

LogiCamms Limited

ABN 90 127 897 689

Interim Financial Report

31 December 2019

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This consolidated interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by LogiCamms Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

These consolidated interim financial statements are the consolidated interim financial statements of the consolidated entity consisting of LogiCamms Limited and its subsidiaries. The consolidated interim financial statements are presented in the Australian currency.

LogiCamms Limited is a company limited by shares, incorporated and domiciled in Australia.

Its registered office is:

LogiCamms Limited
Level 14
200 Mary Street
Brisbane QLD 4000

The consolidated interim financial statements were authorised for issue by the Directors on 27 February 2020. The Directors have the power to amend and reissue the consolidated interim financial statements.

Your Directors present their interim financial statements on LogiCamms Limited (“the Company or LogiCamms or LCM”) and its controlled entities (“the Group”) for the half-year ended 31 December 2019.

THE DIRECTORS

The persons who have been Directors and Officers of the Company at any time during or since the end of the half-year and up to the date of this report are:

Directors and Officers

Mr Charles Rottier	Independent Non-Executive Chairperson
Mr Richard Robinson	Independent Non-Executive Director (resigned 26 November 2019)
Mr Phillip Campbell	Independent Non-Executive Director (appointed 22 October 2019)
Mr Matthew Morgan	Independent Non-Executive Director (appointed 22 October 2019)
Mr Brian O’Sullivan AM	Executive Director – Corporate Development
Mr Linton Burns	Executive Director – Transition
Mr Chris O’Neill	Chief Executive Officer
Mr Daniel Drewe	Chief Financial Officer and Company Secretary

Mr David Shaw held the position of Company Secretary of the Company, until his resignation on 13 September 2019, at which time Mr Daniel Drewe was appointed as Company Secretary, Mr Drewe also holds the position of Chief Financial Officer.

REVIEW AND RESULTS OF OPERATIONS

The consolidated interim financial results for the half-year ended 31 December 2019 compare to the proforma prior corresponding period ("pcp") as follows:

	31 December 2019 \$'000	LCM Proforma 31 December 2018 \$'000	Change to PCP \$'000
Revenue	64,548	59,400	5,148
Profit before tax	2,993	1,700	1,293
Profit after tax	2,091	1,000	1,091
EBITDA	4,925	2,800	2,125
EBITDA as a % of revenue	7.6%	4.7%	2.9%
Basic earnings per share (cents)	1.0	-	-

Comparatives represent LCM proforma December 2018 result as detailed on page 65 of the LogiCamms Notice of Meeting dated 22 May 2019. December 2018 proforma figures are not adjusted to reflect the introduction of AASB 16.

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

For the half year, the Group reported revenue of \$64.5m and an EBITDA of \$4.9m compared to proforma revenue of \$59.4m and proforma EBITDA of \$2.8m for the half year ended 31 December 2018. The EBITDA result was impacted by \$1.4m of transition and other one-off costs related to the merger with OSD Pty Ltd ("OSD"). Revenue was \$5.1m (8.7%) higher than the prior comparative period.

In the first half of the 2020 financial year the merged business performed to expectation, with the realisation of merger synergies having a significant impact, helping to increase margins. As reported at the AGM, the improved balance sheet has also assisted LogiCamms win an increased number of contracts that have a fee value in excess of \$5m.

The Group recorded Net Cash Inflows from Operating Activities for the half year of \$2.8m. This net cash inflow position included the outflow of \$2.8m of merger costs, predominantly transaction consulting fees accrued in the P&L at 30 June 2019. The business had a strong conversion of EBITDA to cash and the Cash at Bank on 31 December 2019 was \$10.6m. The Group's Multi Option Facility with the NAB is currently allocated \$3m to a three-year Capital Market Loan, \$6.5m to a bank guarantee facility, and \$1.5m to an overdraft facility. At 31 December 2019 the Capital Market Loan was drawn to \$3.0m, the bank guarantee facility to \$5.7m, and the overdraft was unused.

The half year has seen the successful bringing together of the legacy LogiCamms and OSD businesses, including realising the benefits of the merger: the synergy savings increasing competitiveness by lowering overheads, the strengthened capacity and capability resulted in clients trusting LogiCamms with larger projects, and cross-sell opportunities are being captured. All six Service Lines have performed well, with the strengthened geographic expansion of the Asset Management Service Line into Western Australia and New Zealand being a highlight. The Group divested its Monarc Environmental consulting business including its three employees.

No impairment indicators were identified for the merged Company for the six-month reporting period to 31 December 2019. The Directors are of the view that the merger transaction has substantially addressed the balance sheet repair challenge that the Company faced this time last year.

The focus for the coming six months will be to further build the profile of the Company's Service Lines with clients and grow the funnel of contract opportunities to which the Group's strengthened capabilities can be applied. LogiCamms is also progressing the important task of replacing, upgrading and consolidating a number of systems, as the last step in the merger transition, and this includes the implementation of a new Enterprise Resource Planning system in order to further increase efficiency. As previously notified, costs relating to the merger transition will continue to be incurred in FY20 H2 as these system upgrades are implemented and transition resources complete their tasks.

Conditions in the Company's target markets continue to be solid, and activity in Western Australia in particular is increasing considerably. LogiCamms is confident it now positioned to take advantage of these conditions and provide strategic growth over the coming years.

The Group's work in hand at 31 January 2020 was \$54m (maintaining the \$54m in place at 31 July 2019). Assuming market conditions remain stable through the second half of the 2020 financial year, LogiCamms has the platform to deliver the the outcomes that were indicated in the Notice of Meeting and Explanatory Memorandum issued to shareholders in May 2019 and confirmed at the AGM in November 2019.

DIVIDENDS

The Board has elected not to declare an interim dividend for the period ended 31 December 2019.

AFTER BALANCE DATE EVENTS

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

ROUNDING OF AMOUNTS

The Group is of the kind referred to in Australian Securities and Investments Commission (ASIC) Corporations Instruments 2016/191 dated 24 March 2016 pursuant to s.341(1) of the *Corporations Act 2001*, relating to the 'rounding off' of amounts in the Directors' Report and Consolidated Interim Financial Statements. In accordance with that legislative instrument, amounts in the Consolidated Interim Financial Statements have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

RESOLUTION APPROVING DIRECTORS' REPORT

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

The auditor's independence declaration as required under s.307C of the *Corporations Act 2001* is set out on page 6.

A handwritten signature in black ink, appearing to read 'Charles Rottier'.

Charles Rottier

Chairperson

Brisbane

27 February 2020

AUDITOR'S INDEPENDENCE DECLARATION



Auditor's Independence Declaration

As lead auditor for the review of LogiCamms Limited for the half-year ended 31 December 2019, 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 review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

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



Michael Crowe
Partner
PricewaterhouseCoopers

Brisbane
27 February 2020

LogiCamms Limited

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Condensed consolidated statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2019



		31 December 2019	31 December 2018
	Notes	\$'000	\$'000
Revenue		64,548	18,450
Cost of sales	6a	(44,577)	(14,411)
Gross profit		19,971	4,039
Other operating expenses	6b	(16,762)	(2,385)
Profit from operating activities		3,209	1,654
Net finance expense		(216)	(11)
Share of net profit of equity accounted investees		-	6
Profit before income tax		2,993	1,649
Income tax expense	7	(902)	(189)
Profit for the year attributable to owners of the Company		2,091	1,460
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Foreign currency translation differences		81	105
Other comprehensive income for year, net of tax		81	105
Total comprehensive profit for the year attributable to owners of the Company		2,172	1,565
Earnings per share			
Basic earnings per share (cents per share)		1.0	0.1
Diluted earnings per share (cents per share)		1.0	0.1

As set out in note 4(c), to these consolidated interim financial statements, as a result of the reverse acquisition of LogiCamms Limited and its controlled entities by OSD and its controlled entities, the comparative information represents OSD in 2018.

LogiCamms Limited
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**Condensed consolidated statement
 of financial position**
 As at 31 December 2019



	Notes	31 December 2019 \$'000	30 June 2019 \$'000
Assets			
			(Restated Note 14)
Cash and cash equivalents		10,638	8,346
Trade and other receivables		18,842	24,389
Contract assets		4,971	5,417
Current tax assets		637	514
Total current assets		35,088	38,666
Investment in equity accounted investees		405	415
Property, plant and equipment	8	1,547	2,604
Right-of-Use Assets		5,694	-
Deferred tax assets		1,712	2,619
Intangible assets	9	14,785	14,766
Total non-current assets		24,143	20,404
Total assets		59,231	59,070
Liabilities			
Trade and other payables		9,326	17,548
Contract liabilities		5,134	4,663
Borrowings	11	2,115	910
Lease liabilities		2,378	-
Current tax liability		83	395
Employee benefits		4,821	3,895
Provisions	10	764	1,545
Total current liabilities		24,621	28,956
Trade and other payables		-	776
Employee benefits		261	605
Borrowings	11	2,078	2,816
Lease liabilities		3,941	-
Provisions	10	732	656
Total non-current liabilities		7,012	4,853
Total liabilities		31,633	33,809
Net assets		27,598	25,261
Equity			
Share capital		21,013	21,013
Reserves		404	323
Retained earnings		6,181	3,925
Total equity attributable to owners of the Company		27,598	25,261

LogiCamms Limited

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**Condensed consolidated statement
of changes in equity**

For the half-year ended 31 December 2019

Attributable to owners of LogiCamms				
	Share Capital	Reserves	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2018	5,783	(72)	6,497	12,208
Profit for the half-year	-	-	1,460	1,460
Other comprehensive income	-	105	-	105
Total comprehensive income for the half-year	-	105	1,460	1,565
Dividends paid	-	-	(1,853)	(1,853)
Balance at 31 December 2018	5,783	33	6,104	11,920

Attributable to owners of LogiCamms				
	Share Capital	Reserves	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2019	21,013	323	3,925	25,261
Change in accounting policy (<i>refer note 13</i>)	-	-	166	166
Restated total equity at 1 July 2019	21,013	323	4,091	25,427
Profit for the half-year	-	-	2,091	2,091
Other comprehensive income	-	81	-	81
Total comprehensive income for the half-year	-	81	2,091	2,172
Balance at 31 December 2019	21,013	404	6,181	27,598

As set out in note 4(c), to these consolidated interim financial statements, as a result of the reverse acquisition of LogiCamms and its controlled entities by OSD and its controlled entities, the comparative changes in equity for the period 1 July 2018 to 31 December 2018 comprises of equity balances of OSD.

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**Condensed consolidated statement of cash flows**

For the half-year ended 31 December 2019

	31 December 2019 \$'000	31 December 2018 \$'000
Cash flows from operating activities		
Receipts from customers	70,884	22,062
Payments to suppliers and employees	(67,412)	(18,180)
	<u>3,472</u>	<u>3,882</u>
Interest paid	(346)	(11)
Income taxes paid	(308)	(1,437)
Net cash inflow from operating activities	<u>2,818</u>	<u>2,434</u>
Cash flow from investing activities		
Dividends from Associates	12	-
Interest received	2	12
Restricted cash	-	(361)
Acquisition of property, plant and equipment	(282)	(37)
Net cash outflow from investing activities	<u>(268)</u>	<u>(386)</u>
Cash flow from financing activities		
Proceeds from borrowings	466	-
Repayment of borrowings	-	(53)
Repayment of lease liabilities	(804)	-
Dividends paid to company shareholders	-	(1,854)
Net cash outflow from financing activities	<u>(338)</u>	<u>(1,907)</u>
Net increase in cash and cash equivalents	2,212	141
Cash and cash equivalents at the beginning of the year	8,346	5,159
Effects of exchange rate changes on cash and cash equivalents	80	105
Cash and cash equivalents at the end of the year	<u>10,638</u>	<u>5,405</u>

As set out in note 4(c), to these consolidated interim financial statements, as a result of the reverse acquisition of LogiCamms and its controlled entities by OSD and its controlled entities, the comparative information for half year ended 31 December 2018 represents the OSD statement of cash flows.

Notes to the Financial Statements

For the half-year ended 31 December 2019

1 General information

LogiCamms Limited (the "Company") is a company incorporated and domiciled in Australia. The address of the Company's registered office is Level 14, 200 Mary Street, Brisbane, Australia. The consolidated interim financial statements of the Company for the six months ended 31 December 2019 comprises 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 primarily delivers engineering, project delivery and operations services to the Hydrocarbons (Oil and Gas and Chemicals), Mining and Mineral Processing and Infrastructure (particularly water, power and intelligent road/rail systems) Industries. Key market geographies are Australia and New Zealand.

The consolidated interim financial statements were approved by the Board of Directors on 27 February 2020.

2 Basis of preparation

The consolidated interim financial statements for the half-year reporting period 31 December 2019 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The consolidated interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by LogiCamms Limited during the interim reporting period in accordance with the continuous disclosure requirement of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new standards as set out below at note 4(a).

3 Estimates

The preparation of consolidated interim 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.

In preparing the consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies, and the key sources of estimation uncertainty, were the same as those applied to the consolidated interim financial statements for the year ended 30 June 2019, except for policies relating to new leases standard AASB 16, outlined in note 4(a).

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.

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Notes to the Financial Statements
For the half-year ended 31 December 2019



4 Summary of Significant Accounting Policies

The accounting policies are consistent with those of the previous financial year and corresponding interim reporting period, except for, the new leases AASB 16, outlined below.

(a) *New accounting standard adopted*

AASB 16 Leases

The application date of AASB 16 for the Group is 1 July 2019. The key features of AASB 16 are as follows:

Lessee accounting

Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.

Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.

The Group adopted AASB 16 using the modified retrospective method of adoption with the date of initial application being 1 July 2019. The Group has elected to use the exemptions allowed for lease contracts for which the lease term ends within 12 months as of the date of initial application and lease contracts for which the underlying asset is of low value. The timing of recognition of costs will be brought forward as a result of higher interest expense in the earlier years of the leases. The impact will reduce over the term of the lease as the finance charges taper off. Refer to note 13 for impact of adoption.

There are no other standards that are expected to have a material impact on the entity in the current or future reporting periods.

(b) *Basis of measurement and presentation currency*

The Consolidated Interim Financial statements have been prepared on the historical cost basis and are presented in Australian dollars, which is the Company's functional currency.

(c) *Reverse acquisition*

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

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

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Notes to the Financial Statements
 For the half-year ended 31 December 2019



4 Summary of Significant Accounting Policies (continued)

OSD was deemed to be the accounting acquirer in the business combination. The transaction has been accounted for as a reverse acquisition under AASB 3. Accordingly, the consolidated financial statements for the period ended 31 December 2019 consolidate OSD and LogiCamms.

(d) *Going concern*

The consolidated interim financial statements have been prepared on a going concern basis.

5 Segment and revenue information

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

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

(a) Segment information provided to the strategic steering committee, consisting of the Chief Executive Officer, Chief Financial Officer and other executives within the business.

	Australia	New Zealand	Total
31 December 2019	\$'000	\$'000	\$'000
Services revenue	52,728	8,159	60,887
Training revenue	3,661	-	3,661
Total revenue from external parties	56,389	8,159	64,548
Timing of revenue recognition			
Over time	56,389	8,159	64,548
	56,389	8,159	64,548

	Australia	New Zealand	Total
31 December 2018	\$'000	\$'000	\$'000
Services revenue	16,018	2,432	18,450
Training revenue	-	-	-
Total revenue from external parties	16,018	2,432	18,450
Timing of revenue recognition			
Over time	16,018	2,432	18,450
	16,018	2,432	18,450

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5 Segment and revenue information (continued)

A reconciliation of adjusted EBITDA to operating profit before income tax is provided as follows:

	31 December 2019	31 December 2019	31 December 2018
	Engineering \$'000	Training \$'000	Total \$'000
EBITDA	4,289	636	4,925
			1,835

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

	31 December 2019	31 December 2018
EBITDA	4,925	1,835
Finance cost	(216)	(11)
Depreciation and amortisation	(1,716)	(175)
Profit before income tax from continuing operations	2,993	1,649

6 Profit and loss information

(a) Cost of Sales

	31 December 2019	31 December 2018
	\$'000	\$'000
Personnel expenses	24,412	7,892
Contractor expenses	6,002	1,940
Contributions to defined contribution superannuation funds	450	145
Project reimbursable expenses (including procurement)	13,713	4,434
	44,577	14,411

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Notes to the Financial Statements
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6 Profit and loss information (continued)

(b) Other Operating Expenses

	31 December 2019	31 December 2018
	\$'000	\$'000
Salaries and wages	9,693	1,379
Employment related expenses	14	2
Rent and occupancy expenses	866	123
Subscriptions, licenses and memberships	1,161	165
Consulting	656	93
Depreciation and amortisation	1,716	175
Insurance	647	92
Other administrative expenses	3,723	355
	<u>16,762</u>	<u>2,385</u>

(c) Significant items

	31 December 2019	31 December 2018
	\$'000	\$'000

Profit for the half-year includes the following items that are unusual because of their nature, size or incidence:

Transition expenses

Consulting fees	222	-
Insurance	129	-
Employee costs	1,062	-
	<u>1,413</u>	<u>-</u>

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Notes to the Financial Statements
 For the half-year ended 31 December 2019



7 Income Tax Expense

(a) Income Tax

	31 December 2019 \$'000	31 December 2018 \$'000
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Numerical reconciliation between tax expense and pre-tax accounting profit

Profit before income tax	2,993	1,649
Income tax using the Company's domestic tax rate of 30% (2018 - 30.0%)	898	495
Withholding taxes paid	(25)	(306)
Non-deductible expenses	(3)	-
Adjustments for current tax of prior periods	32	-
Total income tax expense	902	189

(b) Tax losses

	31 December 2019 \$'000	30 June 2019 \$'000
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Unused tax losses	24,693	27,700
Potential tax benefit @ 30%	7,408	8,310

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period.

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 For the half-year ended 31 December 2019



8 Property, plant and equipment

	Plant and equipment \$'000	Motor vehicles \$'000	Leasehold Improvement \$'000	Total \$'000
As at 30 June 2019				
Cost	3,748	614	944	5,306
Accumulated depreciation	(2,371)	(331)	-	(2,702)
Net book amount	<u>1,377</u>	<u>283</u>	<u>944</u>	<u>2,604</u>
Half-year Ended 31 December 2019				
Opening net book amount	1,377	283	944	2,604
Adjustment for change in accounting policy	-	-	(944)	(944)
Additions	245	117	-	362
Depreciation charge	(240)	(235)	-	(475)
Closing net book amount	<u>1,382</u>	<u>165</u>	<u>-</u>	<u>1,547</u>
At 31 December 2019				
Cost	3,993	731	-	4,724
Accumulated depreciation	(2,611)	(566)	-	(3,177)
Net book amount	<u>1,382</u>	<u>165</u>	<u>-</u>	<u>1,547</u>

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Notes to the Financial Statements

For the half-year ended 31 December 2019

9 Intangible assets

	Goodwill \$'000	Application Software \$'000	Development Costs \$'000	Customer Relationships \$'000	Total \$'000
As at 30 June 2019					
Cost	14,203	424	138	-	14,765
Accumulated amortisation	-	(374)	(134)	-	(508)
Net book amount (previously reported)	14,203	50	4	-	14,257
Restatement arising from PPA (Note 13)	(3,655)	-	-	4,164	509
Net book amount (restated)	10,548	50	4	4,164	14,766
Half-year Ended 31 December 2019					
Opening net book amount	10,548	50	4	4,164	14,766
Additions	-	30	9	-	39
Amortisation charge	-	(18)	(2)	-	(20)
Closing net book amount	10,548	62	11	4,164	14,785
At 31 December 2019					
Cost	10,548	454	147	4,164	15,313
Accumulated amortisation	-	(392)	(136)	-	(528)
Net book amount	10,548	62	11	4,164	14,785

10 Provisions

	31 December 2019			30 June 2019		
	Current \$'000	Non-current \$'000	Total \$'000	Current \$'000	Non-current \$'000	Total \$'000
Onerous lease provision	-	-	-	368	-	368
Bonus provision	620	-	620	297	-	297
Make good provision	-	732	732	242	656	898
Service warranties	144	-	144	176	-	176
Restructuring costs	-	-	-	462	-	462
Total	764	732	1,496	1,545	656	2,201

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Notes to the Financial Statements

For the half-year ended 31 December 2019

10 Provisions (continued)

	Onerous lease provision \$'000	Bonus provision \$'000	Make good provision \$'000	Service warranties \$'000	Restructuring costs \$'000	Total \$'000
Carrying amount at 1 July 2019	368	297	898	176	462	2,201
Credited to profit or loss	-	-	(166)	(32)	-	(198)
addition provisions recognised	-	620	-	-	-	620
unused amounts reversed	(368)	-	-	-	-	(368)
Amounts used during the half-year	-	(297)	-	-	(462)	(759)
Carrying amount at 31 December 2019	-	620	732	144	-	1,496

11 Borrowings

	31 December 2019			30 June 2019		
	Current \$'000	Non-current \$'000	Total \$'000	Current \$'000	Non-current \$'000	Total \$'000
Secured						
Bank loans	1,200	1,800	3,000	600	2,400	3,000
Equipment loans	915	278	1,193	252	416	668
	2,115	2,078	4,193	852	2,816	3,668
Unsecured						
Insurance premium financing	-	-	-	58	-	58
Total borrowings	2,115	2,078	4,193	910	2,816	3,726

The Group's Multi Option Facility with the NAB is currently allocated \$3m to a three-year Capital Market Loan, \$6.5m to a bank guarantee facility, and \$1.5m to an overdraft facility. At 31 December 2019 the Capital Market Loan was drawn to \$3.0m, the bank guarantee facility to \$5.7m, and the overdraft was unused.

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 For the half-year ended 31 December 2019



12 Share Capital

	31 December 2019	
	Shares (thousands)	(\$'000)
Share Capital		
Ordinary shares - fully paid - 1 July 2019	200,795	21,013
Employee share scheme issue	192	-
On issue at 31 December - fully paid	200,987	21,013

13 Changes in accounting policies

(a) Adjustments recognised on adoption of AASB 16

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

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

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

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13 Changes in accounting policies (continued)

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

	1 July 2019 \$'000
Properties (refer note below)	7,031
Equipment	41
Total right-of-use assets	7,072

The change in accounting policy affected the following items in the balance sheet on 1 July 2019:

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

The associated right of use assets for property leases were measured using the modified retrospective method, there were no onerous lease contracts that would have required adjustment to the right of use assets at the date of initial application.

14 Business Combination

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

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

The application of the reverse acquisition guidance of AASB 3 has resulted in the assets and liabilities of the legal subsidiary (the accounting acquirer), being LogiCamms, are measured at fair value on the date of acquisition.

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14 Business Combination (continued)

Assets acquired and liabilities assumed at the date of acquisition

The following table summarises the recognised amounts of assets acquired, and liabilities assumed at the date of acquisition with adjustments for purchase price allocation (PPA) effected at 31 Dec 2019:

	30 June 2019 (restated after PPA) (\$'000)	30 June 2019 (as previously reported) (\$'000)	Net Movement
Cash and cash equivalents	3,057	3,057	-
Trade and other receivables	17,369	17,369	-
Work in progress	4,734	4,896	(162)
Property, plant and equipment	1,964	1,964	-
Deferred tax assets	4,225	3,323	902
Customer Relationships	4,164	-	4,164
Deferred tax liability	(2,802)	(1,553)	(1,249)
Trade and other payables	(9,562)	(9,562)	-
Employee benefits	(3,887)	(3,887)	-
Deferred revenue	(4,128)	(4,128)	-
Loan and borrowings	(6,585)	(6,585)	-
Provisions	(1,642)	(1,642)	-
Current tax liability	(74)	(74)	-
Other liabilities	(745)	(745)	-
Total identifiable net assets acquired	6,088	2,434	3,655

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Goodwill

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

	30 June 2019 \$'000
Goodwill	
Consideration transferred	15,514
Less: Fair value of net identifiable assets acquired as at 30 June 2019	(2,434)
Less: PPA adjustments (above)	(3,655)
Goodwill on acquisition	<u><u>9,425</u></u>

Management will complete the Business Combination Accounting exercise prior to 30 June 2020.

The acquisition accounting for the business combination has been prepared on a provisional basis as at 31 December 2019. While the identification and fair values ascribed to the assets and liabilities acquired have been settled, the Group is in the process of finalising the assessment of the value of carry forward tax losses that should be recognised on acquisition. The total amount of available tax losses as at the date of acquisition was \$27.7m gross amount. The impact of recognising any carry forward tax losses will result in a decrease of the goodwill amount recorded at acquisition and a recognition of deferred tax asset of the same amount.

Directors' declaration

In the opinion of the Directors of the Company:

- (a) the consolidated interim financial statements and notes set out on pages 7 to 23 are in accordance with the Corporations Act 2001, including:
- (b) (i) complying with Accounting Standards, the *Corporations Regulations 2001* (Cth); and
(ii) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
(iii) the financial report also complies with International Financial Reporting Standards as disclosed in note 2; and
(iv) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* (Cth) from the Chief Executive Officer and Chief Financial Officer for the half-year ended 31 December 2019.

Signed in accordance with a resolution of the Directors made pursuant to section 295(4) & (5) of the *Corporations Act 2001* (Cth) on 27 February 2020.



Charles Rottier

Chairperson

Brisbane

27 February 2020



Independent auditor's review report to the members of LogiCamms Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of LogiCamms Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the condensed consolidated statement of financial position as at 31 December 2019, the condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, selected other explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of LogiCamms Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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Conclusion

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

1. giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



PricewaterhouseCoopers



Michael Crowe
Partner

Brisbane
27 February 2020