2018 ANNUAL REPORT

LogiCamms

INSIDE THIS REPORT

LogiCamms is positioned to deliver cost effective solutions and achieve profitable growth as market activity increases in core markets.

FY2018 HIGHLIGHTS

$1.84m	EBITDAI	FY17: $(8.1m)
$81.8m	Revenue	FY17: $81.1m
$(0.8m)	NPAT	FY17: ($23.6m)
$10.5m	Cost savings achieved	
$30.8m	Work in hand	FY17: $25.1m
$(1.6m)	Operating cashflow	FY17: $(9.2m)

CHAIRMAN AND CHIEF EXECUTIVE OFFICER REPORT

The action LogiCamms took in Q4 FY17 to reduce costs, re-balance our workforce and re-focus on our core strengths, has allowed the Company to stabilise its business and provided a sound base to take advantage of the market opportunities that have emerged over the past 12 months.

During FY18, LogiCamms started to see a marked improvement in our core markets of Hydrocarbons, Minerals and Metals and Infrastructure. However, earnings were affected by a number of external events that impacted major clients, including the effects of the February 2018 PNG earthquakes on Oil Search and a major organisational restructure at Origin Energy.

Despite these mixed fortunes, the past 12 months have demonstrated the significant progress the Company has made in reducing overhead expenses and matching its level of resources to the pipeline of work in hand.

Through our restructuring efforts we achieved annualised FY18 cost saving of $10.5 million and these savings will help to ensure the Company is in a solid position to deliver cost-effective solutions and achieve profitable growth as activity in our core markets continues to increase on the back of improved fundamentals.

Through a disciplined approach to working capital management, we also recorded net operating cash outflows of $1.6 million during the reporting period compared with outflows of $9.2 million for the previous financial year.

The year in review

LogiCamms reported revenue of $81.75 million, in line with guidance, despite the effects of the external events outlined above.

LogiCamms reported a statutory net loss of $0.8 million for FY18, which is reduced from a loss of $23.6 million in the previous year.

Earnings before interest, depreciation, amortisation and impairment (EBITDAI) was $1.84 million, compared to a loss of $8.1 million in the previous year.

Due to the current financial position of the Company, the Board decided not to pay an interim or final dividend for FY18.

Operational performance

Throughout the year, LogiCamms' key markets remained competitive despite increasing demand for engineering services, particularly in the Hydrocarbons and Minerals and Metals sectors.

The Hydrocarbons sector accounted for 43% of total revenue, or $35.2 million compared with $46.6 million in the previous financial year. The decline in revenue reflected the impact of events affecting Oil Search and Origin Energy in addition to the decline in spending following the completion of LNG projects in Queensland in recent years. This was offset in part by a large project win in New Zealand for Timaru Oil Services Limited.

The Minerals and Metals sector accounted for revenue of $23.7 million (29% of total revenue), up from $22.1 million in the previous financial year. The majority of this work was carried out for iron ore clients on the back of solid commodity prices. The Company continues to have success in the sector with its Electrical and Instrumentation EPC (Engineering, Procurement and Construction) and Maintenance offerings.

While the Infrastructure market remained competitive during the past 12 months, the Company continued to achieve steady growth. Importantly, a significant volume of work was carried out for water utilities including SA Water, SEQ Water and Water Corporation (WA) during the year.

LogiCamms' Technology and Innovation group continued to develop advanced solutions for our key clients and to address identified industry challenges. The Company progressed the development of its proprietary Automated Infrastructure Design Engine (AIDE) with a blue-chip CSG company and work is continuing on the roll-out of AIDE to other clients and its application to other linear infrastructure projects. A number of commercialisation options are being further explored.

These developments are contributing to the momentum of the business and the strengthening of the order book. At the end of FY18, the Company reported Work in Hand of $30.8 million, which equates to more than 30% of forecast 2018-19 revenue. Between the end of the financial year and mid-September, we have secured new contract wins and variations totalling $13.3 million.

Finance facilities

After the reporting period, LogiCamms' multi-option facility with NAB was amended, with the limit reduced from $11.0 million to $10.5 million (comprising $6.0 million for working capital and $4.5 million for bank guarantee facilities) and the expiry date extended to 30 September 2019. The Company currently owes $5.25 million on the working capital facility after drawing down a further $1.25 million during FY18.

The Directors are cognisant that the working capital facility is not intended to operate as long-term debt. The Board is committed to restoring financial strength and liquidity to the Group's balance sheet and we have engaged an external advisor to review strategic funding options.

A range of options are being considered, with the Board expecting to make a decision on a course of action during the first half of FY19. Any funds that flow into the Group as a result of a strategic funding option will be applied to paying down outstanding borrowings, working capital to support the growth of the business, and investing in further technology development.

Executive change

During the period, Flora Furness resigned as Chief Executive Officer effective 6 July 2018. The Company achieved a significant turnaround in performance during Flora's time as CEO.

Chief Financial Officer Dan Drewe is currently fulfilling the role of Interim Chief Executive Officer, while the Company conducts a search for a new CEO.

The year ahead

IIn FY19, LogiCamms expects to achieve revenue of more than $90 million and EBITDA margins in the mid-single digits as we continue to focus on our core competencies to capitalise on improving market conditions in our traditional markets. The Hydrocarbons and Minerals and Metals markets provide further opportunities for LogiCamms' Asset Performance and training businesses as we work with clients to help them operate safely and efficiently and generate increased value from existing assets.

In addition to our traditional markets, we are also targeting growth in the manufacturing, rail transport and defence sectors, where we are seeing demand for our Controls and Electrical and Instrumentation EPC offerings.

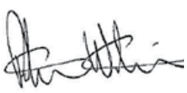
In FY19, LogiCamms' engineering operations and marketing will focus on our core competencies in Controls & Automation, Electrical & Instrumentation, Facilities Engineering, and Asset Performance, in the markets in which we operate. The refocusing of the engineering operations will bring clarity to our service line offerings.

Business development efforts will be focused on a key range of offerings that will permit a larger pool of like technical resources to be engaged more efficiently within the business, driving improved utilisation of staff in FY19 and into the future.

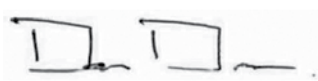
Our Environmental Consulting, Competency Training and Technology Consulting services will continue to provide diversification and higher margin opportunities for the business in FY19.

In concluding, we would like to thank our people for their outstanding efforts. While the past year has had significant challenges, we can look forward to the future with increased optimism and confidence.

We would also like to thank all of our other stakeholders - our shareholders, clients and financiers – for their ongoing support as we continue to strengthen the competitive position and resilience of the LogiCamms business.



Peter Watson
Chairman



Dan Drewe
Interim Chief Executive Officer

FY2018 OPERATIONAL PERFORMANCE

COST REDUCTION EFFORTS IN FY17 HAVE HELPED TO POSITION LOGICAMMS TO DELIVER COST-EFFECTIVE CLIENT SOLUTIONS AND ACHIEVE GROWTH AS ACTIVITY INCREASED IN CORE MARKETS DURING FY18.

Key highlights included:

- Achievement of annualised cost savings of $10.5 million from FY17 restructuring
- Continued to win a range of contracts across our traditional core market segments of Hydrocarbons, Minerals and Metals and Infrastructure
- Achieved growth in value and proportion of revenue attributable to the Infrastructure sector, particularly water infrastructure
- Commenced diversification strategy into manufacturing and defence sectors
- Progressed the development of advanced technology and innovation solutions for key clients, to address identified industry challenges
- Entered FY19 with Work in Hand of $30.8 million – equivalent to more than 30 per cent of forecast revenue.

FY2019 BUSINESS PRIORITIES

REVENUE

Strengthen core engineering business by focusing on Controls & Automation, Electrical & Instrumentation, Facilities Engineering and Asset Performance

- Expand core service offering into growth sectors of defence, rail and manufacturing
- Leverage partnerships to access larger project opportunities in rail, defence and infrastructure

Increase penetration of Asset Performance business into core markets of Hydrocarbons, Minerals & Metals, and Infrastructure

Commercialise technology products

BRAND

Focus LogiCamms brand around core service offerings

Strengthen company's technical and technology leadership positioning in core service areas

OPERATIONS

Improving backlog profile will enable the business to utilise a larger pool of staff more efficiently

Consistent operating model to be implemented in all locations

Improving market conditions and focused marketing will result in increased headcount in key growth areas

Disciplined focus on overhead costs and working capital management

INNOVATION

Commercialise key T&I products

Embed Liitespace innovation platform and integrate into LogiCamms culture

Continue to develop internal efficiency tools for the LogiCamms engineering business

LEADERSHIP

Complete CEO recruitment process

Continue to build new leadership team

CAPITAL

Complete and implement strategic review to strengthen the Company's balance sheet

DIRECTORS' REPORT

For the year ended 30 June 2018

Results for announcement to the market

	30 June 2018 $'000	30 June 2017 $'000	Change
Revenue from ordinary activities	81,750	81,063	(0.85)%
Loss from ordinary activities after tax attributable to members	(773)	(23,615)	96.73%
Net loss for the year attributable to members	(773)	(23,615)	96.73%
Earnings per share:	–	–	–
Basic earnings per share (AUD cents per share)	(0.9)	(30.6)	
Diluted earnings per share (AUD cents per share)	(0.9)	(30.6)	

Dividends

No dividend for the year ended 30 June 2018 has been declared.

Total dividend per security

	Current year	Previous year
Interim dividend – ordinary securities	–	–
Final dividend – ordinary securities	–	–

Total dividends paid or payable on all securities with respect to the financial year

	30 June 2018 $'000	30 June 2017 $'000
Ordinary securities	–	–
Total	–	–

Net tangible assets per security

	30 June 2018	30 June 2017
Net tangible assets per security	3.3 cents	4.0 cents

Entities over which control has been gained or lost during the period

There were no changes to entities controlled by the Group during the year.

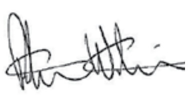
Details of investment in joint venture

Name of Entity	Ownership interest		Contribution to net profit	
	2018 %	2017 %	2018 $'000	2017 $'000
LogiCamms – Electro80 joint venture	–	50%	–	(15)

Other information

Except for the matters noted above, all the disclosure requirements pursuant to ASX Listing Rule 4.3A are contained within LogiCamms Limited's consolidated Financial Report for the year ended 30 June 2018 which accompanies this Preliminary Final Report.

This report is based on accounts which have been audited.



Peter Watson
Chairman

Dated at Brisbane, Queensland this 31st day of August 2018

Your Directors present their report on LogiCamms Limited ("the Company" or "LogiCamms") and its controlled entities ("the Group") for the financial year ended 30 June 2018.

PRINCIPAL ACTIVITIES

LogiCamms is a provider of professional engineering and consulting services. LogiCamms' core service offerings include electrical and instrumentation, network controls, software solutions, facilities engineering, asset performance, training services and environmental consulting.

LogiCamms works with owners and operators of hydrocarbons, minerals and metals, manufacturing, defense and infrastructure assets to enhance productivity and efficiency through innovative technical solutions and improved performance, increasing the value of customers' operations.

These services are provided across Australia, New Zealand and Papua New Guinea through office locations in Brisbane, Perth, Adelaide, Melbourne and New Plymouth, as well as through regional offices in Mackay and Whyalla.

OPERATING AND FINANCIAL REVIEW

(a) Financial Performance Overview

A summary of the Group's operating results for the year ended 30 June 2018 is below:

	Notes	2018 $'000	2017 $'000
Revenue		**81,750**	81,063
Loss before tax		**(255)**	(21,865)
Income tax expense		**(518)**	(1,750)
Loss for the year attributable to equity holders in the Company		**(773)**	(23,615)
Basic earnings per share (cents per share AUD)	4(f)	**(0.9)**	(30.6)
Diluted earnings per share (cents per share AUD)	4(f)	**(0.9)**	(30.6)

The Group's financial results in 2018 across key metrics are as follows:

- On a continuing business basis, revenue increased from $74.4 million to $81.8 million (up 10%) when Hunter Valley and Petromod are excluded from 2017 revenue.
- Loss before tax reduced to $0.3m (down from a loss of $21.9 million in 2017)
- Loss after tax reduced to $0.8 million (down from a loss of $23.6 million in 2017)
- Earnings before interest, tax, depreciation, amortisation and impairment (EBITDAI)1 was a profit of $1.84 million (up from a loss of $8.1 million in 2017). The FY18 EBITDA result includes all costs associated with the resignation of the CEO.
- EBITDAI as a percentage of revenue was 2.3% (up from (10.0%) in 2017).

The key factors impacting on revenue and earnings compared to the prior corresponding period were:

- Revenue was slightly higher than 2017 but anticipated growth was impacted by a number of events that affected major clients of the business, including the impact on Oil Search of the earthquake in PNG in February and the impact of the major organisational restructure conducted by Origin Energy in the second half of the financial year. Although a substantial volume of anticipated work was deferred or cancelled as a result of these events, the strategic decision was made to retain the resources within the business that were previously servicing these clients in anticipation of a return to normal levels of activity within a relatively short timeframe. This period was longer than expected, but we are now beginning to see these clients returning to the market.

1 The reference to EBITDAI is unaudited and is intended to provide a measure of financial performance before the impact of non-cash items such as depreciation and amortisation, as well as interest income and expenses. EBITDA references in this Directors Report include profit from equity accounted investments.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

(a) Financial Performance Overview (continued)

- There was also a change in work mix experienced during the year with LogiCamms winning a higher proportion of lower-margin, fixed-price EPC projects in the Infrastructure sector versus higher margin reimbursable pure engineering consulting projects.
- The Group won over $90.0 million of new work during FY18
- The organisational restructures which were completed during the 2017 reporting period reduced overhead expenditure substantially in 2018.
- No impairment of goodwill (2017: $11.0 million).

Throughout 2018, competitive pressures continued across the Company's range of services and industries in which it operates, particularly in the hydrocarbons and minerals and metals sectors. The market for infrastructure continues to grow and although competitive, the Company increased the value and proportion of its revenue attributable to the infrastructure sector, particularly water infrastructure. A number of larger EPC projects were won during the year with clients including SA Water, SEQ Water and Water Corporation (WA).

The Group progressed the further development of its proprietary Automated Infrastructure Design Engine ("AIDE") with a Tier 1 CSG Company and carried out a review of the market potential of AIDE and commercialisation options. Several other clients are currently evaluating or are in the proof of concept phase with the AIDE product. LogiCamms also implemented its internal innovation commercialisation and collaboration platform – Liitespace. This platform supports innovation at LogiCamms with a pipeline of ideas that can be channeled through the development process.

During the 2018 financial year, the Company delivered revenue of $81.8 million, compared to $81.1 million in 2017 ($74.4 million when Hunter Valley and Petromod revenues are excluded). Our key focus for cost efficiencies was to reduce our overhead costs in areas that do not impact our ability to improve revenue performance. The Company achieved annualised labour cost savings of $8.8 million from the two restructures undertaken in 2017. These savings directly contributed to the increase in EBITDA profitability in FY18.

Closing the low-margin Hunter Valley and Petromod businesses on 31 July 2017 freed up over $1.5 million of working capital. A full review of corporate overheads was also conducted, with further savings of $1.7 million identified across IT and communications, premises costs and other general and administrative expenses.

Performance Across Markets

The Company operates in three key markets, being hydrocarbons, minerals and metals and infrastructure. Hydrocarbons again was responsible for most of the work at 43% of revenue although this was down from 57% the previous year, reflecting the impact of negative events on our two largest Hydrocarbons clients.

However, steady growth was achieved through the Company's continued expansion of its services into the infrastructure sector. Notably, a significant volume of work was carried out for water utilities, including SEQ Water, SA Water and Watercorp, in agri-business for Viterra and transport with the Northconnex tunnel project. Infrastructure now accounts for 28% of revenue, up from 16% in the 2017 financial year and is expected to continue to grow in the 2019 financial year.

Minerals and Metals revenue remained comparably steady. Greater than 50% of the revenue in this sector has come from work carried out for West Australian iron ore producers such as Rio Tinto, Roy Hill, Fortescue Metals and BHP. The Group has had success with its E&I EPC and Maintenance offerings.

The Company's work in international markets was focused primarily around its operations in New Zealand, as well as with Oil Search in Papua New Guinea. Ad-hoc projects were conducted in other parts of South-East Asia, predominately through Competency Training, our wholly owned Registered Training Organisation.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

(b) Market Overview and Outlook

The market for services in our established markets continues to be highly competitive but is increasing. Within our markets, there remain significant opportunities for LogiCamms to apply its focused engineering and asset performance services to enable our customers to extract more value from existing assets.

The outlook in the hydrocarbons and minerals and metals sectors in Australia and New Zealand has seen marked improvement in recent months, driven by higher commodity prices, with requests for proposals and specialist capability by clients seeking to extract productivity improvements and the use of sensors and control automation to improve monitoring of physical plant and equipment in real-time or using data analytics. Greenfield and brownfield opportunities in its three major operating sectors continue to be a core focus of the Company in the upcoming financial year. In addition, the Group is seeking to expand its services to the manufacturing, rail transport and defence industry sectors.

As a result of the restructure process undertaken throughout the 2017 financial year, the Company is well positioned to deliver cost effective solutions to its customers as market conditions improve and clients are looking to invest in productivity improvements and sustaining capital and operating expenditure.

The key drivers of future revenue and earnings growth are:

- Having a focused and strategic approach to pursuing new work in our areas of expertise
- Building on our pipeline of work from core clients to support the engineering disciplines
- Building on the extensive portfolio of existing MSA's to drive opportunities with new and existing clients
- Leveraging our traditional expertise in control systems integration, automation and electrical installation and commissioning into the growth sectors of the economy, including defense, manufacturing, rail transport and agri-business, and geographically into NSW and Victoria
- Leveraging value adding, higher margin opportunities generated by collaborations and partnerships with asset owners and other service providers
- Utilising our end-to-end project capabilities, from asset performance consulting, through engineering, procurement, commissioning, maintenance and training to generate synergistic opportunities to add value to our client's operations
- Disciplined and focused approach to resource planning and overhead cost management

(c) Working Capital Management

The group significantly improved its operating cash flows but still recorded a net operating outflow of $1.6 million (2017: outflow of $9.2 million). The Company has continued to focus strongly on working capital management during the year. Outstanding debtors balances greater than 30 days have been reduced to less than $0.2 million (1.4%) at 30 June 2018.

(d) Statement of Financial Position

The Company's total assets decreased to $50.5 million in 2018 (2017: $51.0 million). The end of year cash balance of $4.1 million reduced from $5.0 million in 2017.

The net assets of the Group have reduced to $23.4 million at 30 June 2018 from $24.8 million at 30 June 2017. This decrease is the result of continued net operating losses.

The Company's total liabilities increased to $27.1 million (2017: $26.2 million), due to additional borrowings of $1.25 million under the working capital facility.

At 30 June 2018 the Company has utilised $5.25 million of it's $7.0 million working capital facility (2017: $4.0 million) and $ 3.8 million of its $4.0 million bank guarantee and bonding facilities (2017: utilised $5.2 million of $12.5 million).

Dividend declared after end of year

No dividends were declared after the balance sheet date.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

(e) Key Strategic Goals

The Company operates various business lines, including core engineering services (comprising design, onsite maintenance, installation and commissioning services) and specialist businesses, including Asset Performance, Technology & Innovation, Competency Training and Monarc Environmental.

The Company's key strategic goals include:

- Strengthen our capability and presence in our core service offering areas
- Move to establishing leadership in technology change in our E&I and Controls System business lines, and implementing Industry 4.0 capability
- Continued development and commercialisation of the Company's innovative technology products including the Automated Infrastructure Design Engine ("AIDE")
- Increasing revenue and margins by exploring new commercial models including collaborations and partnerships with asset owners and other service providers
- Accelerating the commercialisation of products developed by its technology and innovation business, increasing its share of revenue from value-based services rather than traditional reimbursable-based contracts
- Becoming an employer of choice in the engineering consulting market by offering staff the right mix of challenging project work, personal and technical development opportunities, monetary and non-monetary benefits and a safe, social and inclusive place to work

The Company continues to refine its strategic direction, concentrating on core service lines, value proposition, markets, and alliance partners to maximise shareholder value through profitable expansion of the business in FY19 and beyond.

(f) Significant Risks

The Company is subject to a number of external, business, financial and operational risks. As LogiCamms is a service provider to the hydrocarbons, minerals and metals and infrastructure industries, any exposure that those industries have to risk factors will have some impact on LogiCamms' business. Although LogiCamms has in place strategies to mitigate the impact of this, such as industry and service diversification, the volatility and uncertainty from such events may impact the nature and timing of work under contract.

LogiCamms is also subject to other external risks such as currency exchange movements, changes in demand for key commodities (including iron ore, oil and gas) and political risk. The majority of LogiCamms' revenues are based in Australia and New Zealand and both revenue and associated costs are denominated in Australian and New Zealand dollars, and as such, foreign currency risks are limited.

As a professional services business, the attraction, retention and investment in our people is critical to the success of the business. LogiCamms manages the risks associated with a people-based business through investment in training, attraction and retention strategies.

The Company also faces risks associated with the delivery of projects to its customers. In order to optimise the delivery of services to customers and to maintain strong customer relationships, the Company has in place a robust risk management and governance framework that applies to the assessment, tender and delivery of customer projects.

LogiCamms is exposed to financial risks, which are partly inter-dependent on the external and business risks mentioned above. LogiCamms is exposed to liquidity risk which could arise due to delays in invoicing clients, the receipt of cash from clients, project cost overruns or failure to follow proper procedures to ensure the recoverability of project costs from clients. The Group is reliant on the continued support of its financiers to provide both working capital and bank guarantee & contract bond facilities. The Group has invested in the development of risk and financial management systems and processes to minimise these financial risks. LogiCamms manages working capital closely to ensure that liquidity is available in the business when required and the delivery of services within agreed commercial terms.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

(f) Significant Risks (continued)

In relation to the operational risks to the business, LogiCamms has a strong focus on ensuring that work is carried out on terms that satisfy the Company's internal policies relevant to appropriate return and risk. LogiCamms has a focus on long-term sustainable projects and relationships and applies margins to work accordingly.

The Company also has detailed procedures in place to ensure that the Company is staffed efficiently and that its people are working at a level of business that balances the goal of strong returns with that of ensuring the Company's people are working in an environment that encourages sustainable personal development and growth opportunities.

The Company maintains a register of key risks and has in place crisis management and disaster recovery plans.

INFORMATION ON DIRECTORS

The Directors in office at any time during or since the end of the year were:

Mr Peter Watson	Independent Non-Executive Director and Chairman
	Appointed 2 June 2011. Year last re-elected: 2016.
Qualifications	Diploma of Engineering, Civil – Monash University, MIEA, Fellow ATSE, MAICD
Experience	Peter Watson has 30 years of international experience in engineering, construction and services industries. As former Chief Executive Officer of Global Services Group, Transfield Services (ASX: TSE) from 1999 to 2009 (now known as Broadspectrum), Peter stewarded the company through its listing in 2001 and led its transformation from a local operator to a global business. Since 2009 Peter has served on a number of boards including Save the Children Pty Ltd, AssetCo Pty Ltd, Zinfra Pty Ltd, and Ross River Solar Farm Pty Ltd. Peter is a member of the AICD, Institute of Engineers Australia, and is a fellow of ATSE. Peter is a member of the Nomination and Remuneration Committee, and a member of the Audit and Risk Committee.
Directorships of other listed companies (current or held within the last 3 years)	Watpac Limited

Mr Richard Robinson	Independent Non-Executive Director
	Appointed 26 May 2015. Year last re-elected: 2015. Standing for election as a Director.
Qualifications	B. Engineering (with Honours) – University of NSW, MIEPNG
Experience	Richard Robinson has nearly 40 years' experience in the Oil & Gas industry in Australia and Papua New Guinea. Richard's experience covers project, operations and commercial management in the upstream, downstream and associated service sectors. Richard held senior roles for more than 10 years at Oil Search Limited, retiring from his role as Executive General Manager in 2013. He has since held a number of Non-Executive Director and consulting roles within the oil & gas, engineering and construction sectors. Richard is Chair of the Projects Committee and a member of the Nomination and Remuneration Committee and the Audit and Risk Committee.
Directorships of other listed companies (current or held within the last 3 years)	Kina Petroleum Limited.

INFORMATION ON DIRECTORS (CONTINUED)

Mr Charles Rottier	Independent Non-Executive Director
	Appointed 4 September 2017. Year last re-elected: 2017.
Qualifications	B. Engineering (with Honours) – University of Sydney, GAICD, Fellow–IEAust
Experience	Charles is a senior manager with extensive management and project experience in local and international engineering, construction and maintenance services companies. He has managed successful businesses with operations in Australia, PNG and Asia. He is Chair of the Energy Pipelines CRC and Future Fuels CRC (July 2018) and has previously held the roles of CEO of Austin Engineering Limited and EGM Engineering and Construction at Transfield Services. Charles is Chair of the Audit and Risk Committee and a member of the Nomination & Remuneration Committee.
Directorships of other listed companies (current or held within the last 3 years)	None

Mr Peter Wall	Independent Non-Executive Director
	Appointed 8 October 2007. Retired on 25 October 2017.
Experience and qualifications	Peter has extensive management expertise, including a focus on human resources and corporate governance. Peter had a long tenure at S. Smith & Son (The Yalumba Wine Company); is a former board member of SA WorkCover Corporation and Chairman of the South Australian Vocational Employment Education & Training Board. Peter is Chair of the Nomination & Remuneration Committee and a member of the Audit and Risk Committee.
Directorships of other listed companies (current or held within the last 3 years)	None

INFORMATION OF COMPANY SECRETARY

David Shaw was appointed to the position of Company Secretary in February 2017 and also holds the position of General Counsel at LogiCamms. David joined LogiCamms in 2012 originally performing the role of Legal Counsel. He holds a Bachelor of Laws and has a legal and compliance background gained from working in the corporate sector in Australia, including with Mills Oakley Lawyers and Ebsworth Lawyers.

MEETINGS OF DIRECTORS

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

Director	Board Meetings		Audit & Risk Committee Meetings		Nomination and Remuneration Committee Meetings		Project Committee Meetings	
	A	B	A	B	A	B	A	B
Peter Watson	22	22	3	4	3	3	NA	NA
Charles Rottier	15	15	2	2	2	2	NA	NA
Richard Robinson	20	22	4	4	2	3	4	4
Peter Wall	9	9	2	2	1	1	NA	NA

A = Number of meetings attended

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

CORPORATE GOVERNANCE STATEMENT

LogiCamms Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. LogiCamms Limited has reviewed its corporate governance practices against the Corporate Governance Principle and Recommendations (3rd edition) published by the ASX Corporate Governance Council. The 2018 Corporate Governance Statement is dated at 30 June 2018 and reflects the corporate governance practices in place throughout the 2018 financial year. The 2018 Corporate Governance Statement was approved by the Board on 18 September 2018. A description of the group's current corporate governance practices is set out in the Corporate Governance Statement which can be viewed at www.logicamms.com.au/investor-relations/corporate-governance.

REMUNERATION REPORT – AUDITED

The Directors present the LogiCamms 2018 remuneration report, outlining key aspects of our 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* and its Regulations. For the purpose of this report 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:

(a) Overview of the Company's approach to executive reward
(b) Remuneration governance
(c) Elements of remuneration
(d) Consequences of performance on shareholder wealth
(e) Remuneration expenses for executive KMP
(f) Overview of the Company's service contracts with Executives
(g) Non-executive director arrangements

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

The Board has adopted a remuneration policy that takes into account 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's including by benchmarking KMP remuneration to determine where roles are currently positioned, reviewing base salary, short-term incentives and long-term incentives.

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

- Alignment to sustainable long-term value creation
- Significant levels of equity ownership support alignment to sustainable long-term value creation
- Assist the attraction and retention of highly skilled employees
- Be competitive within the markets in which the Group operates
- Provide meaningful rewards for true outperformance
- Simple and transparent remuneration framework
- Consistent remuneration framework across the organisation
- Align talent and succession planning for future growth

REMUNERATION REPORT – AUDITED (CONTINUED)

(a) 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 have the authority for planning, directing and controlling the affairs of the Group during the financial year ended 30 June 2018. 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 (see page 11 for details about each Director)

Name	Position
Peter Watson	Chairman
Peter Wall	Non-executive Director (until his retirement on 25 October 2017)
Richard Robinson	Non-executive Director
Charles Rottier	Non-executive Director (appointed 4 September 2017)

Other key management personnel

Name	Position
Flora Furness	Chief Executive Officer (resigned effective 6 July 2018)
Dan Drewe	Chief Financial Officer (until 6 July 2018), Interim Chief Executive Officer and Chief Financial Officer from 6 July 2018)
Iulius Mincu	Director – Technology, Innovation and Asset Performance (resigned effective 15 May 2018)
Naomi Rule	Chief Operating Officer (from 11 December 2017 until 17 April 2018)

Except as noted, the named persons held their current position for the whole of the financial year and to the date of this report.

(b) Remuneration governance

To determine the remuneration of its KMP the Company has a Nomination and Remuneration 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 remuneration, including any changes to fixed components of KMP remuneration as well as any awards under the STI and LTI Plans. The Committee assists the Board in establishing human resources and compensation policies and practices including the specific remuneration (including base pay, incentive payments, bonuses, equity awards, superannuation, retirement rights, termination payments and services contracts) of the Chief Executive Officer and other KMP. The proceedings of each Committee meeting are reported directly to the Board. The Chairman of the Committee shall be a Non-Executive Director, with all other members being members of the Board. The Chief Executive Officer is invited to attend Committee meetings.

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.

(c) Elements of remuneration

Remuneration and other terms of employment for the Chief Executive Officer and other executive KMP are formalised in Executive Service Agreements and incentive plans. The total remuneration packages for these KMP contain:

- A fixed component–Base salary including superannuation. This is expressed as a specific amount that the executive may take in a form agreed with the Company and is determined based on market reference, the scope and nature of the individual's role, their performance and experience.
- At-risk components–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 2018, at-risk components were in the form of:
  - › Short Term Incentive (STI)–payable in cash and ordinary shares. Outcomes based on LogiCamms financial and operational performance over the 2018 financial period, in addition to individual performance measures; and

REMUNERATION REPORT – AUDITED (CONTINUED)

(c) Elements of remuneration (continued)

- Long Term Incentives (LTI)–payable through the issue of Performance Rights and/or Performance Options. These LTI instruments are issued for the purposes of aligning KMP interests with those of shareholders by rewarding long term sustainable shareholder value creation. LTI outcomes for 2018 were based on strategic performance measures.

(i) Fixed annual remuneration (FR)

The fixed remuneration component of salaries includes a base salary and superannuation. Fixed remuneration may be allocated at the executive's discretion to cash, superannuation (subject to legislative minimum), motor vehicles and certain other benefits. The fixed remuneration component is determined based on the scope and nature of the individual's role, their performance and experience.

(ii) Short-term incentives

Under the terms of the STI for 2018, each participant had an annual target STI award based on a percentage of base salary for the year. Payment of the individual's target STI was dependent on performance against the key metrics set out in the table below.

For financial year 2018, KMP had a maximum STI opportunity ranging from 20% to 50% of their fixed remuneration where targets are met. However, if the threshold performance for a measure is not met, the payment may be reduced.

The STI payment is subject to the participant being employed with the Company at the time the STI is due to be paid.

STI awards are determined after a review of performance against the key performance drivers by the Board at the end of the financial year.

Award criteria for STI

The award criteria for the STI are based on achievement against the Performance Objectives for the Company for the 2018 financial year. The table below sets out the criteria and performance against those criteria:

FY18 Scorecard	Weight	Metric
Financial – EBITDAI	50%	Earnings Before Interest, Tax, Depreciation, Amortisation and Impairment
Financial – OCAT	30%	Operating Cashflow After Tax
Operational	20%	Health, Safety, Environment and Quality

The Nomination and Remuneration Committee have reviewed the performance of the KMP against the above criteria. Based on the performance of the Group no STI was awarded for the year ended 30 June 2018.

The award criteria for the 2019 STI are based on achievement against the Performance Objectives for the Company for the 2019 financial year. Awards under the 2019 STI are to be paid in the form of cash and ordinary shares in a combination to be determined by the Board. The table below sets out the award criteria.

FY19 Scorecard	Weight	Metric
Financial – EBITDAI	50%	Earnings Before Interest, Tax, Depreciation, Amortisation and Impairment
Financial – OCAT	30%	Operating Cashflow After Tax
Operational	20%	Health, Safety, Environment and Quality

The Board has discretion to make a determination on individual performance of a KMP and apply such determination as a modifier to increase or decrease the STI payable.

(iii) Long-term incentives

For the 2018 financial year, each of the executive KMP listed in (a) above was eligible to participate in the LTI Plan, awards for which can be made in the form of Performance Rights or Performance Options.

Award criteria for LTI

No LTI award criteria were set and no LTI was awarded for the financial year ended 30 June 2018.

REMUNERATION REPORT – AUDITED (CONTINUED)

(c) Elements of remuneration (continued)

Proportions of fixed and at-risk remuneration

The table below sets out LogiCamms' target mix of fixed and at risk (STI & LTI) components for each of the executive KMP for financial year 2018 as a percentage of total remuneration:

Name	Title	Fixed Remuneration	STI	LTI
Flora Furness	Chief Executive Officer	53%	21%	26%
Dan Drewe	Chief Financial Officer	55%	17%	28%
Iulius Mincu	Director – Technology, Innovation and Asset performance	62.5%	18.75%	18.75%
Naomi Rule	Chief Operating Officer	55%	17%	28%

(d) Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Nomination and Remuneration Committee has had regard to a number of factors including profit (as determined under Australian Accounting Standards), dividends, earnings per share (EPS), return on equity and the performance of the share price.

The Nomination and Remuneration Committee has regard to the following indices in respect of the 2018 financial year and the previous four financial years.

	2018	2017	2016	2015	2014
Profit/(loss) for the year attributable to owners of the Company ($'000)	(773)	(23,615)	(38,139)	8,336	5,006
EBITDAI[1] ($'000)	1,842	(8,133)	(8,409)	12,057	6,724
Dividends payments ($'000)	–	–	2,410	4,884	4,545
Basic earnings per share (cents)	(0.9)	(31)	(56)	12	7
Increase/(decrease) in share price ($)	0.02	(0.22)	(0.31)	(0.13)	(0.48)
Return on equity %	(3)	(95)	(87)	10	6

1 Earnings before interest, tax, depreciation, amortisation and impairment (EBITDAI)

EBITDAI is considered one of the key financial performance targets in setting the STI as EBITDAI is a measure of free cash flow excluding the impact of financing, non-cash accounting adjustments and tax treatments. It is considered to be a measure of the operating performance of the business that is most influenced by management decisions. EBITDAI amounts for 2014 to 2018 have been calculated by adjusting net profit calculated in accordance with Australian Accounting Standards (AASs) and adding back net finance expenses, tax expense, depreciation, amortisation and impairment charges.

The overall level of executive KMP compensation takes into account these and other factors in assessing the performance of the Group and executive KMP over a number of years. When comparing financial year 2018 to financial year 2017, although the Group reversed the trend of EBITDAI losses from the previous two years it did not generate an EBITDAI margin in the mid-single digits as had been expected and communicated to shareholders in the Company's guidance to the market in June 2017. Consequently, the Nomination and Remuneration Committee determined that no STI be awarded under the 2018 STI plan.

REMUNERATION REPORT – AUDITED (CONTINUED)

(e) Remuneration expenses for executive KMP

Details of the nature and amount of each major element of remuneration of each of the Key Management Personnel are:

		Fixed remuneration				Variable remuneration			
Name	Year	Cash salary $	Non-monetary benefits $	Post-employment benefits $	Termination benefits $	Options and rights $	Total $	Proportion of remuneration performance related %	Value of options and rights as proportion of remuneration %
Non-Executive Directors									
Peter Watson	**2018**	**120,000**	**–**	**–**	**–**	**–**	**120,000**	**–**	**–**
	2017	140,000	–	–	–	–	140,000	–	–
Peter Wall (retired 25 October 2017)	**2018**	**26,668**	**–**	**–**	**–**	**–**	**26,668**	**–**	**–**
	2017	80,000	–	–	–	–	80,000	–	–
Richard Robinson	**2018**	**75,000**	**–**	**–**	**–**	**4,245**	**79,245**	**–**	**5.3%**
	2017	75,000	–	–	–	10,421	85,421	–	12.2%
Charles Rottier (appointed 4 September 2017)	**2018**	**54,004**	**–**	**5,130**	**–**	**–**	**59,134**	**–**	**–**
Total Non-Executive Director remuneration	**2018**	**275,672**	**–**	**5,130**	**–**	**4,245**	**285,047**		
	2017	295,000	–	–	–	10,421	305,421		
Executive Directors									
Steve Banning (resigned 22 February 2017)	2017	398,626	3,900	22,692	90,000	(1,392)	513,826	–	(0.3%)
Executives									
Flora Furness[1]	**2018**	**428,814**	**7,091**	**19,172**	**339,671**	**78,000**	**872,748**	**8.9%**	**8.9%**
	2017	356,661	6,500	27,232	–	90,000	480,393	18.7%	18.7%
Dan Drewe (appointed 9 June 2017)	**2018**	**324,231**	**7,091**	**20,049**	**–**	**–**	**351,371**	**–**	**–**
	2017	9,230	–	877	–	–	10,107	–	–
Iulius Mincu (resigned 15 June 2018)	**2018**	**300,366**	**963**	**19,497**	**12,517**	**(35,000)**	**298,343**	**(35.6%)**	**(35.6%)**
	2017	315,946	2,310	30,015	–	35,000	383,271	9.1%	9.1%
Craig White (appointed 17 February 2017, resigned 9 June 2017)	2017	134,116	2,600	12,113	–	–	148,829	–	–
Naomi Rule (appointed 11 December 2017, resigned 17 April 2018)	**2018**	**107,885**	**–**	**8,268**	**14,553**	**–**	**130,706**	**–**	**–**
Paul Bowker (resigned 17 February 2017)	2017	204,230	3,900	21,577	170,192	(29,250)	370,649	(7.9%)	(7.9%)
Total executive directors and executives	**2018**	**1,161,296**	**15,145**	**66,986**	**366,741**	**43,000**	**1,653,168**		
	2017	1,418,809	19,210	114,506	260,192	94,358	1,907,075		
Total KMP Remuneration	**2018**	**1,436,968**	**15,145**	**72,116**	**366,741**	**47,245**	**1,938,215**		
	2017	1,713,809	19,210	114,506	260,192	104,779	2,212,496		

[1] Termination benefits included in the table represent amounts accrued at 30 June 2018 in respect of termination benefits that were paid on 6 July 2018.

REMUNERATION REPORT – AUDITED (CONTINUED)

(e) Remuneration expenses for executive KMP (continued)

Equity instruments

KMP disclosed below were issued Performance Rights as detailed below that impact on compensation in the 2017 or subsequent reporting periods. The service or performance criteria used to determine the number of Performance Rights issued is set out earlier in this report in the discussion of the Company's LTI Plan.

No terms of equity-settled share-based payment transactions have been altered or modified by the issuing entity since the date of grant. All Performance Rights were provided at no cost to the recipients. Performance Rights expire on the earlier of their expiry date or termination of the individual's employment.

Analysis of incentives included in remuneration

Details of the vesting profile of the Performance Rights granted to KMP and impacting on compensation in the 2017 reporting period as at the date of this report, or subsequent reporting periods that are still outstanding are detailed below.

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
Flora Furness	Performance Rights	138,462	28-Sep-16	$0.39	–	–	138,462	2018
	Performance Rights	200,000	25-Oct-17	$0.30	–	–	200,000	2018–2019
Iulius Mincu	Performance Rights	134,615	28-Sep-16	$0.39	–	100%	–	2018
Richard Robinson	Performance Rights	16,666	24-Nov-16	$0.44	100%	–	–	2018

Other terms

Performance Rights granted under the LTI Plan carry no voting or dividend entitlements. Currently, based on the number of Performance Rights issued and held pursuant to the LTI Plan, should all of these securities convert to shares they would represent 0.41% of the Company's issued share capital.

Exercise of Options or Performance Rights

During the year 16,666 shares were issued to Richard Robinson with a fair value at grant date of $0.44. The shares issued were on the conversion of Performance Rights granted in prior years as compensation. No exercise price was payable on the conversion of the Performance Rights.

During the year 134,615 Performance Rights issued to Iulius Mincu in 2016 were forfeited on cessation of employment.

No other Performance Rights previously granted to KMPs were exercised during the reporting period.

On Market Purchases

All shares underpinning equity awards may be purchased on market or be newly issued shares or a combination of both. As at 1 July 2017, the LogiCamms Employee Share Trust held 91,981 ordinary LogiCamms share which had been purchased on market in prior periods. During the 2018 financial year, the LogiCamms Employee Share Trust purchased nil shares on-market and allocated 2,920 shares.

REMUNERATION REPORT – AUDITED (CONTINUED)

(f) Overview of the Company's service contracts with Executives

Name	Status	Position	Term of agreement	Notice period	Fixed remuneration	Non-monetary benefits	Performance based remuneration	
					$		STI %	LTI %
Flora Furness	Current[1]	Chief Executive Officer	Permanent	8 months	450,000	Car park and mobile phone, 200,000 performance rights	40%	60%
Dan Drewe	Current	Chief Financial Officer[2]	Permanent	3 months	350,0492	Car park and mobile phone	30%	50%
Naomi Rule	Former	Chief Operating Officer	Permanent	3 months	350,049	Car park and mobile phone	30%	50%
Iulius Mincu	Former	Director – Technology, Innovation and Asset Performance	Permanent	3 months	350,000	Car park and mobile phone	30%	30%

1 Current as at 30 June 2018. Resigned effective 6 July 2018.

2 Effective from 6 July, 2018, Dan Drewe is fulfilling the role of Interim Chief Executive Officer and Chief Financial Officer until such time as a new Chief Executive Officer commences with the Company. During this time, the Board has agreed to increase his remuneration to reflect the increased responsibilities of this role. The increase includes a cash component of $5,000 per month and a monthly award of ordinary shares of a number equal to the value of $5,000 calculated using a volume weighted average price of the Company's ordinary shares over the relevant month.

Overview of the group's Current Service Contracts with Key Management Personnel

It is the Group's policy that service contracts for executive KMP, are unlimited in term but capable of termination on between 3 and 12 months' notice. The Group retains the right to terminate a KMP contract immediately by making payment of between 3 and 8 months' pay in lieu of notice. The KMP are also entitled to receive on termination of employment their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.

The KMP have no entitlement to termination payment in the event of removal for misconduct.

(g) 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 by shareholders approved an aggregate fee pool of up to $600,000 with such fees to be allocated to the Directors as the Board of Directors may determine.

REMUNERATION REPORT – AUDITED (CONTINUED)

(g) Non- executive director arrangements (continued)

Structure

The remuneration of NEDs consists of directors' fees which includes committee fees. NEDs do not receive retirement benefits.

Mr Richard Robinson and Mr Charles Rottier received a base fee of $75,000 inclusive of superannuation for being directors of the Group. The Board Chairman, Mr Peter Watson, received a base fee of $120,000 (2017: $140,000) inclusive of superannuation for the period. Mr Peter Wall, who retired during the year, received a base fee of $80,000 inclusive of superannuation.

There are no additional fees for serving on a committee. 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, is as follows:

Name	Balance at 30 June 2017	Received on vesting of rights	Ceased to be a KMP	Other changes	Balance at 30 June 2018
Peter Watson	917,169	–	–	–	917,169
Peter Wall[1]	239,475	–	(239,475)	–	–
Richard Robinson	33,334	16,666	–	–	50,000
Charles Rottier[2]	30,000	–	–	80,500	110,500
Flora Furness	138,462	–	–	–	138,462
Iulius Mincu	134,615	–	(134,615)	–	–
Dan Drewe	–	–	–	–	–

1 Peter Wall retired on 25 October 2017, balance at EOFY is representative at 25 October 2017.

2 Charles Rottier was appointed 4 September 2017, balance at SOFY is representative at 4 September 2017. Other changes during the period represent shares that were acquired on market.

Directors interests

The relevant interest of each Director in the Shares and Performance Rights issued by the Company at the date of this report is as follows:

Director	Ordinary Shares	Performance Rights
Peter Watson	917,169	–
Richard Robinson	50,000	–
Charles Rottier	110,500	–

Options and rights granted to Directors and Officers of the Company

During or since the end of the financial year, the Company granted no additional rights over unissued ordinary shares in the Company to the Key Management Personnel.

The Performance Rights require the holder to remain employed by the Company prior to vesting. Performance Rights over unissued ordinary shares in the Company granted in the previous financial year were detailed in the previous Annual Report.

Unissued shares under options

At the date of this report there are no other unissued ordinary shares of the Company under option.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

Under the Company's Constitution, the Company indemnifies each current and former officer of the Group against certain liabilities and costs incurred by them as an officer of the Group, except where the liability arises out of conduct involving a lack of good faith. The Company also indemnifies each current and former officer of the Group against certain liabilities and costs incurred when the officer acts 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 officers under the Corporations Act.

In addition, the Company has entered into Deeds of Access, Indemnity and Insurance with certain officers of the Group. Under those Deeds, the Company agrees to matters including the following:

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

Since the end of the previous financial year the Group has paid insurance premiums of $138,558 (2017: $84,829) in respect of directors' and officers' liability insurance policies.

NON-AUDIT SERVICES

During the year PwC, the Group's auditor, did not perform any other services in addition to their statutory duties. Michael Shewan is the partner of PwC that is the auditor of the Group for the year.

As PwC did not perform any other services in addition to their statutory duties, the Directors are satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

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(h) of the Financial Report below. No amounts were paid to other auditors in respect of the statutory audit.

AFTER BALANCE DATE EVENTS

Extension of finance facilities

Subsequent to the end of the financial year, the NAB Multi-Option facility was amended, with the limit formally reduced from $11.0 million to $10.5 million (split $6.0 million working capital and $4.5 million bank guarantee facility) and the expiry date extended until 30 September 2019. Financial covenants remain the same but several additional requirements were added:

- The Company is to make quarterly repayment into a NAB term deposit 45 days after each quarter end, commencing February 2019, based on the greater of a fixed payment schedule or a percentage of adjusted EBITDA (a defined term in the agreement).
- Capital expenditure is limited to $1.5 million.
- The Company must report to NAB the results of a strategic review of its operations and funding options by 2 November 2018.
- By 30 November 2018 the Company must provide to NAB evidence of the Board's approval to commence a course of action to execute one of its strategic funding options.
- By 31 January 2019 the Company must provide to NAB evidence of the commencement of implementation of one of the strategic options along with monthly reporting of the progress of its strategy.

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

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's operations are subject to Australian Commonwealth and State environmental legislation as well as legislation in New Zealand and Papua New Guinea. The Group has appropriate environmental management systems in place to monitor and manage compliance with existing environmental regulations and new regulations as they come into force. LogiCamms has not been fined or prosecuted for any breaches of environmental regulations during the financial year.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* 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.*

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 71.

ROUNDING OF AMOUNTS

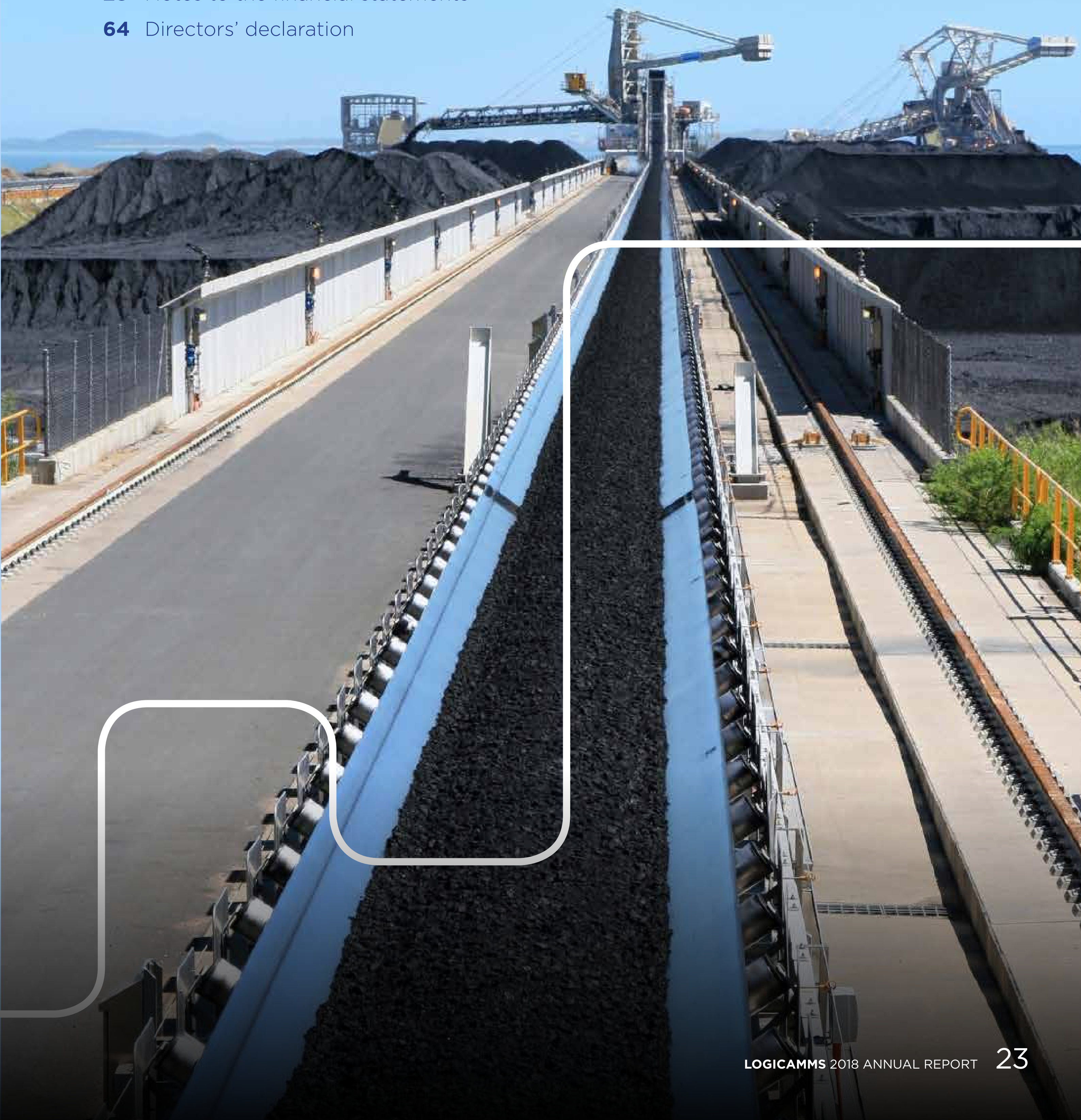
The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016. Amounts in the Directors' report have been rounded off in accordance with that Legislative Instrument to the nearest thousand dollars, or in certain cases, to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

This report is made in accordance with a resolution of Directors.

Peter Watson
Chairman

Brisbane
31 August 2018

FINANCIAL STATEMENTS



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2018

	Notes	2018 $'000	2017 $'000
Revenue	4(a)	**81,750**	81,063
Cost of sales		**(52,675)**	(52,624)
Gross profit		**29,075**	28,439
Other income	4(b)	**387**	323
Business development expenses		**(3,953)**	(6,179)
Other expenses		**(25,753)**	(34,020)
Onerous lease benefit		**341**	668
Profit/(loss) from operating activities		**97**	(10,769)
Finance income	4(c)	**7**	4
Finance expenses	4(d)	**(359)**	(85)
Net finance expenses		**(352)**	(81)
Share of net loss of equity accounted investees	9(b)	**-**	(15)
Impairment charge		**-**	(11,000)
Loss before income tax		**(255)**	(21,865)
Income tax expense	4(e)	**(518)**	(1,750)
Loss for the year attributable to owners of the Company		**(773)**	(23,615)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign currency translation differences		**(597)**	325
Other		**-**	(26)
Other comprehensive income for the year, net of tax		**(597)**	299
Total comprehensive loss for the year attributable to owners of the Company		**(1,370)**	(23,316)
Earnings per share			
Basic earnings per share (cents per share)	4(f)	**(0.9)**	(30.6)
Diluted earnings per share (cents per share)	4(f)	**(0.9)**	(30.6)

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 2018

	Notes	2018 $'000	2017 $'000
ASSETS			
Cash and cash equivalents	5(a)	**4,156**	4,983
Trade and other receivables	5(b)	**19,982**	18,245
Current tax asset	4(e)	**86**	–
Total current assets		**24,224**	23,228
Property, plant and equipment	6(a)	**2,668**	2,877
Deferred tax assets	4(e)	**2,911**	3,328
Intangible assets	6(b)	**20,745**	21,537
Total non-current assets		**26,324**	27,742
Total assets		**50,548**	50,970
LIABILITIES			
Trade and other payables	5(c)	**8,544**	7,576
Borrowings	5(g)	**5,820**	4,000
Current tax liability	4(e)	**–**	122
Employee benefits	5(e)	**3,507**	3,591
Provisions	5(f)	**2,319**	3,839
Deferred income	5(d)	**4,425**	2,242
Total current liabilities		**24,615**	21,370
Trade and other payables	5(c)	**744**	1,210
Employee benefits	5(e)	**298**	839
Borrowings	5(g)	**135**	–
Provisions	5(f)	**1,323**	2,779
Total non-current liabilities		**2,500**	4,828
Total liabilities		**27,115**	26,198
Net assets		**23,433**	24,772
EQUITY			
Share capital		**57,619**	57,619
Reserves		**2,163**	2,760
Accumulated losses		**(36,349)**	(35,607)
Total equity attributable to owners of the Company		**23,433**	24,772

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 2018

	Attributable to owners of LogiCamms			
	Share capital $'000	Reserves $'000	Accumulated losses $'000	Total $'000
Balance at 1 July 2016	53,163	2,435	(11,973)	43,625
Loss for the year	–	–	(23,615)	(23,615)
Other comprehensive income	–	325	(26)	299
Total comprehensive income for the year	**–**	**325**	**(23,641)**	**(23,316)**
Issuance of shares	4,456	–	–	4,456
Employee share scheme	–	–	7	7
Balance at 30 June 2017	**57,619**	**2,760**	**(35,607)**	**24,772**
Balance at 1 July 2017	**57,619**	**2,760**	**(35,607)**	**24,772**
Loss for the year	–	–	(773)	(773)
Other comprehensive income	–	(597)	–	(597)
Total comprehensive income for the year	**–**	**(597)**	**(773)**	**(1,370)**
Employee share scheme	–	–	31	31
Balance at 30 June 2018	**57,619**	**2,163**	**(36,349)**	**23,433**

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 2018

	Notes	2018 $'000	2017 $'000
Cash flows from operating activities			
Receipts from customers		84,519	83,963
Payments to suppliers and employees		(85,567)	(93,446)
		(1,048)	(9,483)
Interest paid		(359)	(85)
Income taxes (paid)/refunded		(211)	401
Net cash outflow from operating activities		(1,618)	(9,167)
Cash flows from investing activities			
Interest received		7	4
Proceeds from sale of property, plant and equipment		16	4
Acquisition of property, plant and equipment	6(a)	(628)	(668)
Acquisition of intangible assets	6(b)	(515)	(283)
Net cash outflow from investing activities		(1,120)	(943)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities	7(a)	–	4,456
Proceeds from borrowings–external	5(g)	1,955	4,000
Net cash inflow from financing activities		1,955	8,456
Net decrease in cash and cash equivalents		(783)	(1,654)
Cash and cash equivalents at the beginning of financial year		4,983	6,637
Effects of exchange rate changes on cash and cash equivalents		(44)	–
Cash and cash equivalents at the end of the financial year	5(a)	4,156	4,983

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

1 GENERAL INFORMATION

LogiCamms Limited (the "Company") 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 2018 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 energy, resources and infrastructure sectors providing engineering consulting services primarily in Australia and New Zealand. Comparative information has been reclassified where appropriate to enhance comparability.

The financial statements were approved by the Board of Directors on 31 August 2018.

2 BASIS OF PREPARATION

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 Group recorded an operating loss in FY18 of $0.3 million (2017: loss of $10.9 million excluding impairment charge) and net operating cash outflows of $1.6 million (2017: outflow of $9.2 million). These results were a substantial improvement on the prior year and followed the significant restructuring undertaken in FY17 to cut $10.5 million of overhead costs from the business. To fund the net operating cash outflow, the Group drew down additional borrowings under its NAB working capital facility of $1.25 million.

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 2018, this facility had a limit of $11.0 million, split $7.0 million to working capital and $4.0 million to bank guarantees. The Group also had an asset finance facility with a limit of $0.5 million. Subsequent to the end of the financial year the NAB Multi-Option facility has been renewed with the term extended to 30 September 2019.

As part of the extension agreement, the limit of the Multi-Option facility was reduced to $10.5 million, split $6.0 million to working capital and $4.5 million to guarantees, while the equipment finance facility limit was increased by $0.3 million to $0.8 million. The sub-limits can be reallocated between working capital and bank guarantees at any time. Available headroom in the facility at 30 June 2018 was $1.95 million. This headroom declined to $1.45m in August 2018 following the reduction in overall limit of $0.5 million. Further details on the bank facilities, including applicable financial covenants, can be found in note 5(g). The covenants include a requirement for various actions relating to a strategic review of its operations and funding options.

The Directors are cognisant that the Multi-Option working capital facility is not intended to operate as long-term debt. Several years of operating losses have resulted in a net deficiency of current assets compared to current liabilities. The Board is committed to restoring financial strength and liquidity to the Group's balance sheet and has engaged an external advisor to review the Group's strategic funding options. These options may include the sale of an asset or business unit, an equity raising or long-term debt funding. Any funds that flow into the Group as a result of a strategic funding option will be applied to both paying down outstanding borrowings and for working capital to support the growth of the business.

The nature of the Group's work also requires that bank guarantees or bonds are issued in relation to certain projects during the construction phase or in respect of warranty periods for control systems and electrical instrumentation. At 30 June 2018, the Group had on issue $3.8 million in bank guarantees and bonds. The Group believes that the $1.45 million headroom available under the NAB facilities as at August 2018 is sufficient to meet the future bank guarantee requirements of any currently identified projects or proposals.

The Group has prepared detailed cash flow forecasts for the next twelve months which show an improvement in operating cash flows and a return to profitability. This is supported by the fact that the Group entered the 2018 financial year with its strongest order book in several years, with work in hand of $30.8 million (2017: $25.1 million) representing approximately 37% of the Group's forecast revenue (excluding training) for the upcoming financial year.

2 BASIS OF PREPARATION (CONTINUED)

Cash on hand at 30 June 2018 was $4.2 million and the Group continues to have a strong cash collection and billing cycle over its debtors and work in progress (WIP), with minimal debts being written off during the course of the 2018 financial year.

The Group's forecasts and projections, taking into account reasonably possible changes in trading performance, show that the Director's expect the group to operate within the limit of its current facilities. The Group believes that the cash on hand and headroom available under the Multi-Option facility with NAB will be sufficient to meet the foreseeable future working capital and bank guarantee requirements of the business. However, should 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.

Based on the current cash position, facilities in place, cost savings achieved in the prior year restructure, as well as the Group's work in hand and proposal pipeline, the Directors believe that the Group will continue to meet its debts as and when they fall due, and accordingly, have prepared the annual financial report on a going concern basis.

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards ("AASs") (including Australian Interpretations adopted by the Australian Accounting Standards Board ("AASB")) and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards ("IFRSs") and interpretations adopted by the International Accounting Standards Board.

(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) 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.

In particular, 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 2 – Basis of preparation
- Notes 4(a) and 5(b) – revenue recognition and project work in progress
- Note 4(e) – recoverability of deferred tax assets
- Note 6(b) – measurement of the recoverable amounts of cash-generating units containing goodwill

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 in foreign currencies are translated to the respective functional currency of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency using the exchange rate at that date. 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.

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 retranslation 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 accounting standards and interpretations not yet adopted

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 July 2017:

- AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

None of these have had a significant effect on the consolidated financial statements of the Group.

The following amendments have been published that are not mandatory for 30 June 2018 reporting periods and have not been early adopted by the Group.

- AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014–2016 Cycle
- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014–2016 Cycle and Other Amendments.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) New accounting standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2018. The Group has not elected to adopt early any accounting standards and/or amendments.

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective:

Title of standard	AASB 9 *Financial Instruments*
Nature of change	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.
Impact	The majority of the Group's financial assets are in the form of cash and cash equivalents and trade and other receivables. Accordingly, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets. The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under AASB 139. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under AASB 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. Management are yet to perform an assessment of the impact of the ECL model on the Group's trade receivables. However, the standard is not expected to have a material impact on the results of LogiCamms given its historically low level of bad debt write-offs. The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.
Date of adoption by Group	Must be applied for financial years commencing on or after 1 January 2018. The Group will apply the new rules retrospectively from 1 July 2018, with practical expedients permitted under the standard. Comparatives for 30 June 2018 will not be restated.

Title of standard	AASB 15 *Revenue from Contracts with Customers*
Nature of change	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The amount of revenue to be recognised should reflect the amount the entity expects to receive. The standard permits either a full retrospective or a modified retrospective approach for the adoption.
Impact	Management is currently assessing the effects of applying the new standard on the Group's financial statements. At this stage, the Group has not yet completed its assessment of the effect of the new rules on the Group's financial statements. However, the majority of the Group's revenue is from short term contracts recognised on a percentage of completion basis and this will continue to be the case under the new standard. Management are still assessing the impact of the standard on the Group's fixed price projects and warranty obligations. The application of AASB15 may further result in the identification of separate performance obligations in relation to some contracts which could affect the timing of the recognition of revenue in future periods.
Date of adoption by Group	The Group will adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 July 2018 and that comparatives will not be restated.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) New accounting standards and interpretations not yet adopted (continued)

Title of standard	AASB 16 *Leases*
Nature of change	Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised.
Impact	As at the reporting date, the Group has operating lease commitments of $8.9 million. The Group is currently in the process of assessing the impact of the new standard with the major impacts expected to be the recognition of an asset and a liability for future payments in the Consolidated Statement of Financial Position and the reclassification of lease payments from an operating cash outflow to a financing cash outflow in the Consolidated Statement of Cash Flows. Some of the commitments may be covered by an exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB16. However, the impact of this new standard will result in lower operating expenses and higher depreciation and finance expenses, as long-term premises leases are brought onto the balance sheet as both an asset and liability. Debt to equity ratios will increase.
Date of adoption by Group	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transitions approach and will not restate comparative amounts for the year prior to first adoption.

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

(d) 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 the financial statements.

4 OPERATIONS – RESULTS FOR THE YEAR

(a) Revenue

	2018 $'000	2017 $'000
Project and services revenue	75,849	75,760
Training courses	5,901	5,303
	81,750	81,063

Revenue from projects and services

With respect to fixed price contracts, revenue is recognised depending on the stage of completion of those services. The Group estimates the percentage of costs based on the portion that contract costs incurred for work performed to date bear to the estimated total contract costs.

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.

When 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 and Other Comprehensive Income.

Revenue from training courses

Revenue from training courses is recognised when the course is completed.

4 OPERATIONS – RESULTS FOR THE YEAR (CONTINUED)

(b) Other income

	Notes	2018 $'000	2017 $'000
Reduction in earn outs payable	9(c)	–	300
Net foreign exchange gains		181	–
Rental income		120	–
Other		86	23
		387	323

(c) Finance income

	2018 $'000	2017 $'000
Interest income on bank deposits	7	4
	7	4

(d) Expenses

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

	2018 $'000	2017 $'000
Personnel expenses	48,469	54,424
Contractor expenses	8,237	4,569
Contributions to defined contribution superannuation funds	3,774	4,561
Operating leases	3,615	3,046
Depreciation	803	1,099
Amortisation	942	1,552
Interest expense on financial liabilities	359	85

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 and New Zealand are party to a defined contribution scheme and receive fixed contributions from the Group and the Group's legal or constructive obligation is limited to these contributions. Contributions to defined contribution funds are recognised as an expense as they become payable.

Operating leases

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Depreciation and amortisation

The Group's accounting policies for depreciation and amortisation are set out in Notes 6(a) and 6(b).

4 OPERATIONS – RESULTS FOR THE YEAR (CONTINUED)

(e) Taxation

Income tax expense comprises current and deferred tax. Current and deferred tax is recognised in profit or 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

	2018 $'000	2017 $'000
Current tax expense		
Current year	–	213
Withholding tax paid	119	136
Adjustments for current tax of prior periods	–	17
	119	366
Deferred tax expense		
Decrease in deferred tax assets	399	1,384
Total income tax expense	518	1,750

Numerical reconciliation between tax expense and pre-tax accounting profit

	2018 $'000	2017 $'000
Loss for the year	(773)	(23,615)
Total income tax expense	518	1,750
Loss before income tax	(255)	(21,865)
Income tax using the Company's domestic tax rate of 30.0% (2017–30.0%)	(77)	(6,560)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Effect of tax rates in foreign jurisdictions	(2)	3
Non-deductible expenses–Goodwill impairment	–	3,300
Non-deductible expenses–other	17	(146)
Non-assessable income	(78)	(90)
Withholding taxes paid	119	136
Franking credits	–	213
Tax losses and incentives not recognised	539	4,877
Adjustments for current tax of prior periods	–	17
Total income tax expense	518	1,750

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)

(e) 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.

	2018 $'000	2017 $'000
Current tax asset	86	–
Current tax liability	–	(122)

The current tax asset relates to prepaid income tax held in a tax pool deposit in New Zealand.

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

	2018 $'000	2017 $'000
The balance comprises temporary differences attributable to:		
Trade receivables	19	114
Fixed Assets	129	228
Employee benefits	1,136	1,322
Other payables	351	494
Revenue received in advance	1,328	673
Provisions	1,261	1,813
Share based payments	–	15
	4,224	4,659
Set-off of deferred tax liabilities pursuant to set-off provisions	(1,313)	(1,331)
Net deferred tax assets	2,911	3,328

4 OPERATIONS – RESULTS FOR THE YEAR (CONTINUED)

(e) Taxation (continued)

Deferred tax assets (continued)

Movements	Trade receivables $'000	Fixed assets $'000	Employee benefits $'000	Other payables $'000	Revenue received in advance $'000	Provisions $'000	Share based payments $'000	Total $'000
At 1 July 2016	51	258	1,606	1,170	8	2,080	41	5,214
(Charged)/credited – to profit or loss	63	(30)	(284)	(676)	665	(267)	(26)	(555)
(Charged)/credited – to Reserves	–	–	–	–	–	–	–	–
At 30 June 2017	**114**	**228**	**1,322**	**494**	**673**	**1,813**	**15**	**4,659**
At 1 July 2017	114	228	1,322	494	673	1,813	15	4,659
(Charged)/credited – to profit or loss	(95)	(99)	(186)	(143)	655	(552)	–	(420)
(Charged)/credited – to Reserves	–	–	–	–	–	–	(15)	(15)
At 30 June 2018	**19**	**129**	**1,136**	**351**	**1,328**	**1,261**	**–**	**4,224**

Deferred tax

	2018 $'000	2017 $'000
The balance comprises temporary differences attributable to:		
Work in progress	**(1,313)**	(1,331)
Set-off of deferred tax liabilities pursuant to set-off provisions	**1,313**	1,331
Net deferred tax liabilities	**–**	–

4 OPERATIONS – RESULTS FOR THE YEAR (CONTINUED)

(e) Taxation (continued)

Deferred tax assets (continued)

Movements	Equity accounted investee $'000	Work in progress $'000	Total $'000
At 1 July 2016	(24)	(477)	(501)
Charged/(credited)–profit or loss	24	(854)	(830)
At 30 June 2017	–	(1,331)	(1,331)
At 1 July 2017	–	(1,331)	(1,331)
Charged/(credited)–profit or loss	–	18	18
At 30 June 2018	**–**	**(1,313)**	**(1,313)**

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 2018 there were unrecognised and unused tax losses of $7.4 million (2017: $7.7 million)

Tax consolidation

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

(f) Earnings per share

Reconciliation of earnings used in calculating earnings per share

	2018 $'000	2017 $'000
Loss for the year	**(773)**	(23,615)
WANOS[1] used to calculate basic EPS (Shares)	**81,648**	77,175
WANOS[1] used to calculate diluted EPS (Shares)	**81,922**	77,393
Basic EPS (cents per share)	**(0.9)**	(30.6)
Diluted EPS (cents per share)	**(0.9)**	(30.6)

1 Weighted average number of ordinary shares

4 OPERATIONS – RESULTS FOR THE YEAR (CONTINUED)

(f) Earnings per share (continued)

	2018 $'000	2017 $'000
Number of shares		
WANOS used to calculate basic EPS (Shares)	81,648	77,175
Effect of performance rights on issue	274	218
WANOS used to calculate diluted EPS (Shares)	81,922	77,393

Subsequent to the reporting date 338,462 Performance Rights vested and were issued which would impact on the above EPS calculations.

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 weighted average number of ordinary shares, 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 weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(g) Segment reporting

The Group has a single reportable segment in which it operates, being engineering services. This is based on information that is internally provided to the Managing Director for assessing performance and making operating decisions. Therefore, no additional disclosures in relation to the revenues, profit or loss, assets and liabilities and other material items have been made.

The Company is domiciled in Australia, with operations located across Australia and in New Zealand. Revenue and non-current assets are attributed to the above regions based on the revenue earned and non-current assets owned by the subsidiaries domiciled in each region and are as follows:

	2018 $'000	2017 $'000
Revenue		
Australia	**70,900**	69,406
New Zealand	**10,850**	11,657
	81,750	81,063

4 OPERATIONS – RESULTS FOR THE YEAR (CONTINUED)

(g) Segment reporting (continued)

	2018 $'000	2017 $'000
Non-current assets excluding deferred tax assets		
Australia	**23,091**	24,096
New Zealand	**322**	318
	23,413	24,414

No customer of the Group represents greater than 10% of the Group's total revenues for the year ended 30 June 2018. One customer in the Hydrocarbon sector accounted for greater than 10% of revenue in the year ended 30 June 2017 ($8.9 million).

(h) 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:

	2018 $	2017 $
PwC		
Audit services		
Audit of the Company's Financial Report	**216,000**	200,000
	216,000	200,000
Non-audit services		
Other services	**–**	–
	–	–
Total remuneration of PwC	**216,000**	200,000

5 OPERATIONS – OPERATING ASSETS AND LIABILITIES

(a) Cash and cash equivalents

Cash balances reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year.

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.

5 OPERATIONS – OPERATING ASSETS AND LIABILITIES (CONTINUED)

(a) Cash and cash equivalents (continued)

Reconciliation of cash flows from operating activities (continued)

	2018 $'000	2017 $'000
Cash flows from operating activities		
Loss for the year	**(773)**	(23,615)
Adjustment for		
Depreciation and amortisation	**1,746**	2,643
Impairment of goodwill	**–**	11,000
Equity settled share-based payments transactions	**47**	129
Net loss on sale of non-current assets	**5**	13
Equity accounted investee transactions	**–**	15
Reclassification of interest to investing	**(7)**	(4)
Finance charge accruals	**–**	32
Income tax expense	**16**	2,015
Operating profit/(loss) before changes in working capital and provisions	**1,034**	(7,772)
Change in trade and other receivables	**(1,051)**	1,688
Change in trade and other payables	**(3,173)**	(3,696)
Change in deferred income	**2,183**	1,561
Change in provisions and employee benefits	**(611)**	(948)
Net cash used in operating activities	**(1,618)**	(9,167)

(b) Trade and other receivables

	2018 $'000	2017 $'000
Current		
Trade receivables	**14,258**	13,475
Provision for impairment of receivables	**(65)**	(381)
Project work in progress	**4,435**	4,607
Provision for work in progress	**(70)**	–
Prepayments and sundry debtors	**1,424**	544
	19,982	18,245

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently at amortised cost using the effective interest method, less any impairment losses. At 30 June 2018 trade receivables include retentions of $0.02 million relating to contracts in progress (2017: $0.02 million). The Group's exposure to credit risk and impairment losses related to Trade and other receivables (excluding project work in progress) are disclosed in Note 8(b).

Project work in progress

Project work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity. If payments received from customers exceed the income recognised, then the difference is presented as deferred income in the Consolidated Statement of Financial Position.

5 OPERATIONS – OPERATING ASSETS AND LIABILITIES (CONTINUED)

(c) Trade and other payables

	2018 $'000	2017 $'000
Current		
Trade payables	4,016	3,117
GST payable	591	574
Accrued expenses	3,471	3,416
Lease incentives	466	469
	8,544	7,576
Non-Current		
Lease incentives	744	1,210
	744	1,210

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.

(d) Deferred income

	2018 $'000	2017 $'000
Revenue Received in Advance	179	79
Billings in advance	4,246	2,163
	4,425	2,242

The Group's policy in relation to deferred income is disclosed in Note 5(b).

(e) Employee benefits

	2018			2017		
	Current $'000	Non-Current $'000	Total	Current $'000	Non-Current $'000	Total
Leave obligations	3,507	298	3,805	3,591	839	4,430

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.

5 OPERATIONS – OPERATING ASSETS AND LIABILITIES (CONTINUED)

(f) Provisions

	2018			2017		
	Current $'000	Non-Current $'000	Total	Current $'000	Non-Current $'000	Total
Onerous lease provision	**1,235**	**358**	**1,593**	1,375	1,788	3,163
Superannuation provision	**785**	**–**	**785**	1,011	–	1,011
Make good provision	**–**	**965**	**965**	–	991	991
Service warranties	**299**	**–**	**299**	354	–	354
Restructuring costs	**–**	**–**	**–**	1,099	–	1,099
	2,319	**1,323**	**3,642**	3,839	2,779	6,618

Movements in provisions

The movement in provisions for the period is shown below:

	Restructuring obligations $'000	Service warranties $'000	Onerous lease $'000	Make-good provision $'000	Superannuation provision $'000	Total $'000
Carrying amount at the start of the year	1,099	354	3,163	991	1,011	6,618
Additional provisions recognised	–	54	–	–	–	54
Paid/utilised during the year	(1,099)	(109)	(1,275)	–	–	(2,483)
Derecognition of provision	–	–	(341)	–	(226)	(567)
Unwind of provision	–	–	46	(26)	–	20
Carrying amount at end of year	–	299	1,593	965	785	3,642

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.

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.

Following successful negotiations to sublet 2 floors of the Group's Perth office, an amount of $0.34 million was derecognised and is presented separately on the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2018 (2017: An amount of $0.7 million was derecognised following successful negotiations to exit the lease for the Group's former Brisbane head office).

5 OPERATIONS – OPERATING ASSETS AND LIABILITIES (CONTINUED)

(f) Provisions (continued)

Movements in provisions (continued)

Superannuation provision

The Group has recognised a provision for superannuation amounts potentially owing to certain contractors falling in the SGA Act's expanded definition of employees. The provision is measured at the expected cost of settling the liability.

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.

Restructure provision

A provision was recognised in 2017 for the value of termination payments to be paid to staff that were notified prior to 30 June 2017 that their role was redundant but that had not yet left the business at the balance sheet date. The provision was fully settled during the year.

(g) Borrowings

	2018			2017		
	Current $'000	Non-Current $'000	Total	Current $'000	Non-Current $'000	Total
Secured						
Bank loans	5,250	–	5,250	4,000	–	4,000
Equipment finance loan	45	135	180	–	–	–
Total secured borrowings	5,295	135	5,430	4,000	–	4,000
Unsecured						
Insurance premium funding	525	–	525	–	–	–
Total borrowings	5,820	135	5,955	4,000	–	4,000

(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 90 day market rate loan and is rolled over each 90 days. The carrying amount of the bank loans is a reasonable approximation of their fair value.

The facility is secured by a fixed and floating charge over the Group's assets. Covenants imposed by the bank include a Finance Charges Cover Ratio, whereby the Group's EBITDA, adjusted for onerous lease payments and any finance lease charges, must exceed interest expenses by a ratio of 2:1 and also an EBITDA covenant whereby EBITDA must fall within 85% of the forecast EBITDA provided to the bank as part of the annual renewal process. During the year, the Group breached this covenant in the March 2018 quarter and forecast that it would breach the covenant in the June 2018 quarter. The Group obtained a waiver from the bank for these breaches.

During the financial year the Group renewed its facilities with NAB, extending the expiry date of the facility to 31 March 2019. Details of the amount utilised and available at the reporting date is set out below:

Facility	Limit at 30 June 2018	Amount used	Amount available
NAB Multi-option Facility – working capital allocation	$7.0 million	$5.25 million	$1.75 million

5 OPERATIONS–OPERATING ASSETS AND LIABILITIES (CONTINUED)

(g) Borrowings (continued)

(i) Secured liabilities and assets pledged as security (continued)

Subsequent to the end of the financial year, the NAB Multi-Option facility was amended, with the limit formally reduced from $11.0 million to $10.5 million (split $6.0 million working capital and $4.5 million bank guarantee facility) and the expiry date extended until 30 September 2019. Financial covenants remain the same but several additional requirements were added:

- The Company is to make quarterly repayment into a NAB term deposit 45 days after each quarter end, commencing February 2019, based on the greater of a fixed payment schedule or a percentage of adjusted EBITDA (a defined term in the agreement).
- Capital expenditure is limited to $1.5 million.
- The Company must report to NAB the results of a strategic review of its operations and funding options by 2 November 2018.
- By 30 November 2018 the Company must provide to NAB evidence of the Board's approval to commence a course of action to execute one of its strategic funding options.
- By 31 January 2019 the Company must provide to NAB evidence of the commencement of implementation of one of the strategic options along with monthly reporting of the progress of its strategy.

The Multi-Option facility also has a corporate credit card facility with a limit of $0.35 million (repaid monthly) and an asset finance facility with a limit of $0.5 million (currently drawn $0.2 million, limit increased to $0.8 million subsequent to year end.

Finance leases

The Group leases various plant & equipment under finance leases expiring within 3 years. At the end of the lease the Group will obtain ownership of the assets.

	2018 $'000	2017 $'000
Commitments in relation to finance leases are payable as follows:		
Within one year	56	–
Later than one year but not later than five years	148	–
Minimum lease payments	204	–
Future finance charges	(24)	–
Recognised as a liability	180	–
The present value of finance lease liabilities is as follows:		
Within one year	45	–
Later than one year but not later than five years	135	–
Minimum lease payments	180	–

5 OPERATIONS–OPERATING ASSETS AND LIABILITIES (CONTINUED)

(g) Borrowings (continued)

(ii) Bank guarantees and contract performance bonds

The Group utilises bank guarantees and contract performance bonds as security for its obligations under premises leases and to guarantee its performance and warranty obligations under certain construction, procurement and engineering services contracts. The Group is no longer issuing guarantees under the AssetInsure facility. Outstanding guarantees will roll off over the next twelve months. The following facilities were in place at 30 June 2018:

Facility	Limit at 30 June 2018	Amount used	Amount available
NAB Multi-Option Facility – bank guarantee allocation	$4.0 million	$3.8 million	$0.2 million
SwissRe AssetInsure contract bond facility	$0.3 million	$0.3 million	$nil
Total	**$4.3 million**	**$4.1 million**	**$0.2 million**

(iii) Other facilities

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

Net debt reconciliation

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

	2018 $'000	2017 $'000
Net debt		
Cash and cash equivalents	**4,156**	4,983
Borrowings – repayable within one year	**(5,820)**	(4,000)
Borrowings – repayable after one year	**(135)**	–
Net debt	**(1,799)**	983
Cash	**4,156**	4,983
Gross debt – fixed interest rates	**(705)**	–
Gross debt – variable interest rates	**(5,250)**	(4,000)
	(1,799)	983

	Other assets	Liabilities from financing activities			
	Cash $'000	Bank loans $'000	Equipment finance $'000	Premium funding $'000	Total $'000
Net debt as at 1 July 2017	4,983	(4,000)	–	–	983
Cash flows	(827)	(1,250)	15	–	(2,062)
Acquisitions – equipment lease	–	–	(195)	–	(195)
Insurance premium finance	–	–	–	(525)	(525)
Net debt	**4,156**	**(5,250)**	**(180)**	**(525)**	**(1,799)**

6 NON-OPERATING ASSETS

(a) Property, plant and equipment

	Plant and equipment $'000	Motor Vehicles $'000	Building fit outs $'000	Total $'000
Non-current assets				
At 1 July 2016				
Cost	2,537	286	3,429	6,252
Accumulated depreciation	(1,648)	(242)	(2,511)	(4,401)
Net book amount	889	44	918	1,851
Year ended 30 June 2017				
Opening net book amount	889	44	918	1,851
Additions	378	–	2,141	2,519
Disposals	(14)	(4)	(433)	(451)
Depreciation charge	(315)	(36)	(748)	(1,099)
Transfers	56	–	–	56
Exchange differences	2	(1)	–	1
Closing net book amount	996	3	1,878	2,877
At 30 June 2017				
Cost	3,325	263	4,087	7,675
Accumulated depreciation	(2,329)	(260)	(2,209)	(4,798)
Net book amount	996	3	1,878	2,877
Year ended 30 June 2018				
Opening net book amount	996	3	1,878	**2,877**
Additions	628	–	–	**628**
Disposals	(10)	–	(11)	**(21)**
Depreciation charge	(335)	(1)	(467)	**(803)**
Exchange differences	(7)	–	(6)	**(13)**
Closing net book amount	**1,272**	**2**	**1,394**	**2,668**
At 30 June 2018				
Cost	3,884	255	4,056	**8,195**
Accumulated depreciation	(2,612)	(253)	(2,662)	**(5,527)**
Net book amount	**1,272**	**2**	**1,394**	**2,668**

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

Leased assets

Leases for which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Other leases are operating leases and the leased assets are not recognised on the Group's consolidated statement of financial position.

6 NON-OPERATING ASSETS (CONTINUED)

(b) Intangible assets

	Goodwill $'000	Systems and Software $'000	Customer contracts $'000	Total $'000
Non-Current assets				
At 1 July 2016				
Cost	58,548	6,609	300	65,457
Accumulation amortisation and impairment	(28,100)	(3,256)	(300)	(31,656)
Net book amount	30,448	3,353	–	33,801
Year ended 30 June 2017				
Opening net book amount	30,448	3,353	–	33,801
Additions – internal development	–	283	–	283
Reclassification from investments	125	–	–	125
Amortisation charge	–	(1,552)	–	(1,552)
Impairment charge	(11,000)	–	–	(11,000)
Transfers	–	(56)	–	(56)
Exchange differences	(64)	–	–	(64)
Closing net book amount	19,509	2,028	–	21,537
At 30 June 2017				
Cost	58,609	7,519	300	66,428
Accumulation amortisation and impairment	(39,100)	(5,491)	(300)	(44,891)
Net book amount	19,509	2,028	–	21,537
Year ended 30 June 2018				
Opening net book amount	19,509	2,028	–	**21,537**
Additions – internal development	–	515	–	**515**
Amortisation charge	–	(942)	–	**(942)**
Exchange differences	(365)	–	–	**(365)**
Closing net book amount	**19,144**	**1,601**	**–**	**20,745**
At 30 June 2018				
Cost	58,244	8,004	300	**66,548**
Accumulated amortisation	(39,100)	(6,403)	(300)	**(45,803)**
Net book amount	**19,144**	**1,601**	**–**	**20,745**

* Software includes capitalised internal development costs.

6 NON-OPERATING ASSETS (CONTINUED)

(b) 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.

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 profit or 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 4 and 6 years.

7 CAPITAL AND RESERVES

(a) Share capital and reserves

Share Capital

	2018 '000	2017 '000
Number of ordinary shares	**81,740**	69,430
On issue at 1 July		
Capital raising	**–**	12,310
Exercise of performance rights	**17**	–
On issue at 30 June – fully paid	**81,757**	81,740

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 with regard to 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.

As at 30 June 2018, 89,061 (2017: 91,981) treasury shares were included in the consolidated statements of financial position. These shares will be held by the Employee Share Trust to meet future obligations to employees under the incentive plans upon vesting of granted Performance and Share Appreciation Rights (refer Remuneration Report).

Dividends

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

No dividends were declared or paid during the financial year to 30 June 2018 (2017: nil).

7 CAPITAL AND RESERVES (CONTINUED)

(a) Share capital and reserves (continued)

Dividends (continued)

Declared and paid during the period

	2018 $'000	2017 $'000
Final dividend	–	–

Franking credits

	2018 $'000	2017 $'000
Franking credits available for subsequent reporting periods based on a tax rate of 30.0% (2017–30.0%)	–	–

The above amounts are calculated from the balance of the 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.

8 RISK (CONTINUED)

(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 have 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.

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:

	2018 $'000	2017 $'000
Trade receivables (net of provision for impairment)	**14,193**	13,094
Sundry debtors and prepayments	**1,424**	544
Project work in progress	**4,365**	4,607
	19,982	18,245
Cash and cash equivalents	**4,156**	4,983
	24,138	23,228

Credit risks related to trade receivables

The Group trades with recognised, creditworthy third parties such as government bodies, large contracting companies or 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* – performing a creditworthiness assessment before credit terms are allowed and including the performance of credit checks if required
- *prior to signing a large contract* – credit worthiness is assessed as part of the process of submitting the bid and negotiating terms and conditions
- *purchase limits* – outside special terms required for large contracts, credit limits are established for each customer

8 RISK (CONTINUED)

(b) Financial risk management (continued)

Credit risk (continued)

Credit risks related to trade receivables (continued)

In addition, the recoverability of receivable balances are 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 has established an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

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

	2018 $'000	2017 $'000
Australia	**13,047**	11,989
New Zealand	**1,211**	1,330
Other regions	**–**	156
	14,258	13,475

Details of the Group's most significant customer receivable balances at 30 June 2018 are shown in the following table. The most significant single customer at 30 June 2018 is a large, government owned utility in the water infrastructure sector.

	Carrying amount 2018 $'000	% of trade receivables 2018	Carrying amount 2017 $'000	% of trade receivables 2017
Most significant single customer	**2,218**	**16%**	1,611	12%
Top ten most significant customers	**7,902**	**55%**	7,455	55%

Impairment losses

The aging of the Group's trade receivables at the reporting date was:

	2018 $'000	2017 $'000
Current assets		
Not past due	**12,286**	11,378
Past due 0–30 days	**1,737**	1,474
Past due 31–120 days	**141**	35
Past due 121 days to one year	**54**	462
More than one year	**23**	102
Retentions	**17**	24
	14,258	13,475

8 RISK (CONTINUED)

(b) Financial risk management (continued)

Credit risk (continued)

Impairment losses (continued)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2018 $'000	2017 $'000
Balance at start of year	381	170
Recoveries of previous year impairments	(2)	(54)
Impairment losses recognised	75	265
Amounts written off as non-recoverable	(389)	–
Balance at 30 June	65	381

The impairment loss at 30 June 2018 relates to specific invoices that the Group considers are at risk of being recovered. The allowance account in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point the amount is considered irrecoverable and is written off against the financial asset directly. The Group will continue to strongly pursue all debts provided for.

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, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The Group ensures that it has sufficient 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 sufficient time to hold discussions with the Group's bankers, if such discussions are 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 1 year $'000	1–2 years $'000
Balance at 30 June 2018				
Financial liabilities				
Trade payables	8,078	8,078	8,078	–
Borrowings (excluding finance leases)	5,775	5,792	5,792	–
	13,853	13,870	13,870	–
Balance at 30 June 2017				
Financial liabilities				
Trade payables	7,107	7,107	7,107	–
Borrowings (excluding finance leases)	4,000	4,000	4,000	–
	11,107	11,107	11,107	–

8 RISK (CONTINUED)

(b) Financial risk management (continued)

Liquidity risk (continued)

Financing arrangements

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

	2018 $'000	2017 $'000
Floating rate		
– Expiring within one year (multi option facility)	1,950	1,206

As at 30 June 2018 the Group had utilised a total of $9.05 million of the $11.0 million limit of its Multi Option Facility with NAB and $0.2 million of the $0.5 million 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. On 31 August 2018, the facility limit was reduced to $10.5 million, offset by an increase of $0.3 million in the equipment finance facility.

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.

Currency risk

The Group has no significant exposure to currency risk.

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:

	Carrying amount	
	2018 $'000	2017 $'000
Variable rate instruments		
Financial assets	4,156	4,983
Financial liabilities	(5,250)	(4,000)
	(1,094)	983
Fixed rate instruments		
Financial liabilities	705	–

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% (2017: 2%) has been selected as this is considered reasonably possible. The Directors cannot nor do not seek to predict movements in interest rates. These sensitivities are shown for illustrative purposes only.

8 RISK (CONTINUED)

(b) Financial risk management (continued)

Profile (continued)

	2018 $'000	2017 $'000
Effect on profit before tax increase/(decrease)		
If interest rates were 2% higher (2017: 2%)	(22)	20
If interest rates were 2% lower (2017: 2%)	22	(20)
Effect on profit after tax increase/(decrease)		
If interest rates were 2% higher (2017: 2%)	(15)	14
If interest rates were 2% lower (2017: 2%)	15	(14)
Effect on shareholders' equity increase/(decrease)		
If interest rates were 2% higher (2017: 2%)	(15)	14
If interest rates were 2% lower (2017: 2%)	15	(14)

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 2018 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 so as 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 also monitors the level of dividends to ordinary shareholders.

The Company aims to provide a balance between share price/capital growth and income in the form of dividends. The ultimate dividend paid will be determined by the board after 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 $11.0 million (refer to Note 5(g) for details of this facility). Subsequent to the end of the financial year the limit of this facility was reduced to $10.5 million. 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 maintained at all times.

The Group also has in place an equipment lease facility with NAB of $0.5 million (currently utilised $0.2 million) used to fund IT capital expenditure. Subsequent to the end of the financial year the limit of this facility was increased to $0.8 million.

(c) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

8 RISK (CONTINUED)

(c) Impairment (continued)

Financial assets (continued)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

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.

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"). The Group considers that it has one cash generating unit for the purpose of impairment testing of goodwill.

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 CGU 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 CGU 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.

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

8 RISK (CONTINUED)

(c) Impairment (continued)

Non-financial assets (continued)

Impairment charge

The Group has conducted an assessment of the carrying value of its net assets and has determined that no impairment charge is required in FY18 (2017: $11.0 million).

There were a number of factors that indicated a potential impairment of goodwill as at 30 June 2018, including:

- The Group's market capitalisation remains below the level of its net asset value
- Financial performance across the business in the twelve months to 30 June 2018 was lower than expected

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 calculation of Value-In-Use was determined having regard to the following key assumptions:

- A pre-tax discount rate applied to cash flows of 16.64% (2017: 16.9%)
- Expected future profits for the first year based on the Board approved budget for FY19
- EBITDA margins in the mid-high single digits
- Future nominal revenue growth of 10%, 10%, 7.5% and 7.5% in years two to five (2017: 15%, 12%, 10% and 10% in years two to five respectively)
- After the fifth year a terminal value was applied using a growth rate of 2.0% (2017: 2.5%)

The recoverable value of the CGU is particularly sensitive to changes in the level of EBITDA over the five year forecast period, and the forecast long term EBITDA that drives terminal value.

Sensitivity to changes in assumptions

Management recognises that there are various reasons the estimates used in these assumptions may vary. There are possible changes in key assumptions that could cause the carrying value of the CGU to exceed its recoverable amount. The changes required to each of the key assumptions (assuming all other assumptions remain the same) to cause the carrying value of the CGU to exceed its recoverable amount are set out in the table below:

Assumption	Possible change considered
EBITDA Margin	Reduction of 1.45%
Discount rate	Increase of 3.8%

9 CORPORATE AND GROUP

(a) Group entities

Parent and ultimate controlling entity

The Group's principal subsidiaries at 30 June 2018 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.

9 CORPORATE AND GROUP (CONTINUED)

(a) Group entities (continued)

Parent and ultimate controlling entity (continued)

	Country of incorporation	Ownership interest 2018 %	Ownership interest 2017 %
LogiCamms Holdings Pty Ltd	Australia	100	100
LogiCamms (WA) Pty Ltd	Australia	100	100
LogiCamms West Pty Ltd (formerly LogiCamms Consultants Pty Ltd) as trustee for LogiCamms Consultants Trust	Australia	100	100
LogiCamms (PNG) Pty Ltd	Australia	100	100
Competency Training Pty Ltd	Australia	100	100
LogiCamms Australia Pty Ltd	Australia	100	100
LogiCamms (CGH) Pty Ltd	Australia	100	100
LogiCamms (Central) Pty Ltd	Australia	100	100
LogiCamms Shared Services Pty Ltd	Australia	100	100
LogiCamms Consulting Pty Ltd	Australia	100	100
Petromod Pty Ltd	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

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 has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases.

Parent entity disclosures

	2018 $'000	2017 $'000
Result of the parent entity		
Profit/(loss) and comprehensive income for the year	1,223	(24,165)
Financial position of parent entity at year end		
Current assets	5,634	6,134
Total assets	50,279	50,126
Current liabilities	(7,944)	(7,231)
Total liabilities	(13,990)	(12,282)
Net assets	36,289	37,844
Total equity of the parent entity comprising of		
Share capital	68,943	68,943
Reserves	5,621	2,371
Accumulated losses	(38,275)	(33,470)
	36,289	37,844

9 CORPORATE AND GROUP (CONTINUED)

(a) Group entities (continued)

Parent entity contingencies

	2018 $'000	2017 $'000
GST liabilities of other entities within the GST Group	–	–
Tax (assets)/liabilities of other entities within the Tax Consolidated Group	(3,850)	(3,850)

(b) Equity accounted investees – joint venture

The Group's equity accounted investee, the LogiCamms-Electro80 joint venture, was shut down during the financial year.

Name of entity	Country of incorporation	Ownership 2018 %	Ownership 2017 %
LogiCamms-Electro80 joint venture	Australia	–	50

	LogiCamms-Electro80 joint venture 30 June 2018 $'000	LogiCamms-Electro80 joint venture 30 June 2017 $'000
Current assets	–	1
Non-current assets	–	–
Total assets	**–**	**1**
Current liabilities	–	1
Non-current liabilities	–	–
Total liabilities	–	1
Net assets	**–**	**1**
Group's share of net assets	**–**	**–**
Revenues	–	2
Expenses	–	(7)
Loss	–	(5)
Group's share of loss at 50%	**–**	**(3)**

This equity accounted investee effectively ceased trading in the prior financial year with minimal wind up costs being accounted for in the 2017 financial year. As such, during the year the Group revalued its investment in the LogiCamms-Electro 80 JV to reflect the current trading position of the equity accounted investee. The Group received no dividends and returns of capital (2017: nil) during the year.

9 CORPORATE AND GROUP (CONTINUED)

(b) Equity accounted investees – joint venture (continued)

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.

(c) Related parties

Key Management Personnel compensation

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

	2018 $	2017 $
Short-term employee benefits	**1,436,968**	1,713,809
Post-employment benefits	**72,116**	114,506
Non-monetary benefits	**15,145**	19,210
Share-based payments	**47,245**	104,779
Termination benefits	**366,741**	260,192
	1,938,215	2,212,496

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.

16,666 ordinary shares were provided to Key Management Personnel during the reporting period upon exercise of rights granted as compensation in prior periods (2017: 456,411).

9 CORPORATE AND GROUP (CONTINUED)

(b) Related parties (continued)

Key Management Personnel and their related parties (continued)

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 2018 financial year (2017: 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 separate tranches of performance rights were in effect during the 2018 financial year. The first issued on 28 September 2016 and the second issued on 25 October 2017.

The terms and conditions of the Rights are as follows:

Tranche: 28 September 2016

The performance period for rights issued 28 September 2016 under the 2016 LTI awards is the year from 1 July 2015 to 30 June 2016. The Performance Rights vest into shares for no further consideration on a 1 for 1 basis subject to tenure at the time of vesting.

The LTI dollar value determined for each executive was calculated based on a percentage of the executive's annual fixed remuneration for the year ended 30 June 2016 and ranges from 30% to 50%. The number of Performance Rights awarded to each executive was calculated by reference to the fair value of each Performance Right at 30 June on the financial year to which the award relates.

Tranche: 25 October 2017

The terms of the Performance Rights issued Flora Furness on 25 October 2017 required that the recipient must remain in the continuous employment of the Company until the vesting date. These Rights have no exercise price and are to be settled by physical delivery 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.

10 SHARE-BASED PAYMENTS (CONTINUED)

Long Term Incentive Plan

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

Performance Rights	Outstanding at 1 July 2017	Granted	Forfeited or Cancelled	Vested	Outstanding at 30 June 2018
Issued on 28 September 2016	289,743	–	(134,615)	(16,666)	138,462
Issued on 25 October 2017	–	200,000	–	–	200,000
	289,743	**200,000**	**(134,615)**	**(16,666)**	**338,462**

Employee expenses relating to equity settled share-based payments

	2018 $'000	2017 $'000
Performance rights	47	129
Total expense recognised as employee costs	47	129

Share-based payment transactions

The grant-date fair value of options, Performance Rights or Share Appreciation Rights granted to employees is recognised as an employee expense over the contractual life of the option or right that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

11 UNRECOGNISED ITEMS

(a) Subsequent events

Extension of finance facilities

Subsequent to the end of the financial year, the NAB Multi-Option facility was amended, with the limit formally reduced from $11.0 million to $10.5 million (split $6.0 million working capital and $4.5 million bank guarantee facility) and the expiry date extended until 30 September 2019. Financial covenants remain the same but several additional requirements were added:

- The Company is to make quarterly repayment into a NAB term deposit 45 days after each quarter end, commencing February 2019, based on the greater of a fixed payment schedule or a percentage of adjusted EBITDA (a defined term in the agreement).
- Capital expenditure is limited to $1.5 million.
- The Company must report to NAB the results of a strategic review of its operations and funding options by 2 November 2018.
- By 30 November 2018 the Company must provide to NAB evidence of the Board's approval to commence a course of action to execute one of its strategic funding options.
- By 31 January 2019 the Company must provide to NAB evidence of the commencement of implementation of one of the strategic options along with monthly reporting of the progress of its strategy.

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

11 UNRECOGNISED ITEMS (CONTINUED)

(b) Operating leases

	2018 $'000	2017 $'000
Leases as lessee		
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	3,779	4,363
Between one and five years	5,136	6,589
More than five years	–	391
	8,915	11,343

The Group leases properties in Brisbane, Perth, Melbourne and Adelaide as well as in several regional locations and 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. During the year ended 30 June 2016 $4.2 million was recognised as an expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in respect of onerous premises leases. Following successful negotiations to sublet part of the lease for the Group's Perth office, an amount of $0.34 million was derecognised and is presented separately on the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2018 (2017: $0.7 million was derecognised in respect of the Group's Brisbane office).

DIRECTORS' DECLARATION

As at 30 June 2018

1. In the opinion of the Directors of LogiCamms Ltd ('the Company'):

   (a) the consolidated financial statements and notes set out on pages 23 to 63, and the Remuneration report in the Directors' report, set out on pages 12 to 19, are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the financial period ended on that date, and

      (ii) complying with Australian Accounting Standards, the Corporations Regulations 2001;

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

   (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Interim Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2018.

Signed in accordance with a resolution of the Directors.

Peter Watson
Chairman

Brisbane
31 August 2018

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 2018 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 2018
- 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 consolidated 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* (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	***Audit scope***	***Key audit matters***
• For the purpose of our audit we used overall Group materiality of $0.8 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 a benchmark against which the performance of the Group is commonly measured. • We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.	• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • The accounting processes are structured around a Group finance function located in Brisbane. Our audit procedures were mostly performed at the head office. • Our team included the use of PwC valuation experts.	• Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: – Basis of preparation of the financial report. – Recoverability of goodwill. – Contract management: Revenue recognition, accrued work in progress, and recoverability of receivables – These are further described in the *Key audit matters* section of our report.

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.

Key audit matter	*How our audit addressed the key audit matter*
Basis of preparation of the financial report. *Refer to note 2* • As described in Note 2 to the financial report, 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. • Assessing the appropriateness of the Group's going concern basis of preparation for the financial report was a key audit matter due to its importance to the presentation of the financial report and the level of judgment involved in the Group forecasting future cash flows and available financing facilities for a period of at least 12 months from the date of the financial report (the cash flow forecasts).	In assessing the appropriateness of the Group's basis of preparation for the financial report, we performed the following audit procedures, amongst others: • Evaluated the appropriateness of the Group's assessment as to their ability to continue as a going concern, including; whether the level of analysis is appropriate given the nature of the Group; checking that the period covered is at least 12 months from the date of the auditor's report; and that relevant information of which the auditor is aware as a result of the audit has been considered. • Enquired of management and the board of directors as to its knowledge of events or conditions that may cast doubt on the Group's ability to continue as a going concern. • Assessed whether the Group's cash flow forecasts from operations, combined with available financing facilities, were adequate for the Group to be able to pay its expected debts as they fall due for the 12 months forecast period. • To assess the cash flow forecast, we evaluated the reliability of the underlying data and considered the support for assumptions in the Group's cash flow forecasts. • Performed a sensitivity analysis by varying key assumptions in the cash flow forecasts, to understand the headroom provided by the amended financing facilities in the event that actual performance varies from that assumed in the Group's forecasts. • Agreed the Group's committed and available financing facilities impacting the going concern assessment to supporting agreements. • Obtained an understanding from management and the Board of Directors regarding their plans for future action and the feasibility of these plans, including the availability of alternative sources of funds.

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Key audit matter	*How our audit addressed the key audit matter*
	Evaluated whether the Basis of Preparation disclosures in Note 2 provide adequate disclosures about these events and conditions, in view of the requirements of Australian Accounting Standards
Recoverability of goodwill. *Refer to note 6b and 8c* • Recoverability of goodwill was a key audit matter due to the material nature of the goodwill balance, and because the Group's assessment of the 'value in use' (VIU) of the Cash Generating Unit (CGU) involves judgements about the future results of the business and the discount rates applied to future cash flow forecasts. • The Group performed an impairment assessment over the goodwill balance by calculating VIU for the CGU using a discounted cash flow model (model). The model used cash flow data, which contains significant judgements relating to: (a) cash flow projections based on the Group's budget and forecasts which includes assumptions for revenue growth, and projected Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) margins; and (b) pre-tax discount rates based on benchmarked market inputs, risk adjusted where considered necessary. Based on the impairment assessment performed for the year ended 30 June 2018, the Group determined that no impairment was required.	We performed the following audit procedures, amongst others: • Considered if estimating VIU was the best basis upon which to assess value of the CGU. • Compared forecast cash flows used in the model to budgets and business plans formally approved by the Board. • Considered whether the cash flows in the model were reasonable by comparing assumptions such as revenue growth, EBITDA margins and discount rates to industry metrics developed independently by PwC valuation experts. • Performed sensitivity analysis on key assumptions in the model including revenue growth, discount rates and EBITDA over the 5 year forecast period. • Tested the mathematical accuracy of the model's calculations. Evaluated the adequacy of the disclosures made in notes 6(b) and 8(c) of the financial report, including those regarding the key assumptions in the valuation 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, accrued work in progress, and recoverability of receivables *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. • Certain contracts include risk, contingency and warranty terms and the Group uses judgement in determining the appropriate revenue to recognise in consideration of these terms. • The Group is exposed to credit risks from transacting on credit terms with its customers through unbilled work in progress and outstanding receivables. • This area was a key audit matter because of the judgement required in recognising revenue, work in progress and receivables from these types of contracts.	We performed the following audit procedures for the revenue streams, amongst others; • Developed an understanding of and evaluated the Company's contract establishment and project management process. • For a sample of transactions (for each type of service), obtained the relevant contracts and compared the revenue and accrued work in progress 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. • Assessed the aging of accrued revenue, work in progress and receivables balances to identify areas of higher risk, for example long aged items or disputed amounts, and assessed on a sample basis whether there was any impact on revenue, work in progress or receivables recognised. • Assessed the reliability of receivables aging reports through testing the aging of a sample of items in the report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Director's report. We expect the remaining other information to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial report, our responsibility is to read the other information identified above 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.

When we read the other information not yet received as identified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

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 *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: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

pwc

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 12 to 19 of the directors' report for the year ended 30 June 2018.

In our opinion, the remuneration report of LogiCamms Limited for the year ended 30 June 2018 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 Shewan
Partner

Brisbane
31 August 2018

pwc

Auditor's Independence Declaration

As lead auditor for the audit of LogiCamms Limited for the year ended 30 June 2018, 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 Shewan
Partner
PricewaterhouseCoopers

Brisbane
31 August 2018

ASX INFORMATION

As at 30 June 2018

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information is correct as at 12 September 2018.

Shareholdings

Twenty largest shareholders

The number of shares held by substantial shareholders and their associates are set out below:

Shareholder	Units	% of Units
Candyblossom Pty Ltd	10,700,768	13.03
J P Morgan Nominees Australia Limited	10,522,288	12.82
UBS Nominees Pty Ltd	9,600,322	11.69
HSBC Custody Nominees (Australia) Limited	7,098,367	8.65
Noramary Consultancy Services Pty Ltd	2,000,000	2.44
Bond Street Custodians Limited	1,267,559	1.54
Mr Andrew John Weldon Smith & Ms Suzanne Elizabeth Smith & Ms Julia Yvonne Mustard	1,099,320	1.34
BFA Super Pty Ltd	1,000,000	1.22
National Nominees Limited	917,169	1.12
BNP Paribas Nominees Pty Ltd	872,763	1.06
Mr Rahmon Charles Coupe & Mrs Julia Deborah Coupe	852,000	1.04
Mast Financial Pty Ltd	776,254	0.95
Monarc Environmental Pty Ltd	671,141	0.82
Mr Ian Hamilton Paterson	624,702	0.76
Pacific Custodians Pty Limited	571,167	0.70
Mr Paul David Walker	563,149	0.69
Mr David Leslie Dreha & Mrs Lorraine Cynthia Denise Dreha	500,000	0.61
Ms Flora Furness	476,924	0.58
Mr Peter James McDonald & RT McDonald Trustee Limited	471,137	0.57
Mr Alan John Hooker & Ms Beverley Janette Tatham	471,137	0.57
Mr Adam Murray Hore & Ms Meaghan Lee Rowe	431,920	0.53
TOTAL	**51,488,087**	**62.72**
Balance of Register	**30,606,886**	**37.28**
GRAND TOTAL	**82,094,973**	**100**

Substantial Shareholders

Shareholder	Units	% of Units
Tiga Trading Pty Ltd	12,850,000	16.36
Candyblossom Pty Ltd	10,700,768	13.03
Forager Funds Management Pty Ltd	8,850,988	12.27

Range of Shares

Ordinary Fully Paid Shares

Range	Total Holders	Units	% of issued capital
100,001 and over	79	62,959,074	76.69
10,001 to 100,000	480	15,636,281	19.05
5,001 to 10,000	263	2,124,474	2.59
1,001 to 5,000	378	1,225,858	1.49
1 to 1,000	242	149,286	0.18
TOTAL	1,442	82,094,973	100

Unmarketable Parcels

There were 381 holders of unmarketable parcels of less than $500.

Voluntary Escrow

Nil

Unlisted Securities – Performance Rights

Nil

Unlisted Securities – Share Appreciation Rights

Nil

Securities Exchange

The Company is listed on the Australian Securities Exchange.

Other information

LogiCamms Ltd, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

Buy Back

There is no current on-market buy-back.

Voting rights

Ordinary shares

The voting rights attached to the ordinary shares are governed by the Constitution. On a show of hands every person present who is a member or representative of a member shall have one vote and on a poll, every member present in person or by proxy or by attorney or duly authorised representative shall have one vote for each share held.


LOGICAMMS

LogiCamms Limited

ASX:LCM
ACN 127 897 689
ABN 90 127 897 689

Registered Office

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Tel. + 61 7 3058 7000

www.logicamms.com.au

Location of Share Registry

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