one year	**(2,805)**	–
Borrowings — repayable within one year	**(1,537)**	(910)
Borrowings — repayable after one year	**(2,011)**	(2,816)
	7,233	4,620
Cash and cash equivalents	**15,930**	8,346
Lease liabilities	**(5,149)**	–
Gross debt — fixed interest rates	**(548)**	(726)
Gross debt — variable interest rates	**(3,000)**	(3,000)
	7,233	4,620

	Other assets	Liabilities from financing activities				
	Cash $'000	Bank loans $'000	Equipment finance loan $'000	Insurance premium funding $'000	Lease liabilities $'000	Total $'000
Carrying amount at the start of the year	8,346	(3,000)	(668)	(58)	–	4,620
Cash flows	7,584	–	11	1,278	2,301	11,174
Insurance premium finance	–	–	–	(1,252)	–	(1,252)
Lease liabilities	–	–	–	–	(7,309)	(7,309)
Reclassify to lease liabilities (iv)	–	–	109	32	(141)	–
Carrying amount at the end of the year	**15,930**	**(3,000)**	**(548)**	**–**	**(5,149)**	**7,233**

6. Non-operating assets

(a) Property, plant and equipment

	Plant and equipment $'000	Motor vehicles $'000	Leasehold improvement $'000	Total $'000
As at 1 July 2018				
Cost	2,670	573	–	3,243
Accumulated depreciation	(2,180)	(247)	–	(2,427)
Net book amount	490	326	–	816
Year ended 30 June 2019				
Opening net book amount	490	326	–	816
Additions	54	41	–	95
Additions through business combinations (Note 12)	1,018	1	945	1,964
Disposals	–	(1)	–	(1)
Depreciation charge	(186)	(92)	–	(278)
Exchange differences	1	8	–	9
Closing net book amount	1,377	283	945	2,605
As at 30 June 2019				
Cost	3,748	614	945	5,307
Accumulated depreciation	(2,371)	(331)	–	(2,702)
Net book amount	1,377	283	945	2,605
Year ended 30 June 2020				
Opening net book amount	**1,377**	**283**	**945**	**2,605**
Reclassification for change in accounting policy (Note 3)	**945**	**(41)**	**(945)**	**(41)**
Restated opening net book amount	**2,322**	**242**	**-**	**2,564**
Additions	**389**	**57**	**-**	**446**
Disposals	**(631)**	**(110)**	**-**	**(741)**
Depreciation charge	**(878)**	**(57)**	**-**	**(935)**
Closing net book amount	**1,202**	**132**	**-**	**1,334**
At 30 June 2020				
Cost	**4,451**	**520**	**-**	**4,971**
Accumulated depreciation	**(3,249)**	**(388)**	**-**	**(3,637)**
Net book amount	**1,202**	**132**	**-**	**1,334**

6. Non-operating assets (continued)

(a) Property, plant and equipment (continued)

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss from derecognising the assets (the difference between the proceeds of disposal and the carrying amount of the asset) is included in "Other income" in the period the asset is recognised.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

The estimated useful lives for the current and comparative periods are as follows:

Plant and equipment	3 – 10 years
Building fit-out costs	4 – 7 years
Motor vehicles	4 – 5 years

(b) Leases

This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the balance sheet

	30 June 2020 $'000	1 July 2019 $'000
Right-of-use assets		
Properties	**4,654**	7,031
Equipment	**33**	41
	4,687	7,072
Lease liabilities		
Current	**2,344**	2,384
Non-current	**2,805**	4,925
	5,149	7,309

In the prior year, the Group recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under AASB 117 Leases. The assets were presented in property, plant and equipment and the liabilities as part of the Group's borrowings. For adjustments recognised on adoption of AASB 16 on 1 July 2019, please refer to note 3(f).

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The right-of-use asset is depreciated over the underlying asset's useful life.

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or period after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Most extension options in offices and vehicle leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Additions to the right-of-use assets during the 2020 financial year were $nil.

6. Non-operating assets (continued)

(b) Leases (continued)

(ii) Right-of-use assets movement

	Properties $'000	Equipment $'000	Total $'000
Year Ended 30 June 2020			
Opening net book amount	–	–	–
Change in accounting policy (note 3)	7,031	41	7,072
Restated opening net book amount	7,031	41	7,072
Disposals	(55)	-	(55)
Depreciation charge	(2,322)	(8)	(2,330)
Closing net book amount	4,654	33	4,687
At 30 June 2020			
Cost	6,976	41	7,017
Accumulated depreciation	(2,322)	(8)	(2,330)
Net book amount	4,654	33	4,687

(c) Intangible assets

	Goodwill $'000	Application software $'000	Development costs $'000	Customer relationships $'000	Total $'000
As at 1 July 2018					
Cost	1,123	424	138	–	1,685
Accumulated amortisation	–	(333)	(115)	–	(448)
Net book amount (previously reported)	1,123	91	23	–	1,237
Year Ended 30 June 2019					
Opening net book amount	1,123	91	23	–	1,237
Additions through business combinations	13,080	–	–	–	13,080
Amortisation charge	–	(41)	(19)	–	(60)
Closing net book amount	14,203	50	4	–	14,257
As at 30 June 2019					
Cost	14,203	424	138	–	14,765
Accumulated amortisation	–	(374)	(134)	–	(508)
Net book amount (previously reported)	14,203	50	4	–	14,257
Restatement arising from finalisation of PPA (Note 12)	(8,213)	–	–	4,164	(4,049)
Net book amount (restated)	5,990	50	4	4,164	10,208
Year Ended 30 June 2020					
Opening net book amount	5,990	50	4	4,164	10,208
Additions	–	30	977	–	1,007
Amortisation charge	–	(30)	(2)	(594)	(626)
Closing net book amount	5,990	50	979	3,570	10,589
At 30 June 2020					
Cost	5,990	454	1,115	4,164	11,723
Accumulated amortisation	–	(404)	(136)	(594)	(1,134)
Net book amount	5,990	50	979	3,570	10,589

6. Non-operating assets (continued)

(c) Intangible assets (continued)

Goodwill

Goodwill that is acquired in a business combination is initially measured at cost. Goodwill is measured at the cost of the acquisition less the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment. Refer to note 8(c) for goodwill impairment assessment and input judgements.

Software and Systems

Capitalised software expenditure is initially recognised at cost. The expenditure capitalised includes the direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Following initial recognition, software and systems are carried at cost less amortisation and any impairment losses. Amortisation is recognised in the consolidated statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date they are available for use. The estimated useful life applied is between four and six years.

Development costs

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

» it is technically feasible to complete the software so that it will be available for use
» management intends to complete the software and use or sell it
» there is an ability to use or sell the software
» it can be demonstrated how the software will generate probable future economic benefits
» adequate technical, financial and other resources to complete the development and to use or sell the software are available
» the expenditure attributable to the software during its development can be reliably measured
» directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Customer relationships

The customer relationships were acquired as part of a business combination (see note 12 for details). They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful lives. The useful life for customer contracts is seven years.

7. Capital and reserves

(a) Share Capital – Movements in ordinary share capital

	Date	Shares $'000	Issue Price	$'000
Balance	1 July 2018	11,032		5,783
Elimination of legal acquiree shares	28 June 2019	(11,032)	$0.00	–
Shares on acquisition of OSD (reverse acquisition of LogiCamms)*	28 June 2019	118,469	$0.00	–
Shares on acquisition of LogiCamms (reverse acquisition of LogiCamms)**	28 June 2019	82,326	$0.18	15,230
On issue at 30 June 2019 — fully paid		200,795		21,013
Ordinary shares issued	28 November 2019	**192**	**$0.00**	–
On issue at 30 June 2020 — fully paid		**200,987**		**21,013**

7. Capital and reserves (continued)

(b) Reserves

	2020 $'000	2019 $'000
Share based payments reserve	**446**	368
Foreign currency reserve	**(339)**	(45)
	107	323

* The issue of shares to the legal acquiree (OSD) shareholders was calculated under the terms of the Sale and Purchase Agreement whereby they received shares equating to 59% of the total equity issued of the legal acquirer post-transaction. As the legal acquirer (LogiCamms) had 82,325,964 shares prior to the transaction, this equated to 118,469,070 shares being issued to the legal acquiree shareholders.

** The legal acquirer (LogiCamms) had 82,325,964 shares prior to the transaction. As it is the legal parent, the number of shares on issue is equivalent to the consideration as if the legal acquirer (OSD) had purchased it using the share price at the day the transaction completed.

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

The Company does not have authorised capital or par value in respect of its issued shares. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally regarding the Company's residual assets.

Where share capital recognised as equity is repurchased, the amount of consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity.

(c) Dividends

Dividends are recognised as a liability in the period in which they are declared.

Declared and paid during the year

Declared and paid during the year	2020 $'000	2019 $'000
Current Year Interim	–	331
Previous Year Final	–	1,853
	–	2,184

Franking credits	2020 $'000	2019 $'000
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2019 – 30%)	**2,263**	331

The above amounts are sourced from the balance of the OSD franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year.

8. Risk

(a) Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sale of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and term deposits.

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(b) Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

» Credit risk
» Liquidity risk
» Market risk.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

Risk management framework

The Board of Directors has delegated to the Audit and Risk Committee the responsibility to exercise oversight of how management monitors and reviews the adequacy of the risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Credit risk

Credit risk is the risk of financial loss to the Group if a contracting entity fails to meet its obligations under a financial instrument or customer contract that will result in a financial loss to the Group. The Group is exposed to credit risk from its operating activities (principally from customer receivables and financial guarantees granted to customers) and financing activities including deposits with financial institutions.

8. Risk (continued)

(b) Financial risk management (continued)

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the end of the reporting period was:

	2020 $'000	2019 $'000
Trade receivables (net of provision for impairment)	**15,578**	23,146
Sundry debtors and prepayments	**1,564**	1,164
Contract assets	**1,820**	5,417
	18,962	29,727
Cash and cash equivalents	**15,930**	8,346
	34,892	38,073

Credit risks related to trade receivables and contract assets

The Group trades with recognised, creditworthy third parties such as large resources and energy operations companies, government bodies, large contracting companies or other customers whom the Group has established trading history with. Customer credit risk is managed based on established policies, procedures and controls relating to customer credit risk management. This includes:

- *for new customers for significant work* — performing a credit worthiness assessment before credit terms are allowed and including the performance of credit checks if required;
- *prior to signing a contract that is large for that customer* — credit worthiness is assessed as part of the process of submitting the bid and negotiating terms and conditions.

In addition, the recoverability of trade receivable balance is regularly monitored as part of the monthly commercial and performance reviews of each major project by senior management to ensure that the trade receivables and the carrying value of each project's work in progress is recoverable. In extreme cases, the Group may consider ceasing work until any aged outstanding receivables or disputed amounts are paid or resolved.

The Group conducts an impairment analysis at each reporting date based on a detailed review of all trade receivables and un-invoiced work in progress to determine the likelihood of any credit losses. A provision is based on days past due and history with the associated customers and the market conditions they face. The provision 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.

A receivable is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows have occurred. Evidence that a receivable is credit-impaired includes observable data about significant financial difficulty of the debtor or a breach of contract, such as a default or past due event.

Set out below is the information on the credit risk exposure at 30 June 2020 on the Group's trade receivables and contract assets, for which lifetime expected credit losses are recognised, using a provision calculation as specified above.

The maximum exposure to credit risk for trade and other receivables (excluding loss allowances) by geographic region is as follows.

	2020 $'000	2019 $'000
Australia	**17,423**	27,999
New Zealand	**1,669**	1,954
	19,092	29,953

8. Risk (continued)

(b) Financial risk management (continued)

Details of the Group's most significant customer receivable balances at 30 June 2020 are shown in the following table. The most significant single customer at 30 June 2020 is a large, publicly listed resources company.

	Carrying amount 2020 $'000	% of trade receivables 2020	Carrying amount 2019 $'000	% of trade receivables 2019
Most significant single customer	943	6%	5,744	25%
Top 10 most significant customers	4,879	31%	15,563	67%

Impairment losses

The movement in the loss allowance in respect of trade receivables and contract assets during the year was as follows.

	2020 $'000	2019 $'000
Opening loss allowance as at 1 July	**226**	55
Increase in loss allowance recognised in profit and loss during the year	**50**	171
Receivables written off during the year as uncollectible	**(125)**	–
Unused amount reversed	**(21)**	–
Closing loss allowance at 30 June	**130**	226

Credit risks related to financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's Finance team. Investments of surplus funds are made with the Group's bankers who have a credit rating by Standard & Poor's rating agency of AA- or higher.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group manages this risk by ensuring that it has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The Group ensures that it has enough cash available on demand to meet expected operational commitments in the short term including the servicing of financial obligations. The Group regularly forecasts cash flows to assess future liquidity requirements with ample time to hold discussions with the Group's bankers, if such discussions should be required.

The following are the contractual maturities of the Group's liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount $'000	Contractual cash flows $'000	Less than one year $'000	More than one year $'000
Balance at 30 June 2020				
Financial liabilities				
Trade payables	**10,354**	**10,354**	**10,354**	**-**
Borrowings (excluding finance leases)	**3,000**	**3,012**	**1,212**	**1,800**
Lease liabilities	**5,149**	**5,149**	**2,344**	**2,805**
	18,503	**18,515**	**13,910**	**4,605**
Balance at 30 June 2019				
Financial liabilities				
Trade payables	16,988	16,988	16,988	–
Borrowings (excluding finance leases)	3,058	3,058	658	2,400
	20,046	20,046	17,646	2,400

8. Risk (continued)

(b) Financial risk management (continued)

Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	30 June 2020 $'000	30 June 2019 $'000
Bank overdraft	**1,500**	1,500
Bank guarantee	**1,163**	1,760
	2,663	3,260

As at 30 June 2020 the Group had utilised a total of $8.3million of the $11.0million limit of its Multi-Option Facility with NAB and $0.5million of the $1.5million limit of its equipment finance facility. The facility limit of the Multi-Option Facility can be allocated between working capital and bank guarantees as required.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

Interest rate risk is managed by ensuring that total interest rate cover is well in excess of minimum bank covenant requirements, to ensure the Group retains a high level of flexibility to absorb any adverse movements in interest rates.

Profile

At reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	30 June 2020 $'000	30 June 2019 $'000
Variable rate instruments		
Financial assets	**15,930**	8,346
Financial liabilities	**(3,000)**	(3,000)
	12,930	5,346
Fixed rate instruments		
Financial liabilities	**-**	(58)

8. Risk (continued)

(b) Financial risk management (continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 200 basis points in interest rates would have increased/(decreased) equity and profit by the amounts shown below. A sensitivity of 2% (2019: 2%) has been selected as this is considered reasonably possible. The Directors cannot, nor do they seek to, predict movements in interest rates. These sensitivities are shown for illustrative purposes only.

	2020 $'000	2019 $'000
Effect on profit before tax increase/(decrease)		
If interest rates were 2% higher (2019: 2%)	**11**	7
If interest rates were 2% lower (2019: 2%)	**(11)**	(7)
Effect on profit after tax increase/(decrease)		
If interest rates were 2% higher (2019: 2%)	**8**	5
If interest rates were 2% lower (2019: 2%)	**(8)**	(5)
Effect on shareholders' equity increase/(decrease)		
If interest rates were 2% higher (2019: 2%)	**8**	5
If interest rates were 2% lower (2019: 2%)	**(8)**	(5)

Foreign exchange risk

Foreign exchange risk arises from commercial transactions and recognised assets and liabilities that are denominated in or related to a currency that is not the Group's functional currency. The Group's most significant foreign exchange exposure relates to the New Zealand Dollar however this risk is considered to be low given the low level of the company's cross-border transactions between Australia and New Zealand and the structuring of intercompany loans. Contracts for work outside of Australia and New Zealand are usually denominated in Australian Dollars or New Zealand Dollars.

Fair value versus carrying amounts

The fair values and carrying amounts of financial assets and liabilities shown in the balance sheet were not materially different at 30 June 2020 due to the short-term nature of these financial assets and liabilities.

The Group has no financial instruments carried at fair value and therefore has not disclosed the fair value hierarchy.

Capital management

The Board's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The Board of Directors determines whether dividends will be declared and paid to ordinary shareholders.

The Group aims to provide a balance between share price/capital growth and income in the form of dividends. The ultimate dividend paid is determined by the Board after stringent consideration of general business and financial conditions, working capital requirements, taxation position, and future capital expenditure requirements.

As at the balance date the Group had a Multi-Option working capital and bank guarantee facility of $11.0million (refer to note 5(g) for details of this facility). The Group monitors its working capital position on a monthly basis and forecasts its cash flows on a weekly basis to ensure that adequate levels of liquidity are always maintained.

The Group also has in place an equipment lease facility with NAB of $1.5million (currently utilised $0.5million) used to fund IT capital expenditure.

The financial statements have been prepared on a going concern basis, which contemplates that the Group will continue to meet its commitments, realise its assets and settle its liabilities in the normal course of business. The COVID-19 pandemic has been unprecedented in recent times, but in the event that the economic impacts were to substantially deepen, the Directors are of the view that the Company will have liquidity available from its bankers and shareholders to continue as a going concern should additional liquidity be necessary in the short term.

8. Risk (continued)

(b) Financial risk management (continued)

Financial performance and position

The Group recorded an operating profit in FY2020 of $2.8million (2019: profit of $0.2million) and operating cash inflows of $11.6million (2019: of $5.4million). As at 30 June 2020 cash on hand was $15.9million (2019: $8.3million) and borrowings and accrued interest under the capital markets loan totaled $3.0million (2019: $3.0million).

Banking facilities

The Group operates its business activities through careful management of its cash reserves, operating cash flows and a "Multi-option" finance facility provided by NAB. At 30 June 2020, this facility had a limit of $11.0million, split $3.0million to a corporate market loan used to re-finance term debt and has an expiry date of the 30th of June 2022, $6.5million to a bank guarantee facility, and $1.5million overdraft facility to assist with short-term working capital requirements. The Group also had a revolving lease facility with a limit of $1.5million. Amortisation of the corporate market loan will increase headroom in the bank guarantee facility by an equal amount maintaining the overall facility limit at $11.0million.

Available headroom in the overdraft facility at 30 June 2020 was $1.5million. Further details on the bank facilities, including applicable financial covenants, can be found in note 5(g).

The nature of the Group's work also requires that bank guarantees or bonds are issued in relation to tenant leases and certain projects, for example during the construction phase or in respect of warranty periods or defect liability periods for equipment or facilities. At 30 June 2020, the Group had on issue $5.3million in bank guarantees which is subject to review in October 2020. The Group believes that the $1.2million headroom available under the NAB facilities as at June 2020 is sufficient to meet the future bank guarantee requirements of any currently identified projects or proposals. Amounts amortised under the corporate markets loan are available for redraw under the bank guarantee facility.

Financial position and basis of preparation

At 30 June 2020 the Group had $15.9million of cash on hand and undrawn overdraft facilities of $1.5million. As noted, at 30 June 2020 the Group recorded an operating profit after tax of $2.8million, recorded a net operating cash inflow of $11.6million and has total current borrowings of $1.5million.

The Group has prepared a detailed cash flow forecast for the next 12 months and this shows an improvement in operating cash flows. The Group continues to have a strong billing and cash collection process for contract assets and debtors, with minimal debts being written off during the year and the ageing profile of contract assets and debtors better than prior periods.

The Directors believe that the $2.7million headroom remaining under the Multi-Option Facility with NAB is sufficient to meet the foreseeable future working capital and bank guarantee requirements of the business. However, should actual results or future forecasts indicate that additional working capital is required in the future, the Directors are confident that the Group will be able to raise additional funds through an equity raising, by obtaining alternative longer-term debt facilities or through the sale of assets.

The Group's forecasts and projections, taking into account reasonably possible changes in trading performance, show that the Directors expect the Group to operate within the limit of its current facilities.

(c) Impairment

Financial assets

The Group has two types of financial assets, trade receivables and contract assets, that are subject to impairment assessment using the expected credit loss model.

Non-financial assets

Testing for impairment

The Group tests non-financial assets for impairment:

- At least annually for indefinite life intangible assets and goodwill; and
- Where there is an indication that the asset may be impaired (which is assessed at least each reporting period); or
- Where there is an indication that previously recognised impairment (on assets other than goodwill) may have changed.

8. Risk (continued)

(c) Impairment (continued)

If any such indication exists then the asset's recoverable amount is estimated, being the greater of its value in use and its fair value less costs to sell.

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 groups of assets (the "cash-generating unit").

Inputs to impairment calculations

The Value-In-Use calculation uses cash flow projections based on the Group's corporate plans and business forecasts prepared by management and approved by the Board. The corporate plans are developed annually and, on the understanding, that actual outcomes may differ from the assumptions used. For these calculations, adjustments are incorporated for the relevant industry metrics. In the circumstances that the Cash Generating Unit ("CGU") is unable to achieve the forecast growth in earnings, there is a risk that the carrying value of the two CGUs (engineering and training) would exceed its recoverable amount.

Cash flow projections over the five-year period, which are based on Group estimates, take into consideration historical performance as well as expected long-term operating conditions. Growth rates do not materially exceed the consensus forecasts of the long-term average growth rate for the market sector in which the CGUs operates.

The pre-tax discount rates are based on the weighted average cost of capital determined by prevailing or benchmarked market inputs, risk-adjusted where necessary, and other assumptions are determined with reference to external sources of information and use consistent, conservative estimates for variables such as terminal cash flow multiples. Increases in discount rates or changes in other key assumptions, such as operating conditions or financial performance, may cause the recoverable amounts to fall below carrying values.

Projected EBITDA margins are based on actual performance in prior years adjusted for expected efficiency improvements, volume increases and overhead cost reductions.

Goodwill

For goodwill impairment testing, a cash-generating unit for the Group has been defined as the lowest level of Training services and Engineering services to which goodwill relates.

In accordance with AASB 3, LogiCamms has restated recognised goodwill as a result of the finalisation of the assessment of fair values of the identifiable assets and liabilities acquired through the reverse acquisition by OSD Pty Ltd. Goodwill on this acquisition is now reported as $4.9million. OSD Pty Ltd had existing goodwill of $1.1million which had arisen through a previous merger with GWB Engineering Pty Ltd in 2011. This existing goodwill has been allocated to the Engineering services CGU.

An impairment model was considered post COVID-19 recovery that was probability weighted using the following four scenarios:

- COVID-19 is contained in a reasonable amount of time, and growth returns to historical trend over the medium term (revenue growth of 2% – 5% over next five years);
- A conservative growth of (14%) – 10% per annum over the next five years;
- Minimal revenue growth of 0.5% per annum in line with IBIS revenue assumptions for Engineering and 5% for Training; and
- Five-year strategic plan (revenue growth of 5% – 30%).

The four key assumptions are based on management's assessment of factors impacting the relevant operations of the CGUs, taking into consideration relevant forecast and historical data from both external and internal sources.

Impairment charge

Following the impairment assessment, the goodwill is supported and no impairment is required.

Impairment calculations

Assets are impaired if their carrying value exceeds their recoverable amount. The recoverable amount of an asset or CGU is determined as the higher of its fair value less costs of disposal or Value-In-Use.

The recoverable amount of the goodwill is based on a Value-In-Use calculation with respect to the CGU and was determined by applying a five-year net present value calculation of projected cash flows and a terminal value at the end of the fifth year. The following table sets out the key assumptions for those cash-generating units that have goodwill allocated to them.

8. Risk (continued)

(c) Impairment (continued)

2020	ENG	CT
Pre-tax nominal discount rate applied to the cash flow projection	16.64%	16.64%
Cash flows beyond FY2025, are extrapolated using an average nominal growth rate of:		
Revenue	2% – 5%	5% – 10%
EBITDA	7.6% – 12.7%	5.5% – 18.6%
Long-term growth rate	2%	2%

The following key assumptions were used in the modelling:

» Recovery path projections through to FY2025.

» Pre-tax discount rates – reflect specific risks and conditions relating to the cash generating units.

» Revenue – the basis used to determine the amount assigned to revenue growth considers the impacts of COVID-19 and factoring in historical inaccuracies. This information was overlayed to create four revenue scenarios based on the economic recovery paths determined.

» EBITDA – the basis considers an annual increase in EBITDA margins primarily driven by increase in revenue.

» Long-term growth – the growth rate used to extrapolate cash flows beyond the current period is based on historical experience and future expectations for growth in the context of inflation expectations.

Sensitivity to changes in assumptions

Management recognises that there are various reasons the estimates used in these assumptions may vary. However, management believes there are no reasonably possible changes in key assumptions that could cause the carrying value of the CGU to exceed its recoverable amount.

9. Corporate and Group

(a) Group entities

Parent and ultimate controlling entity

The Group's principal subsidiaries at 30 June 2020 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

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

			Ownership interest	
	Australian Company/ Business Number	Country of incorporation	2020 %	2019 %
OSD Pty Ltd	ACN 058 047 046	Australia	**100**	100
OSD Asset Services Pty Ltd	ACN 117 904 042	Australia	**100**	100
PIPEd Pty Ltd	ACN 117 496 741	Australia	**100**	100
OSD Projects Pty Ltd	ACN 153 827 279	Australia	**100**	100
OSD Velocity Pty Ltd	ACN 611 464 996	Australia	**100**	100
GWB Engineering Pty Ltd	ACN 058 405 762	Australia	**100**	100
LogiCamms Holdings Pty Ltd	ACN 163 483 636	Australia	**100**	100
LogiCamms (WA) Pty Ltd	ACN 127 715 762	Australia	**100**	100
LogiCamms West Pty Ltd	ACN 059 540 831	Australia	**100**	100
LogiCamms Consultants Trust	ABN 69 868 703 406	Australia	**100**	100
LogiCamms (PNG) Pty Ltd	ACN 078 567 049	Australia	**100**	100
Competency Training Pty Ltd	ACN 113 051 139	Australia	**100**	100
LogiCamms Australia Pty Ltd	ACN 113 919 565	Australia	**100**	100
LogiCamms (CGH) Pty Ltd	ACN 103 283 638	Australia	**100**	100
LogiCamms (Central) Pty Ltd	ACN 008 190 207	Australia	**100**	100
LogiCamms Shared Services Pty Ltd	ACN 101 159 184	Australia	**100**	100
Petromod Pty Ltd	ACN 149 788 929	Australia	**100**	100
LogiCamms New Zealand Limited (formerly Independent Technology Limited)		New Zealand	**100**	100
Independent Technology Holdings Limited		New Zealand	**100**	100
ITL Engineering New Zealand Limited		New Zealand	**100**	100
ITL Limited		New Zealand	**100**	100
ITL Engineering Australia Pty Ltd		New Zealand	**100**	100
OSD Pipelines Corporation (dormant)		Canada	**100**	100
OSD Chile S.A. (dormant)		Chile	**100**	100

LogiCamms Consulting Pty Ltd was disposed of during the year.

9. Corporate and Group (continued)

(a) Group entities (continued)

Parent entity disclosures	2020 $'000	2019 $'000
Result of the parent entity — LogiCamms Limited		
(Loss) and comprehensive income for the year	**(4,537)**	(11,624)
Financial position of parent entity at year end		
Current assets	**14,256**	3,863
Total assets	**33,544**	41,707
Current liabilities	**(9,250)**	(12,529)
Total liabilities	**(24,429)**	(28,143)
Net assets	**9,115**	13,564
Total equity of the parent entity comprising of		
Share capital	**26,554**	26,554
Reserves	**3,509**	3,421
Accumulated losses	**(20,948)**	(16,411)
	9,115	13,564

Tax consolidation

LogiCamms Limited and its wholly owned Australian controlled entities elected to form a tax consolidation group with effect from 30 June 2019 and are therefore taxed as a single entity. LogiCamms Limited is the head entity of the tax consolidated Group.

The head entity, LogiCamms, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer.

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

The entities have also entered into tax sharing and tax funding agreements, under which the wholly owned entities fully compensate LogiCamms for any current tax payable assumed and are compensated by LogiCamms for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to LogiCamms under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

9. Corporate and Group (continued)

(b) Equity-accounted investees (joint venture)

Name of entity	Country of incorporation	Ownership 2020	Ownership 2019
KEGS Software Pty Ltd	Australia	30%	30%

	2020 $'000	2019 $'000
Current assets	**80**	124
Non-current assets	**1**	12
Total assets	**81**	136
Current liabilities	**-**	(6)
Total liabilities	**-**	(6)
Net assets	**81**	130
Group's share of net assets	**24**	43
Revenues	**169**	233
Expenses	**(92)**	(136)
Profit	**77**	97
Group's share of profit	**23**	29

Movement in Investment in associate	2020 $'000	2019 $'000
Opening balance as at 1 July	**416**	411
Earnings from investment	**23**	29
Dividends from investment	**(40)**	(24)
Closing balance as at 30 June	**399**	416
Less: Impairment charge	**(331)**	-
	68	416

Interests in joint ventures are accounted for using the equity method. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

9. Corporate and Group (continued)

(c) Related parties

Key Management Personnel compensation

The Key Management Personnel compensation included in 'Personnel expenses' (see note 4(f)) is as follows:

	2020 $	2019 $
Short-term employee benefits	**2,385,839**	1,134,627
Post-employment benefits	**103,347**	87,845
Termination benefits	**590,124**	–
Non-monetary benefits	**8,804**	37,046
Share-based payments	**77,820**	78,608
	3,165,934	1,338,126

Individual Directors and executives compensation disclosures

Information regarding individual Directors' and executives' compensation and some equity instruments disclosures as required by Corporations Regulations 2M.3.03 are provided in the Remuneration Report section of the Directors' Report. Apart from the details disclosed in this note, no Director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year-end.

Key Management Personnel and their related parties

No loans were made to Key Management Personnel and their related parties during the year. The Group has not advanced loans to key management persons or their related parties.

191,600 ordinary shares (refer to note 10) were provided to Key Management Personnel during the reporting period upon exercise of rights granted as compensation in prior periods (2019: 338,462).

The movement during the reporting year in the number of ordinary shares in the Company held, directly, indirectly or beneficially, by Key Management Personnel is detailed in the Remuneration Report.

The terms and conditions of these transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's-length basis.

Non-Key Management Personnel disclosures

There were no transactions with non-Key Management Personnel during the year that require disclosure.

Acquisition of shares from related parties

There were no acquisitions of shares from related parties in the 2020 financial year (2019: nil).

Subsidiaries

There is a related party relationship between the parent, LogiCamms Limited, and each of its subsidiaries listed in note 9(a).

10. Share-based payments

Two tranches of performance rights were in effect during the 2020 financial year — one tranche on 26 November 2018, and the second tranche on 28 November 2018.

The terms and conditions of the Rights are as follows:

Tranche: 26 November 2018

The terms of the Performance Rights issued to Chris O'Neill on 26 November 2018 are as follows:

(a) 200,000 performance rights, which are each convertible into one ordinary share, and vesting 26 November 2019 subject to Mr O'Neill remaining employed by the Company at the vesting date, and achieving a number of financial and non-financial goals (to the satisfaction of the Board). 191,600 rights vested on 26 November 2019, with 8,400 being forfeited.

(b) 583,334 performance rights, vesting within 30 days of release of the Company's financial results for FY2021. These performance rights are subject to the following performance conditions: (a) Chris O'Neill remaining employed by the Company at the vesting date; and (b) the Group achieving EBITDA for FY2021 of at least $12.3m (or such other figure agreed by the Board in approving the budget for the financial year). The award of this incentive may be pro-rated at the discretion of the Board; and

(c) 1,166,666 performance rights, vesting within 30 days of release of the Company's financial results for FY2022. These performance rights are subject to the following performance conditions: (a) Chris O'Neill remaining employed by the Company at the vesting date; and (b) the Group achieving EBITDA for FY2022 of at least $14.4m (or such other figure agreed by the Board in approving the budget for the financial year). The award of this incentive may be pro-rated at the discretion of the Board.

These Rights have no exercise price and are to be settled by award of shares at a conversion ratio of 1:1.

Tranche: 28 November 2018

The terms of the Performance Rights issued to Charles Rottier on 28 November 2018 that were to vest at the end of each quarter, commencing 31 December 2018 and ended 30 September 2019, in the amount of 5,000 for each day of service by CLR Consulting Pty Ltd during the relevant quarter. All Performance Rights lapsed on 30 September 2019.

These Rights have no exercise price and are to be settled by award of shares at a conversion ratio of 1:1.

General terms

The exercise price for these Performance Rights is nil. Performance Rights carry no voting or dividend entitlements.

The movement in the performance rights for the year is as follows:

Performance Rights	Outstanding at 1 July 2019	Granted	Forfeited or Cancelled	Vested	Outstanding at 30 June 2020
Issued on 26 November 2018	1,950,000	–	(8,400)	(191,600)	1,750,000
Issued on 28 November 2018	90,000	–	(90,000)	–	–
	2,040,000	–	(98,400)	(191,600)	1,750,000

11. Unrecognised items

(a) Subsequent events

There are no material events subsequent to balance date that management is aware of that require disclosure.

(b) Non-cancellable operating leases

The Group leases properties in Brisbane, Perth, Melbourne, Adelaide, Mackay and Darwin in Australia as well as New Plymouth in New Zealand. The leases typically run for a period of 12 months to 10 years, with options to renew. Most leases increase annually to reflect market rentals or movement in the consumer price index.

From 1 July 2019, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases, see note 3 and note 6(b) for further information.

11. Unrecognised items (continued)

(b) Non-cancellable operating leases (continued)

	2020 $'000	2019 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Less than one year	**179**	4,576
Between one and five years	**–**	4,158
	179	8,734

(c) Contingent liabilities

	2020 $'000	2019 $'000
Bank guarantees issued	**5,337**	4,740

The Group did not have any other contingent liabilities as at 30 June 2020 (30 June 2019: $nil).

12. Business Combination

On 24 March 2019, LogiCamms announced that it had signed a binding agreement for the legal acquisition of 100% of the shares on issue in OSD's wholly owned subsidiaries. The transaction received approval from LogiCamms shareholders at an Extraordinary Generally Meeting held on 24 June 2019 and, upon successful completion of the condition's precedent, the acquisition was completed on 28 June 2019.

The acquisition of OSD resulted in OSD obtaining 59% of the ordinary shares of LogiCamms and therefore control of the merged entity. Further, the Board of Directors of the merged entity was restructured with one of the three Directors stepping down and being replaced by two OSD board members who will also be employed as executives of the merged entity.

Under the principles of AASB 3 Business Combinations, the transaction represented a business combination and has been accounted for with reference to guidance for reverse acquisitions.

The application of the reverse acquisition guidance of AASB 3 has resulted in the assets and liabilities of the legal subsidiary (the accounting acquirer), being OSD, being measured at their pre-combination carrying amounts. The assets and liabilities of the legal parent (the accounting acquiree), being LogiCamms, are measured at fair value on the date of acquisition.

Consideration transferred

The consideration in a reverse acquisition is deemed to have been incurred by the legal subsidiary (OSD) in the form of equity instruments issued to the shareholders of the legal parent entity (LogiCamms). Accordingly, the cost of the business combination has been determined below with reference to the fair value of all issued equity instruments of LogiCamms immediately prior to the business combination.

In consideration for the acquisition of all the shares in OSD, LogiCamms issued the following:

	$'000
Ordinary shares (118,469,070 fully paid ordinary shares in LogiCamms)	15,230
Replacement awards (4,780,229 LogiCamms share options to OSD executives and former executives)	284
	15,514

The fair value of the fully paid ordinary shares issued was based on the listed share price of LogiCamms on 28 June 2019 of $0.185 per share.

12. Business Combination (continued)

In accordance with the terms of the acquisition agreement, LogiCamms exchanged equity-settled share-based payment awards held by executives and former executives of OSD (the legal acquiree's awards) for equity-settled share-based payment awards of LogiCamms (the replacement awards). The details of the legal acquiree's awards and replacement awards were as follows:

		Legal acquiree's awards		Replacement awards
Terms and conditions:	Vesting dates:	21-Jul-2014	Vesting date:	28-Jun-2019
		23-Aug-2016	Expiry date:	21-Jul-2021
	Expiry date:	21-Jul-2021		
Fair value at date of acquisition $'000		284		284

The value of the replacement awards is $284,124. The consideration of the business combination includes $284,124 transferred to executives and former executives of OSD when the acquiree's awards were substituted by the replacement awards, which relates to past service. The balance will be recognised as post-acquisition compensation expense.

Assets acquired and liabilities assumed at the date of acquisition

The following table summarises the recognised amounts of assets acquired, and liabilities assumed at the date of acquisition with adjustments for purchase price allocation (PPA) effected at 30 June 2020:

	30 June 2019 (restated after PPA) $'000	30 June 2019 (as previously reported) $'000	Net movement
Cash and cash equivalents	3,057	3,057	–
Trade and other receivables	17,289	17,369	(80)
Work in progress	4,734	4,896	(162)
Property, plant and equipment	1,964	1,964	–
Deferred tax assets	8,987	3,323	5,664
Customer relationships	4,164	-	4,164
Deferred tax liability	(2,802)	(1,553)	(1,249)
Trade and other payables	(9,562)	(9,562)	–
Employee benefits	(4,010)	(3,887)	(123)
Deferred revenue	(4,128)	(4,128)	–
Loan and borrowings	(6,585)	(6,585)	–
Provisions	(1,642)	(1,642)	–
Current tax liability	(74)	(74)	–
Other liabilities	(745)	(745)	–
Total identifiable net assets acquired	**10,647**	**2,433**	**8,214**

In accordance with accounting standards, as at 28 June 2020 the acquisition has been completed (identified intangible assets) and finalisation of the assessment of fair values of the identifiable assets and liabilities.

Goodwill

Goodwill is calculated as the difference between the fair value of consideration transferred less the identified fair value of the net assets of the legal parent, being LogiCamms, as follows:

	30 June 2019 Restated after PPA $'000	30 June 2019 $'000
Consideration transferred	15,514	15,514
Less: Fair value of net identifiable assets acquired	(10,647)	(2,433)
Goodwill on acquisition	**4,867**	**13,081**

12. Business Combination (continued)

The calculated goodwill represents goodwill in LogiCamms. The goodwill is attributable mainly to the skills and technical talent of LogiCamms' workforce and the synergies expected to be achieved from integrating the Company into the Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes. An exercise will be undertaken by the Group during the measurement period to identify the appropriate CGUs and allocate the goodwill.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition date. Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

13 Deed of Cross Guarantee

Pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785, relief has been granted to all the controlled entities of LogiCamms from the Corporations Act 2001 requirements for preparation, audit and publication of accounts. This includes the OSD controlled entities as per note 9(a).

As a condition of the Class Order, LogiCamms and the controlled entities subject to the Class Order, entered into a deed of indemnity on 28 June 2019. The effect of the deed is that LogiCamms has guaranteed to pay any deficiency in the event of winding-up of these controlled entities. The controlled entities have also given a similar guarantee in the event that LogiCamms is wound up.

(1) Holding Entity:

Name	Australian Company Number
LogiCamms Limited	ACN 127 897 689

(2) Group Entities

The companies in note 9(a) represent a 'closed group' except for New Zealand entities, Canada and Chilean entities for the purposes of the Class Order and, as there are no other parties to the deed of cross guarantee that are controlled by LogiCamms Limited, they also represent the 'extended closed Group'.

Directors' Declaration

In the opinion of the Directors of the Company:

(a) the consolidated financial report and notes set out on pages 34 to 77, and the Remuneration report in the Directors' report, set out on pages 23 to 30, are in accordance with the *Corporations Act 2001*, including:

(b) (i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial period ended on that date, and

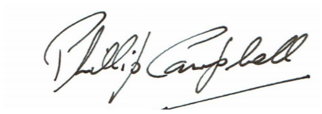
(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001(Cth)*;

(c) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a);

(d) there are reasonable grounds to believe that 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* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2020.

Signed in accordance with a resolution of the Directors.



Phillip Campbell
Chairperson

Brisbane
28 August 2020

Independent auditor's report

To the members of LogiCamms Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of LogiCamms Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended

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

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2020
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

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

Independence

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 (including Independence Standards)* (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.

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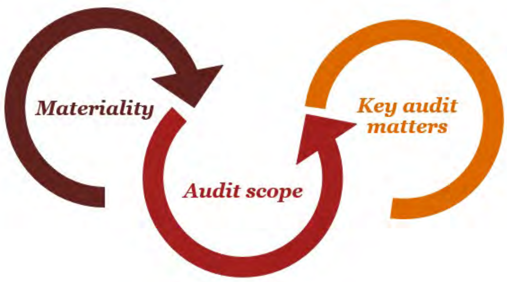
Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality

- For the purpose of our audit we used overall Group materiality of $ 1.2 million, which represents approximately 1% of the Group's revenue.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group revenue because, in our view, it is the benchmark against which the performance of the Group is most commonly measured.
- We utilised 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

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 for the current period. The key audit 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. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

Key audit matter	*How our audit addressed the key audit matter*
Finalisation of accounting for business combination *(Refer to note 12)* During the year, the Group completed the Purchase Price Allocation (PPA), required by AASB 3 *Business Combinations,* relating to the reverse acquisition of OSD Pty Ltd, which occurred on 28 June 2019. The finalisation of the business combination accounting resulted in the recognition of $4.9 million of goodwill. The major items identified as part of the PPA exercise were as follows: • A $5.6 million deferred tax asset was recognised in relation to carried forward tax losses; • A $4.1 million customer relationships intangible asset was recognised; and • A $1.2 million deferred tax liability was recognised in relation to the customer relationships intangible assets. We determined this was key audit matter because of the significance of the acquisition with reference to the total consideration of $15.5 million, and degree of judgement and estimation involved in determining the fair values of the assets and liabilities recognised as part of the business combination accounting.	Our audit procedures in relation to the finalisation of the accounting for this business combination included, amongst others: • Assessing the Group's valuation methodology for the recognition of the carried forward tax losses and the customer relationships intangible asset and the key assumptions therein, including forecast future financial performance and discount rates; • In relation to the carried forward tax losses, we have specifically considered and assessed the Group's analysis to support the future recovery of these tax losses in accordance with the requirements of AASB 112 *Income Taxes*; • Understanding the basis for the remaining PPA adjustments made by the Group and evaluating if they were consistent with the requirements set out in AASB 3, by tracing the adjustments to relevant documents in respect of selected material items; • Checking the mathematical accuracy of the deferred tax liability on customer relationship intangible assets; • Assessing the mathematical accuracy of the Group's calculation of the resulting goodwill arising from the PPA calculation; and • Assessing the accuracy and completeness of the business combination disclosures in Note 12 of the financial statements.
Valuation of goodwill and other intangible assets *(Refer to notes 6c & 8c)* At 30 June 2020, the Group recognised $10.6 million of intangible assets, which included $6.0 million of goodwill and $3.6 million of customer relationship intangible assets. These assets are allocated between the Group's 2 cash generating units (CGUs), being Engineering and Competency Training.	We performed the following procedures, amongst others: • Evaluated whether the CGUs identified by the Group was consistent with our knowledge of the Group's operations and internal reporting. • Considered whether the CGUs appropriately included all directly attributable assets, liabilities, corporate overheads and cash flows.

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Key audit matter	*How our audit addressed the key audit matter*
As required by Australian Accounting Standards, at 30 June 2020 the Group performed an impairment assessment over the goodwill balance by calculating the recoverable amount for each CGU, using discounted cash flow models prepared on a 'value in use' basis. Given the degree of judgement involved in the Group's impairment models and the materiality of the goodwill and other intangible assets recognised on the Group's balance sheet, we determined that this was a key audit matter.	• Assessed the basis upon which the Group developed the four forecast scenarios, and the probability weighting applied to each. • Considered the reasonableness of the Group's cashflow forecasts by comparing the revenue and EBITDA growth to industry forecasts and Board approved plans, and additionally we compared the costs and capital expenditure to historical expenditure. • Evaluated the Group's historical ability to forecast future cash flows results in impairment models by comparing budgets with reported actual results for the previous three years. • With the assistance of PwC Valuation Experts, evaluated the appropriateness of the discount rate by assessing the reasonableness of the relevant inputs to the calculation against industry and market factors. • Evaluated the appropriateness of the terminal growth rate by comparison to the long term average growth rates • Tested the mathematical accuracy, on a sample basis, of the impairment model's calculations. • Assessed the Group's consideration of the sensitivity to a change in key assumptions that either individually or collectively would be required for assets to be impaired and considered the likelihood of such a movement in those key assumptions arising. • Evaluated the adequacy and completeness of the financial statement disclosures made in Note 8(c) including those regarding the key assumptions and sensitivities to changes in such assumptions, in light of the requirements of Australian Accounting Standards.

Key audit matter	*How our audit addressed the key audit matter*
Contract management: Revenue recognition, recoverability of receivables and related financial statement disclosures *(Refer to notes 4a and 5b)* The Group enters into various types of contracts, including fixed price contracts, cost reimbursable contracts, capped cost reimbursable contracts and mixed contracts. For certain types of contracts, including fixed price contracts, revenue is recognised depending on the stage of completion of those services. The recognition and presentation of revenue and recoverability of receivables were determined to be a key audit matter due to: • the materiality of the revenue balance as a whole; • the judgemental nature of the stage of completion of certain of the Group's revenue streams; • the deggree of judgement and estimation required in determining expected credit losses for trade receivables and contract assets; and • the additional disclosure considerations as required by AASB 15 *Revenue* from customers and AASB 9 *Financial Instruments*.	We performed the following audit procedures for each significant revenue streams, amongst others; • Obtained an understanding and evaluated processes over the Group's contract establishment and project management procedures related to revenue recognition, trade receivables and contract assets; • For a sample of transactions, obtained the relevant contracts and compared the revenue, contract assets and contract liabilities recognised with the contract terms; • Obtained a sample of significant contracts to identify the potential risk factors including warranty claims arrangements, penalty and incentive clauses, and contingent liabilities; • For a sample of invoices, agreed the sale amount to the cash receipt in the relevant bank statement; • Recalculated the stage of completion for a sample of contracts and projects and compared this to the percentage used by the Group when recognising revenue; • For a sample of contracts, evaluated contract performance in the period since year end to audit opinion date to reflect on year end revenue recognition judgements with respect to cost to complete. • Assessed the completeness of the Group's expected credit loss provision by assessing the aging of receivables and contract asset balances to identify areas of higher risk, for example long aged items or disputed; and • Checked subsequent receipts from a selection of debtor balances since year end to audit opinion date.

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Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2020, 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 that we 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.

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

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Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 23 to 30 of the directors' report for the year ended 30 June 2020.

In our opinion, the remuneration report of LogiCamms Limited for the year ended 30 June 2020 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.

PricewaterhouseCoopers

PricewaterhouseCoopers

Michael Crowe

Michael Crowe
Partner

Brisbane
28 August 2020

ASX Information

Information is correct as at 14 August 2020.

Shareholdings

Twenty Largest Shareholders

The names of the twenty largest shareholders, and the number of ordinary shares they each hold, is set out below:

Shareholder	Units	% of Units
Brian Patrick O'Sullivan	42,786,349	21.29
Bos Holdings Australia Pty Ltd <The Bos Family A/C>	29,701,738	14.78
GFNA Bartley Family Pty Ltd <Gfna Bartley Family A/C>	18,260,477	9.09
J P Morgan Nominees Australia Pty Limited	15,313,708	7.62
UBS Nominees Pty Ltd	11,164,281	5.55
HSF SMSF Pty Ltd <Horstmann Super Fund A/C>	7,269,985	3.62
HSBC Custody Nominees (Australia) Limited	5,441,078	2.71
Bloemhof Pty Ltd	5,350,384	2.66
Candyblossom Pty Ltd <Mirimin Investments A/C>	5,350,384	2.66
Bos Australia Super Pty Ltd <The Bos Super Fund A/C>	4,615,000	2.30
Mr Andrew Keith Horstmann + Mrs Jenny Ann Horstmann <Jockey Family A/C>	3,452,389	1.72
Giffard Services Pty Ltd	3,186,820	1.59
Mr Linton Wayne Paul Burns + Mrs Suzanne Mary Byrne <Burns Family A/C>	2,995,611	1.49
Noramary Consultancy Services Pty Ltd <The Noramary Superannuation Fund A/C>	2,000,000	1.00
Neil Michael Gardner	1,396,889	0.70
Craig Sheather	1,221,614	0.61
Mr Rahmon Charles Coupe + Mrs Julia Deborah Coupe <Coupe Super Fund A/C>	1,107,000	0.55
Mr Andrew John Weldon Smith + Ms Suzanne Elizabeth Smith + Ms Julia Yvonne Mustard <A&S Smith Family A/C>	1,099,320	0.55
Mr Peter Howells	1,030,154	0.51
BFA Super Pty Ltd <Gdn Super Fund A/C>	1,000,000	0.50
Total	**163,743,181**	**81.47**
Balance Of Register	37,243,453	18.53
Grand Total	**200,986,634**	**100.00**

Substantial Shareholders

The names of the substantial shareholders and their associates, and the number of ordinary shares they each hold, is set out below:

Shareholder	Units	% of Units
Brian Patrick O'Sullivan	77,103,087	38.36
GFNA Bartley Family Pty Ltd	18,260,477	9.09
TIGA Trading Pty Ltd	15,075,141	7.50
Forager Funds Management Pty Ltd	14,293,724	7.11
HSF SMSF Pty Ltd, Andrew Horstmann, and Jenny Horstmann	10,722,374	5.33
Candyblossom Pty Ltd and Bloemhof Pty Ltd	10,700,768	5.32
Total	**146,155,571**	**72.72**
Balance of Register	54,831,063	27.28
Grand Total	**200,986,634**	**100.00**

Distribution Ranges

Ordinary Shares

Range	Total Holders	Units	% of Units
100,001 and over	94	184,894,872	91.99
10,001 – 100,000	402	13,253,522	6.59
5,001 – 10,000	216	1,736,065	0.86
1,001 – 5,000	299	970,580	0.48
1 – 1,000	226	131,595	0.07
Total	**1,237**	**200,986,634**	**100.00**

There were 389 holders of unmarketable parcels of less than $500.

Unlisted Performance Rights

Range	Total Holders	Units	% of Units
100,001 and over	1	1,750,000	100.00
10,001 – 100,000	–	–	–
5,001 – 10,000	–	–	–
1,001 – 5,000	–	–	–
1 – 1,000	–	–	–
Total	**1**	**1,750,000**	**100.00**

Unlisted Options

Range	Total Holders	Units	% of Units
100,001 and over	5	4,780,229	100.00
10,001 – 100,000	–		–
5,001 – 10,000	–		–
1,001 – 5,000	–		–
1 – 1,000	–		–
Total	**5**	**4,780,229**	**100.00**

Voluntary Escrow

Nil.

Buy Back

There is no current on-market buy-back although the Board may consider this at some point.

Voting Rights

Ordinary Shares – The voting rights attached to ordinary shares are governed by the Constitution. On a show of hands at a meeting of members, each member has one vote. On a poll at a meeting of members, each member has one vote for each fully paid ordinary share held, and a fraction of one vote for each partly paid ordinary share held equal to the proportion which the member has paid on the partly paid ordinary share (if the total number of votes to which a member is entitled to vote does not constitute a whole number, then the fractional part will be disregarded by the Company).

Performance Rights – There are no voting rights attached to any of the Company's performance rights.

Options – There are no voting rights attached to any of the Company's options.

On-Market Purchases

There were no on-market purchases of securities by the Company during the reporting period.

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Corporate Directory

Directors

Phillip Campbell – Chairman
Matthew Morgan
Brian O'Sullivan
Linton Burns

Company Secretary

Andrew Ritter

Registered Office

Level 14
200 Mary Street
Brisbane QLD 4000
Phone: +61 7 3058 7000

Share Register

Computershare Limited
Level 1
200 Mary Street
Brisbane QLD 4000

Auditor

PricewaterhouseCoopers
480 Queen Street
Brisbane QLD 4000

Solicitor

Jones Day
123 Eagle Street
Brisbane QLD 4000

Bankers

National Australia Bank Limited
259 Queen Street
Brisbane QLD 4000

Securities Exchange Listing

LogiCamms Limited shares are listed on the Australian Securities Exchange (ASX Code: LCM)

Website

www.logicamms.com

Corporate Governance Statement

The Company's Corporate Governance Statement is available on the Company's website at: www.logicamms.com/investor-center/corporate-governance/

LogiCamms