



2014
annual report

our future

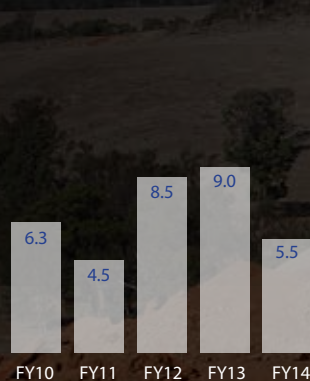
In FY14, LogiCamms continued to respond to changes in market conditions, particularly within the mining sector. Through the business transition that will continue into FY15, we will remain focused on the provision of competitive, compelling services and the development of high performing people to enhance the value and performance of our customers' assets.

performance highlights

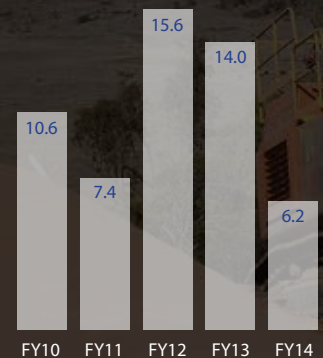
Earnings per share
(cents per share)



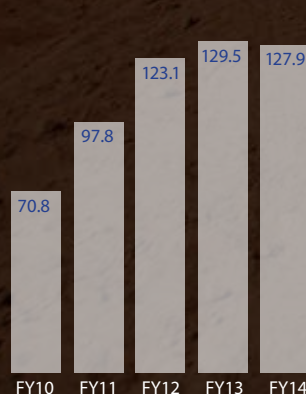
Dividend per share
(cents per share)



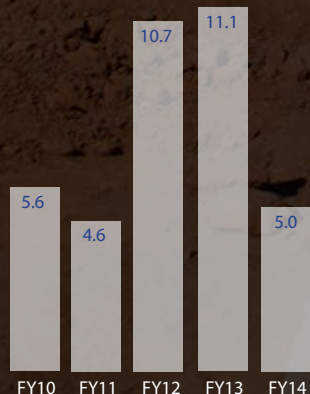
Return on Equity (%)



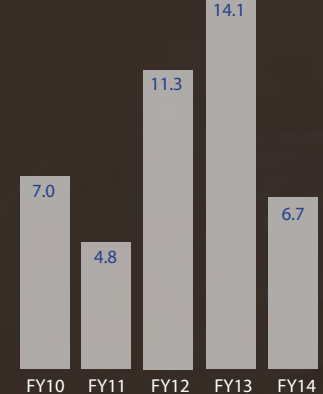
Revenue (\$m)



NPAT (\$m)



EBITDA (\$m)



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engineering a better tomorrow

LogiCamms supports owners and operators of hydrocarbons, minerals and metals, and infrastructure assets with breakthrough services and solutions. Our core business is focused on operating (brownfield) facilities and comprises engineering consulting, project delivery and asset performance services that aim to reduce costs, improve performance and enhance value. LogiCamms operates primarily in Australia and New Zealand employing 610 people, and listed on the Australian Securities Exchange in 2007.

.....

our vision

To be a market leader delivering outstanding customer solutions.

our purpose

To enhance the value and performance of assets.

our values

Can Do Approach
Teamwork
Integrity
Delivering Quality Results
Commitment to People

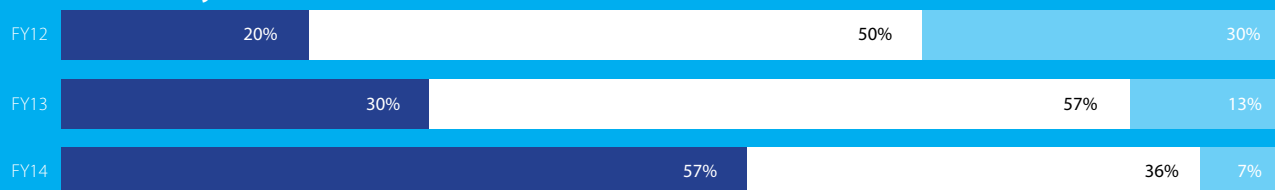
our business

We deliver multidiscipline professional engineering and consulting services to enhance the value and performance of assets. Our business model and suite of services are flexible and responsive to market opportunities.

We are primarily orientated to support brownfield (existing) assets, with targeted participation in major greenfield projects. Our services are transferable across multiple industries with an emphasis on hydrocarbons markets.



Revenue by Sector

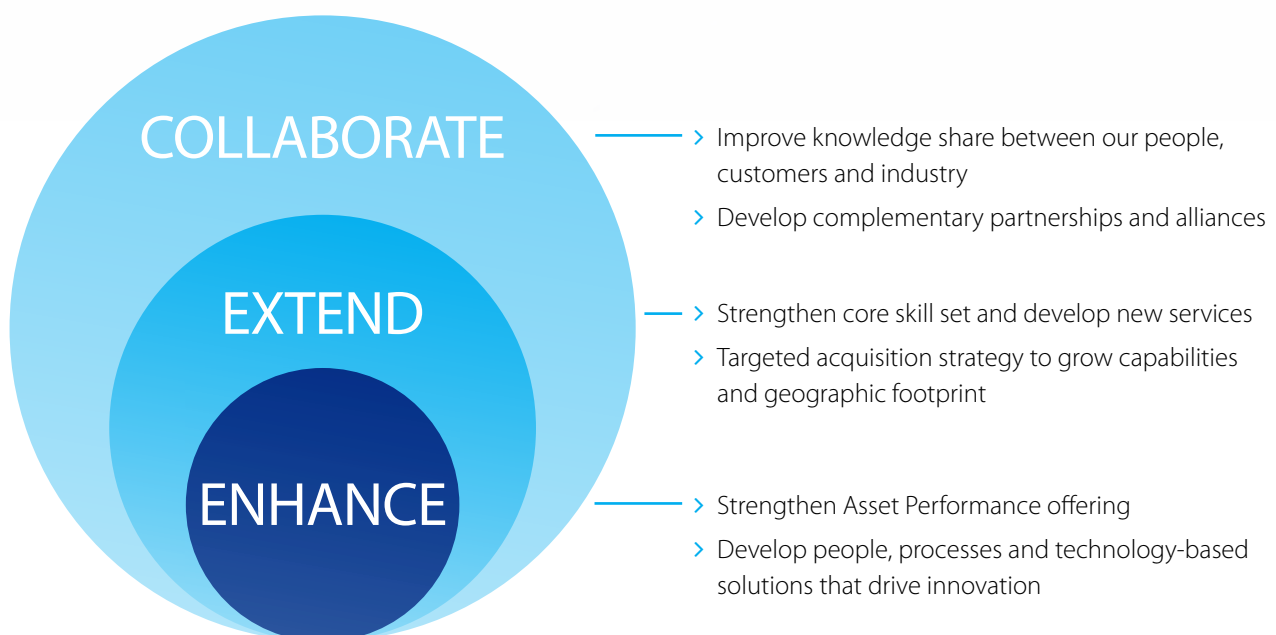


■ Hydrocarbons ■ Minerals & Metals ■ Infrastructure



Our Strategy for growth

Our strategy will be delivered through a targeted plan focused on developing services, people and processes that enhance the value and performance of our customers' assets.



our work

LogiCamms has continued to build a diverse work portfolio with leading local and global operators, engaging multiple areas of our capability platform.

Key Contract Awards FY14

Customer	Contract Scope	Value Creation for Customer
Epic Energy	EPC contract to deliver strategic projects along Moomba to Adelaide Pipeline System (MAPS).	✓ EPC from a consultant ✓ Innovative packaged equipment solutions
Samsung C&T	Process control system for the mine site for Hancock Prospecting's Roy Hill iron ore mine development.	✓ Domain knowledge of control systems ✓ Local team with national resource pool
Chevron Australia	Expanded scope and team for the maintenance system build and related services for the Chevron-operated Gorgon LNG project.	✓ Integrated team delivery environment ✓ Asset performance specialists
Oil Search	Competency assurance services to deliver training and development packages for office- and site-based workforces.	✓ Leading learning and development systems and strategies ✓ Specialist skill set

Further Work Snapshot FY14

Engineering & Projects	Wiggins Island Coal Export Terminal process control system, Queensland.	Santos upstream sustaining capital projects, Queensland.
	Origin Energy sustaining capital projects, Queensland	EPCM facility expansion for TAG Oil, New Zealand.
	Bankable Feasibility Study for SAFM greenfield iron ore mine, Brazil.	Program management for onshore gas plant, New Zealand.
	Engineering and project management services for Methanex New Zealand.	Packaged equipment EPC project for BW Offshore, New Zealand.
	Oil field development study, Western Australia.	Regulatory approvals consulting for Australian pipeline operators.
Asset Performance	ConocoPhillips shutdown projects, Darwin LNG.	Ballance Agri-Nutrients plant turnaround project, New Zealand.
	Arrow Energy upstream facility assessments, Queensland.	Competency training and assurance contracts with Oil Search, Origin Energy, QGC, Santos and ConocoPhillips.
	Audits, inspections and training for BHP Billiton, Western Australia.	Hazardous area services for Santos, Origin Energy, Oil Search and Defence.



PEOPLE TRAINED DURING FY14
BY LOGICAMMS' REGISTERED
TRAINING ORGANISATION,
COMPETENCY TRAINING.



PORION OF WORK FROM
BROWNFIELD (OPERATING)
FACILITIES AND PROJECTS.

Key Customers



RioTinto

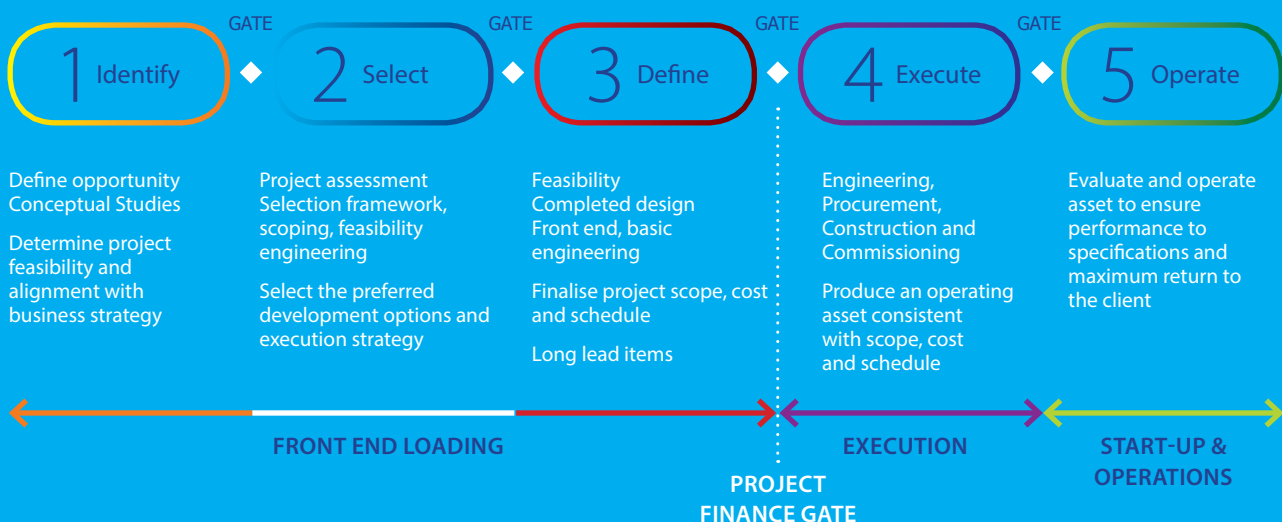


Santos



Complete lifecycle solutions

We offer services across all phases of the delivery lifecycle. For our customers, this brings opportunities for an EPCm-capable provider to add value earlier in the identification and scoping of projects, and carry this value through to delivery. At the critical start-up phase, our asset performance services bring assurance to the transition from design and to ongoing operating performance.





chairman's report

I am pleased to report on LogiCamms' performance for the 2014 financial year. The Company has operated in dynamic and challenging market conditions and I am confident that our transition program will underpin growth in the year ahead.

LogiCamms' statutory net profit after tax (NPAT) was \$5.0 million, down from the 2013 financial year result of \$11.1 million. This was primarily attributable to the impact of mixed conditions across our core markets with a stronger profit performance in the second half.

The NPAT result represents earnings per share of 7.2 cents, a decrease from 16.6 cents per share in 2013.

The Board has declared a final dividend of 3.5 cents per share, which brings the full year dividend to 5.5 cents per share, fully franked. The record date for the final dividend is 11 September 2014 and the payment date is 25 September 2014.

Operating cash flow for the full year remained strong with positive cash flow from operating activities of \$5.6 million. The Company maintains a solid balance sheet with no outstanding borrowings and a net cash position of \$12.2 million as at 30 June 2014. LogiCamms extended its funding facility with National Australia Bank to \$17.9 million, which includes a \$7.0 million bank guarantee facility and a \$10.0 million multi option funding facility which remains undrawn as at 30 June 2014.

Following a review of the business as reported in May 2014, we have responded to market conditions with a transition program to reposition the business. These initiatives are aimed at re-setting our cost base and strengthening our competitive position, increasing revenue over the longer term and delivering improved margins and shareholder returns into FY2015. The Company is making solid progress through this program, and the Board remains confident that LogiCamms will create a stronger and more sustainable competitive foothold as a result.

As part of the strategy, key transitions took place at the Board and management levels. Steve Banning transitioned to Non-Executive Director from Chief Executive Officer and Managing Director. Steve's knowledge of hydrocarbons markets and executive experience for three years within LogiCamms will provide continuity in the ongoing development of our strategy. Matthew Adamo was appointed Chief Executive Officer and Managing Director moving from his previous role as Chief Financial Officer. Matthew's extensive professional services industry experience combined with his passion for the Company will provide stability and renewed focus on the implementation of our strategic plans and development of a high performance culture. I look forward to the continued energy and contribution from both Steve and Matthew in the year ahead.

The Board and I acknowledge the contribution of Damian Young, who retired as a Non-Executive Director in May 2014. Damian joined the LogiCamms Board in 2009 and I thank him for his support of the Company during his tenure.

LogiCamms remains committed to the implementation of robust governance and risk management practices. Our risk management framework continues to mature and I am pleased to see the Company adopting an approach of continuous improvement with embedded processes to capture commercial lessons from project experiences.

LogiCamms remains committed to excellence in health and safety and continued its strong performance in this area during the period. Our customers accept nothing less than a Zero Harm focus from their providers and sub-contractors, and this philosophy continues to be central to our decision making and actions.

Market conditions have been mixed throughout the 2014 financial year. We have a solid pipeline of opportunities with new and existing customers. However the rapid speed of change within our core markets is likely to continue into FY2015. For our customers, the influences and economics of developing assets and delivering projects is frequently shifting, with extended decision making processes expected to continue in the year ahead.

LogiCamms must be a lean, agile organisation, responsive to the speed of change within our markets. The Board is confident that our focused strategy, healthy cash position and commitment to developing a high performance culture will support a return to growth as market conditions improve. The Company is actively pursuing collaborative partnerships and acquisitive investment opportunities with a focus on expanding capabilities and geographic reach. LogiCamms' Asset Performance services, which focus on optimal performance of facilities and workforces, are expected to present ongoing opportunities for the Company across all industry sectors.

I would like to acknowledge the efforts of our Directors and leadership team and thank them for their contribution and commitment to LogiCamms during the year. I would also like to thank the people of LogiCamms who have continued to focus on building strong relationships with our customers during a year of challenges for our industry and transition for the Company.

Peter Watson
Non-Executive Chairman



managing director's report

The speed of change within our markets has intensified and market conditions are increasingly competitive, creating pressure on our financial performance in FY2014. We have actively embraced the need to change with a transition program of targeted strategic initiatives and cost reductions to improve our market position and competitiveness for the years ahead.

During the period, revenue was primarily derived from work on existing (brownfield) facilities and projects, with 57 per cent of revenue from delivering projects and services to customers in hydrocarbon markets. This reflects the successful implementation of the Company's strategy and a resilient brownfield hydrocarbons market in Australia and New Zealand compared with a tightening of operational and capital investment from our customers in minerals, metals and infrastructure sectors. LogiCamms' top 20 customers contributed over 60 per cent of revenue. Additionally LogiCamms delivered over 1200 projects during the year, the majority of these being small specialist consultancy assignment, demonstrating a continued balance in our portfolio.

Earnings before interest, tax, depreciation and amortisation (EBITDA), including restructuring costs of \$3.9 million, was \$6.7 million. Also included in this EBITDA figure is the release of

a \$2.3 million provision made at the time of the acquisition of ITL Engineering for earn out targets. Despite solid earnings performance in New Zealand the provision release was realised due to earnings growth in New Zealand for FY14 being below defined outperformance targets established at the time of acquisition. The total provision made on acquisition was NZD 5.0 million (AUD 4.2 million) and following the release of AUD 2.3 million, AUD 1.9 million remains in place for potential payments to the vendors of ITL Engineering for FY15 financial outperformance.

Health and Safety

LogiCamms achieved continued excellence in safety performance during the period with a Total Recordable Injury Frequency Rate of zero per million hours worked, for the second consecutive year. Our strong safety performance is supported by a health and safety management system accredited to

Australia and New Zealand standards and a continued focus on embedding safety principles within our culture and at all levels of the organisation.

Business Repositioning

Mixed market conditions for our customers defined our operating environment in the 2014 financial year. With an orientation towards enhancing the value and performance of operating assets, LogiCamms recognised the need for a leaner and more streamlined operating structure and approach to service delivery. Our response to the changing market conditions was in committing to a series of targeted strategic initiatives aimed at increasing the value of our offering to clients and by making significant reductions to our cost base.

We have made solid progress already in this transition program, which is expected to deliver net benefits of approximately \$5.0 million before tax in the 2015 financial year. This change program has re-cast our overheads to a scale that is more appropriate and sustainable for our operating environment now and in the foreseeable future. It will also ensure we can continue to offer services that are both high quality and cost competitive.

Staff numbers within LogiCamms were adjusted during the reporting period as part of the transition program to align the Company's resource profile with market conditions. Staff numbers were reduced by approximately 5%, however the Company has continued to recruit staff into high growth areas, such as Asset Performance. As such, the Company's workforce is currently around 610 people (FY13: 640).



HEALTH, SAFETY, ENVIRONMENT & QUALITY



- › Total Recordable Injury Frequency Rate (TRIFR), remained at zero per 1 million hours for the second consecutive year.
- › Focus on quality assurance continues and a plan to achieve ISO accreditation of management systems and quality assurance systems across our business was initiated.
- › Key areas of health and wellbeing form part of our organisation-wide initiatives, including awareness of safe air and road travel.

COMPETENCY TRAINING



Our Competency Training business grew by approximately 40 per cent during FY14. This was driven by demand for specialised training and assurance services from a diverse spectrum of customers. Nearly 6,000 people were trained in Australia and New Zealand, with a corporate customer base including BHP Billiton, Rio Tinto, Oil Search, Woodside, Origin Energy, Santos and QGC.

These strategically significant awards in the second half of FY14 have provided early validation of our strategic priorities.

Strategy

The changing requirements of our customers reinforce our defined business purpose to enhance the value and performance of assets. LogiCamms is driven to engineer improvements in asset productivity, reliability and availability.

LogiCamms has a long track record of providing high quality technical professional and training services. Guided by the three principles of Enhance, Extend and Collaborate, our strategic framework acknowledges the need to build on our foundations to improve our competitive position and market opportunity over the longer term.

Our strategy has identified a number of key priorities targeting service development, capability expansion, innovation, and collaboration. These priorities are:

- › Extending our capabilities in oil and gas processing, pipelines and facilities and tailoring solutions to meet the specific requirements of our customers;
- › Reinforcing and expanding our core engineering competencies, including cementing our position as a leading control systems integrator in Australia;
- › Enhancing our delivery of scalable EPC (Engineering, Procurement and Construction) solutions, focusing on quality, responsive and cost effective delivery;
- › Further development of 'front-end' specialist technical consulting services in areas such as concept design, feasibility studies, project planning, process consulting and compliance services;
- › Deepening our Asset Performance services including the areas of Competency Training and Competency Assurance;
- › Focused acquisition strategy that will expand our capabilities and geographic presence, particularly in the brownfield hydrocarbons market; and
- › Targeted pursuit of complementary partnership and alliances.

COMMUNITY INNOVATION HIGHLIGHTS



Mackay office

In regional Queensland our team provided pro bono services to a local TAFE for the completion of an innovative waste-to-energy project. LogiCamms engaged relevant industry connections and provided engineering design services to deliver a working facility for the local Council and valuable training for local students.



In New Zealand we helped to bring the idea of a young science student to life. The process of manually chopping fire wood can be unsafe and inefficient, and our inspired student created the 'Kindling Cracker' to help those living in colder climates. The patented product has since won a number of innovation awards.

It has been encouraging to see that our work on these strategic priorities contributed to a number of recent contract wins. These strategically significant awards have provided early validation of our priorities and acknowledge the strength of our core capabilities. We are also entering the 2015 financial year with a record level of work in hand, a further demonstration of our strategy in action.

People and organisation

It is increasingly important that our people can actively demonstrate the value we can create for our customers. This is a critical adaptation for our organisation and all of our people, so that we maintain a strong competitive position now and in future. To support the operationalisation and implementation of our strategy at all levels of the organisation, key initiatives have included the development of a performance scorecard linked to our core Values and strategy.

We have refined our operating structure to create a broader leadership team that is closer to our people and our customers. This includes consolidating our business into three regions of West (Western Australia and the Northern Territory), East (Queensland, Victoria and South Australia) and New Zealand, with our Competency Training and Assurance business represented across all markets.

The refined operating structure allows us to be more responsive to the needs of customers and creates new opportunities for our people. It is backed by a commitment from our leadership team to:

- > Act with our core Values as the cultural foundation of our business;
- > Communicate effectively by being accessible to our people and actively sharing ideas, information and knowledge;
- > Streamline our processes and systems to deliver efficient services for our customers; and
- > Empower our people and encourage them to be accountable for the performance of themselves and the business.

We have empowered our people to influence and shape the transformation of the organisation, primarily through structured working groups from across the business known as 'Pulse'. These groups are encouraged to identify and implement improvements to our culture, the way we work together, and how we enhance the value and performance of our business and service delivery.

Matthew Adamo
Managing Director

I acknowledge and thank all of our inspiring customers and partners during 2014, who work with us every day to enhance the value and performance of facilities and workforces. I thank our people for their commitment during a transition year for LogiCamms

board and management

Our Board and Management group are a results-driven team with a drive to build a sustainable, successful and inspiring organisation. The group offers decades of experience in resources and energy sectors on both client-side and consultant-side.



Peter Watson

Non-Executive Chairman

Peter is a business leader with over 25 years of experience in engineering, construction and services. He brings a strong background in achieving growth for businesses on a local and global scale.

- > Joined LogiCamms 2011
- > Former CEO at Transfield Services (ASX:TSE)
- > Chairman, Regional Rail Link Victoria and AssetCo, and Director of Save the Children



Matthew Adamo

Chief Executive Officer & Managing Director

Matthew offers nearly 20 years of experience in global professional services businesses. He brings a strong background in corporate development, strategy, finance and risk management and is a Chartered Accountant.

- > Former Chief Financial Officer of LogiCamms, joining in 2011
- > Former senior roles with Ernst & Young, WorleyParsons and Shell International



Steve Banning

Non-Executive Director

Steve is a seasoned management professional with over 20 years of experience in resources and energy businesses. He brings a strong understanding of strategy as well as Australia's gas markets to his non-executive position at LogiCamms.

- > Former Managing Director of LogiCamms, joining in 2011
- > Former CEO at Epic Energy, owned by Hastings Diversified Utilities Fund (ASX:HDF)
- > Former Group Manager for Duke Energy



Giles Everist

Non-Executive Director

Giles is a Chartered Accountant with over 20 years of senior finance and management experience. He offers a demonstrated track record of leadership in leading service providers to the resources and energy sector.

- > Joined LogiCamms in 2011
- > Non-Executive Director of Decmil Group (ASX:DGL), Non-Executive Director of Macmahon Holdings Limited (ASX:MAH), Non-Executive Director of Austal Limited (ASX:ASB)
- > Former CFO at Monadelphous Group



Peter Wall

Non-Executive Director

Peter is a founding Board member and brings decades of experience in management and directorship positions, with a focus on human resources and corporate governance.

- > Joined LogiCamms in 2007
- > Long standing tenure at S. Smith & Sons (The Yalumba Wine Company) and role in international trade facilitation for the wine industry



Paul Bowker

Chief Financial Officer & Company Secretary

Paul has an extensive background in corporate development, acquisitions and regulatory roles, with a focus on the energy sector.

- > Joined LogiCamms in 2011
- > Former General Manager of Corporate Development and Governance at LogiCamms
- > Former corporate lawyer at AGL Energy and Linklaters in London

The LogiCamms leadership team brings together extensive market knowledge, diverse skill sets and experience, and a commitment to the ongoing development of capability, services, and opportunities for our clients and our people.



Matthew Adamo



Paul Bowker



Geoff Jenkins



David Harris



Paul Walker



Karsten Guster



Kim Gilkison



Steve Lonton

With extensive experience in hydrocarbons, minerals and metals, and infrastructure sectors, LogiCamms' leadership team is an empowered group of senior management personnel. Seeking to demonstrate leadership in client service and performance, each member of the leadership team is accountable for a specific operational, service delivery, business services, or business development mandate. The group is collectively accountable for overall business performance, the effective implementation of key strategic and operational initiatives, developing people and services, enabling enhanced knowledge share between our people, customers, and industry, and demonstrating LogiCamms core Values in action.

Together the leadership team brings a diverse skill set to clients and the business comprising:

- › Market knowledge, with experience on both contractor-side and operator-side;
- › Commercial acumen, including experience managing and building businesses of varying sizes; and
- › People and team development, with a background in building high performing teams.

financial report

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Directors' Report

for the year ended 30 June 2014

Your directors present their report on LogiCamms Limited ("the Company") and its controlled entities ("the Group") for the financial year ended 30 June 2014.

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

Name	Position	Year of initial Appointment	Year last re-elected
Peter Watson	Non-Executive Chairman	2011	2013
Matthew Adamo	Managing Director	Appointed 12 May 2014	
Steve Banning	Non-Executive Director*	2011	–
Giles Everist	Non-Executive Director	2011	2013
Peter Wall	Non-Executive Director	2007	2012
Damian Young	Non-Executive Director	Resigned 15 May 2014	

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

The Company Secretary in office at any time during or since the end of the year was:

Mr Paul Bowker (Appointed 18 July 2011).

* Steve Banning resigned from the position of Managing Director on 12 May 2014 and was appointed as a Non-Executive Director of the Company on the same day.

Principal Activities

LogiCamms is a provider of professional engineering and consulting services. It works with leading owners and operators of hydrocarbons, minerals and metals and infrastructure assets to enhance productivity and efficiency through improved performance, increasing the value of customers' operations. LogiCamms' core business units include engineering consulting, project delivery, and asset performance services.

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

Operating Results

The consolidated profit of the Group, after providing for income tax, amounted to \$5.0 million.

A summary of the Group's operating results for the year ended 30 June 2014 is below:

<i>In thousands</i>	2014 \$	2013 \$
Revenue	127,890	129,521
Profit before tax	4,660	13,542
Income tax benefit / (expense)	346	(2,446)
Profit for the year attributable to equity holders in the Company	5,006	11,096
Basic earnings per share (cents per share)	7.2	16.6
Diluted earnings per share (cents per share)	7.0	16.0

Directors' Report

for the year ended 30 June 2014

Dividends Paid or Recommended

Dividends paid or declared by the Company to members since the end of the previous financial year were:

Name	Cents per share	Total amount \$'000	Franked/ unfranked	Year last re-elected
Declared and paid during the year 2014				
Final ordinary for the year ended 30 June 2013	4.50	3,203	Franked	26 September 2013
Interim ordinary for the year ended 30 June 2014	2.00	1,425	Franked	27 March 2014

Franked dividends declared and paid during the year were franked at the rate of 30 per cent.

Declared after end of year

After the balance sheet date a dividend of 3.50 cents per share has been declared by the directors, representing a total amount of \$2,492 thousand. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2014 and will be recognised in subsequent financial reports.

Financial Position

The net assets, including goodwill of \$51.9 million, of the Group have increased to \$80.8 million at 30 June 2014 from \$78.2 million at 30 June 2013. This increase is primarily the net result of the profit after tax of \$5.0 million, dividends declared and paid during the year of \$4.5 million plus an increase in goodwill relating to the previous year's acquisition of Independent Technology Limited due to the favourable change in the AUD/NZD exchange rate.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Company.

After Balance Date Events

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

Future Developments

The Group will continue to pursue a strategy of expansion through organic growth and acquisitions that meet the Group's strategic objectives.

Environmental Regulation and Performance

The Group's operations are subject to Australian Commonwealth and State environmental legislation as well as legislation in New Zealand. 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 significant breaches of environmental regulations during the financial year.

Operating and Financial Review

a. Financial Performance Overview

The Group's financial results in 2014 declined across the following key metrics.

- Revenue decreased to \$127.9 million (down from \$129.5 million in 2013, a decrease of 1%)
- Profit before tax decreased to \$4.7 million (down from \$13.5 million in 2013, a decrease of 66%)
- Profit after tax decreased to \$5.0 million (down from \$11.1 million in 2013, a decrease of 55%)
- Earnings before interest, tax, depreciation and amortisation (EBITDA)¹ was \$6.7 million (down from \$14.1 million in 2013, a decrease of 53%)
- EBITDA as a percentage of revenue was 5.2% (down from 10.9% in 2013).

Profit after tax includes research and development incentives recognised as tax credits of \$1.2 million, compared with \$1.8 million in the prior year. The research and development incentives recognise innovation across the business and the unique nature of services LogiCamms provides as part of delivering solutions to customers.

¹ The reference to EBITDA is unaudited and is unreviewed 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.

Directors' Report

for the year ended 30 June 2014

The key impacts on revenue and earnings over the prior corresponding period were:

- > Competitive pressures
- > Decline in economic activity
- > Internal restructuring costs as announced to the market

The key drivers for supporting future revenue and earnings growth will include:

- > A strong focus on optimisation of brownfield assets – working closely with customers to enhance the performance of their operations has underpinned a solid earnings result for LogiCamms and helped to strengthen our customer base and relationships;
- > Industry and service diversification – the proportion of total revenue derived from services to the hydrocarbons market has grown in 2014 to 57% (up from 30% in the previous corresponding period); and
- > Emphasis on operational excellence – during the year the Company undertook substantial organisational redesign and investment. This reflects our focus on driving efficiency and innovation, as well as strengthening our ability to pursue business development opportunities. In addition we continued to enhance business systems and processes related to the pursuit of business opportunities, risk management, cost control, and mobility of our people with all initiatives seeking to continuously improve how we deliver our services.

Industry focus and responding rapidly to changes in market needs is an important element of the Company's strategy. LogiCamms' ability to rapidly develop a presence and expertise in supporting hydrocarbons markets in Australia and overseas follows an acceleration of our strategic pursuits in this sector since 2010.

b. Performance Across Markets

The Company operates across three key markets, being hydrocarbons, minerals and metals and infrastructure. A highlight of the performance in 2014 was the increase in revenue and earnings from the hydrocarbons sector. Revenue from hydrocarbons increased to 57% in 2014 (2013: 30%). This growth was driven by further development of relationships with key customers, such as Santos, Origin, Epic Energy, ConocoPhillips, APA Group, Chevron, Oil Search and Methanex Corporation (NZ). Although the hydrocarbons market remains an area of strong growth for the Company, strong competition is also being experienced in that market.

Competitive pressures were experienced across the Company's range of services and industries, primarily within the minerals and metals sector. The broader economic environment and the impact on resource prices, including iron ore and coal, impacted on the volume of work in those sectors as well as leading to increased competition. In FY14 revenue contributed from customers in the minerals and metals sector was 36% (FY13: 57%). The Company's strategy is to continue to focus on existing brownfield assets and through innovation to assist customers to increase productivity, performance and extract maximum value from their assets. Key customers in 2014 included Rio Tinto, BHP Billiton, BMA, Wiggins Island Coal Export Terminal and Sandvik Mining & Construction.

The Company also provides services to the infrastructure sector, including the water, power, sugar and cement industries. Although infrastructure markets remain an important part of the Company's long term strategic plan, during 2014 revenue from infrastructure accounted for 7%, (2013: 13%). The reduction in revenue contribution from this sector in 2014 primarily reflects the winding down of a number of larger projects during the year.

The Company's work in international markets continued during the period, driven by existing customer relationships and the demand for high value consultancy services. International work included early phase studies for new mine developments, plant optimisations and competency assurance and competency training services.

c. Market Review and Outlook

Through a leaner organisational design and development and empowerment of our people, the Company is well positioned to capitalise on new prospects and the anticipated extension of existing long term support agreements with customers in the hydrocarbons sector, largely within Australia and New Zealand. There has also been an increase in brownfield opportunities identified across our minerals and metals customer base.

LogiCamms' focus on unlocking value and increasing asset performance, particularly on brownfield operations, presents a genuine opportunity for both our customers and LogiCamms to optimise performance in the coming year. This is despite the outlook for some of our minerals and metals customers, particularly in the coal sector, being challenged with ongoing pressure to cut costs and improve productivity in their existing operations.

The outlook in the hydrocarbons sector in Australia and New Zealand remains positive. In the year ahead, the Company expects to accelerate penetration into this sector with its expanded hydrocarbons expertise and asset performance services, as well as specialist consulting services.

The Company expects that its strong focus on asset performance and increased penetration into the hydrocarbons sector provides a solid platform for delivering earnings growth in the 2015 financial year.

d. Working Capital Management

The Company has had a strong focus on working capital management during the year. This focus has resulted in a strong positive operating cash flow of \$5.6m (2013: \$14.6m).

The Company's strong capital position also allowed for controlled reinvestment into the development of our people, innovation and enhanced business systems.

Directors' Report

for the year ended 30 June 2014

e. Statement of Financial Position

The Company's total assets decreased to \$105.2 million in 2014 (2013: \$106.0 million). The end of year cash balance of \$12.2 million was down from \$13.1 million in 2013, mainly due to the decline in profitability and substantial one-off restructuring costs.

The Company's total liabilities decreased to \$24.4 million (2013: \$27.8 million). Increases in property lease related provisions and deferred revenue added \$4.0 million to total liabilities offset by reductions in trade payables and income tax payable.

The Company's equity increased to \$80.8 million (2013: \$78.2 million) due to the net effect of the 2014 result and payment of an interim dividend plus an increase in the value of goodwill relating to the ITL acquisition in the previous year due to a favourable exchange rate movement. The Company continues to operate debt-free, and has utilised only \$6.0 million of its current \$22.0 million bank guarantee and bonding facilities (2013: \$22.0 million). The Company extended its financing facilities with its existing bankers to include a \$10.0 million working capital multi-option facility (that remains undrawn).

During the year, the Company paid an interim dividend of 2.0 cents per share and has declared a final year dividend of 3.5 cents per share, taking the full year dividend for the 2014 financial year to 5.5 cents per share (2013: 9.0 cents per share).

f. Key Strategic Goals

LogiCamms will continue to focus on unlocking higher value and increasing asset performance for our customers. Our skill-set extends across all phases of the asset and project lifecycle, with three key service streams, being engineering consulting, project delivery and asset performance. These streams provide services across the hydrocarbons, minerals and metals and infrastructure markets.

The Company is building on its significant expertise with a focus on long term relationships with its customers. The Company will continue to target growth markets, diversify its customer base, increase technical engineering consultancy work, and optimise the value of its customers' brownfield assets. Innovation is central to this platform, combined with the ongoing development of our people to meet changing customer needs. A sustained focus on technical excellence and quality of service delivery remains with a continued commitment to organisational development, including expanding on training programs and investment in innovation.

LogiCamms will continue to develop its "Centres of Excellence" approach, facilitating the efficient mobilisation of its highly skilled people to meet market needs, including to remote locations. The workshare philosophy between offices and diverse range of capabilities has enabled LogiCamms to deliver projects from various offices to customers worldwide.

The Company operates in the key energy and resource regions in Australia and New Zealand. LogiCamms will look to further expand its geographic footprint and continue to position itself as a leading multidiscipline professional services provider. LogiCamms is committed to developing capabilities that are fully transferrable across regions, with specific capability in the areas of, but not limited to, asset performance services, advanced automation services and high-end engineering

consulting services. These strategic objectives will be delivered through a combination of organic development, as well as through strategic partnerships and acquisitions.

g. 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.

As an example, the volatility in metals and minerals prices throughout 2014, particularly with respect to coal, impacted on the development of new projects and re-investment in existing projects of a number of our customers. 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 products (driven by changes in factors such as the Chinese economy) and political risk. The majority of LogiCamms' revenues are based in Australia and New Zealand and denominated in Australian and New Zealand dollars, and as such, foreign currency risks are somewhat reduced.

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 significant investment in training, attraction and retention strategies.

The Company also faces risks in its relationship with customers. In order to optimise the delivery of services to customers, 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-dependant on the external and business risks mentioned above. Significant investment was made in 2014 in the development of risk and financial management systems and processes available to the business. Further, LogiCamms manages working capital closely to ensure minimal volatility in results and the appropriate delivery of services within commercial agreed terms. Although LogiCamms does not currently have any borrowings, its ability to fund future expansion and acquisitions may be dependent on the availability of debt facilities on suitable terms.

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 margins 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.

Directors' Report

for the year ended 30 June 2014

Information on Directors

Mr Peter Watson

**Independent Non-Executive Director and Chairman,
Appointed 2 June 2011**

Peter Watson has 25 years of international experience in the engineering, construction and services industries. As former Chief Executive Officer of Global Services Group, Transfield Services (ASX:TSE) from 1999 to 2009, Peter stewarded the company through its listing in 2001 and led its transformation from a local operator to a global business. Prior to his tenure as Chief Executive, Peter undertook a variety of project and management roles with Transfield Services and Transfield Construction.

Peter is a member of the Nomination and Remuneration Committee, a member of the Audit and Risk Committee and a member of the Projects Committee

Current directorships held in other listed entities

None

Mr Giles Everist

Independent Non-Executive Director, Appointed 5 April 2011

Giles Everist is a Chartered Accountant and a member of the Institute of Chartered Accountants (England and Wales). Giles joined the Group in 2011 bringing over 20 years' experience. He has held senior executive roles with Coopers and Lybrand, Rio Tinto, Fluor Australia, and more recently Monadelphous Group where he was Chief Financial Officer from 2003 to 2009, during which the company experienced significant growth and development. Since that tenure Giles has joined a number of Boards in the public, private and not for profit sectors including as Non-Executive Director of Decmil Group Limited, Non-Executive Director of McMahon Holdings Limited, Non-Executive Director of Austal Limited, Chairman of Surton Technologies and Chairman of Perth Home Care Services.

Giles is a member of the Nomination & Remuneration Committee and Chair of the Audit and Risk Committee.

Current directorships held in other listed entities

Non-Executive Director of Decmil Group since December 2009, Non-Executive Director of McMahon Holdings Limited since June 2013 and Non-Executive Director of Austal Limited since November 2013.

Mr Peter Wall

Independent Non-Executive Director, Appointed 8 October 2007

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.

Current directorships held in other listed entities

None

Mr Damian Young

**Independent Non-Executive Director, Appointed 11 February 2009,
Resigned 15 May 2014**

Damian is a Chemical Engineer and has spent most of his working life in operational and management positions in the Oil & Gas industry. Damian holds Chemical Engineering and Commerce degrees and is a Fellow of the Institute of Engineers Australia.

Current directorships held in other listed entities

None

Mr Steve Banning

**Managing Director, 10 November 2011 to 12 May 2014
Independent Non-Executive Director, Appointed 12 May 2014**

Steve Banning has extensive experience across the resources and energy industry. Prior to his role as Managing Director at LogiCamms, he was Managing Director of Epic Energy from 2007 until 2011. In his role as MD of Epic Energy, Steve led the business through a period of significant growth. Steve's other roles have included General Manager Commercial of Epic Energy, Group Manager of Duke Energy and various roles within ExxonMobil.

Steve has a Bachelor of Science (Honours).

Current directorships held in other listed entities

None

Mr Matthew Adamo

Managing Director, Appointed 12 May 2014

Matthew Adamo was formerly the Chief Financial Officer of LogiCamms and has nearly 20 years of experience in global professional services businesses. He brings a strong background in corporate development, strategy, finance and risk management and is a Chartered Accountant. Matthew has previously held senior roles with Ernst & Young, WorleyParsons and Shell International.

Current directorships held in other listed entities

None

Information on Company Secretary

Paul Bowker was appointed to the position of Company Secretary on 18 July 2011 and to the position of Chief Financial Officer of the Group on 12 May 2014. Paul holds a Bachelor of Laws, Master of Laws, and Master of Applied Finance and Investment. Paul has a regulatory and compliance background gained from working in the government and corporate sectors in Australia and the United Kingdom, including with AGL Energy, Linklaters Lawyers and the Australian Securities & Investments Commission.

Directors' Report

for the year ended 30 June 2014

Directors' meetings

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	15	15	3	3	4	4	3	5
Matthew Adamo	2	2	–	–	–	–	–	–
Giles Everist	14	15	3	3	3	4	–	–
Peter Wall	14	15	3	3	4	4	–	–
Steve Banning	15	15	–	–	–	–	5	5
Damian Young	11	12	–	–	2	4	4	5

A – Number of meetings attended

B – Number of meetings held during the time the director held office during the year

Corporate governance statement

This statement outlines the main corporate governance practices in place throughout the financial year, which comply with the ASX Corporate Governance Council recommendations, unless otherwise stated.

Board of directors

Role of the Board

The Board of Directors of the Company is responsible for the overall corporate governance of the Company and has adopted as a guiding principle that it act honestly, diligently and fairly in accordance with the law and in the interests of the Shareholders with a view to building sustainable value for them, the Company's employees and other stakeholders in the Company.

The Board endorses the ASX Principles of Good Corporate Governance and Best Practice Recommendations (ASX Recommendations), and has adopted corporate governance charters and policies reflecting those recommendations to the extent appropriate having regard to the size and circumstances of the Company. The Company is committed to ensuring that its corporate governance systems maintain the Company's focus on transparency, responsibility and accountability.

The Board has delegated responsibility for operation and administration of the Company to the Managing Director and executive management.

To assist in the execution of its responsibilities the Board has established an Audit and Risk Committee, a Nomination and Remuneration Committee and a Projects Committee. These committees have charters and operating procedures, which are reviewed on a regular basis.

Copies of the Company's corporate governance policies are available on the Company's website at www.logicamms.com.au.

Board charter

The Board has adopted a Board Charter. Under the Board Charter, the Board's role and responsibilities are consistent with those set out in the ASX Principles and include:

- (i) setting the strategic direction of the Company, establishing goals to ensure that these strategic objectives are met and monitoring the performance of management against these goals and objectives;
- (ii) ensuring there are adequate resources available to meet the Company's objectives;
- (iii) appointing the Managing Director, evaluating the performance and determining the remuneration of senior executives, including any executive incentive plan, and ensuring that appropriate policies and procedures are in place for recruitment, training, remuneration and succession planning;
- (iv) determining the size, composition and structure of the Board and evaluating the performance of the Board and its Directors on an annual basis;
- (v) determining remuneration levels of Directors;
- (vi) approving and monitoring financial reporting and capital management;

Directors' Report

for the year ended 30 June 2014

- (vii) approving and monitoring annual budgets;
- (viii) approving and monitoring the progress of business objectives;
- (ix) ensuring that any necessary statutory licences are held and compliance measures are maintained to ensure compliance with the law and licence(s);
- (x) ensuring that adequate risk management procedures exist and are being used;
- (xi) ensuring that the Company has appropriate corporate governance structures in place, including standards of ethical behaviour and a culture of corporate and social responsibility;
- (xii) ensuring that the Board is, and remains, appropriately skilled to meet the changing needs of the Company;
- (xiii) approving the dividend policy of the Company and authorising payment of dividends; and
- (xiv) appointing or removing the Company's external auditors and approving the auditor's remuneration, upon recommendation from the Audit & Risk Committee.

The Managing Director is responsible to the Board for the day-to-day management of the Group.

Director independence

Currently four of the five Directors satisfy the criteria for independence as outlined in the ASX Recommendations. *The Board assesses, at least annually, the independence of each Director. The Company considers that an independent Director is a non-executive Director who is free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of his or her unfettered and independent judgement and ability to act in the Company's best interests. Materiality is assessed on a case-by-case basis.*

Director and executive education

The Company has a process to educate new Directors about the nature of the business, current issues, the corporate strategy, the culture and values of the Company, and the expectations of the Company concerning performance of Directors. In addition Directors are also educated regarding meeting arrangements and Director interaction with each other, senior executives and other stakeholders. Directors are given access to continuing education opportunities to update and enhance their skills and knowledge.

The Company also has a process to educate new senior executives upon taking such positions. The induction program includes reviewing the Company's structure, strategy, operations, financial position and risk management policies. It also familiarises the individual with the respective rights, duties, responsibilities and roles of the individual and the Board.

Independent professional advice and access to company information

Each Director has the right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the chairperson, may seek independent professional advice from a suitably qualified adviser at the Company's expense. The Director must consult with an adviser suitably qualified in the relevant field, and obtain the chairperson's approval of the fee payable for the advice before proceeding with the consultation. A copy of the advice received by the Director is made available to all other members of the Board.

Chairperson

The Board has appointed an independent Chairperson, Mr Peter Watson. Peter was appointed as an independent Non-Executive Director responsible for the leadership and conduct of the Board.

Composition of the board

The Board of the Company currently comprises four Non-Executive Directors and one Executive Director as follows.

Non-Executive Directors

Peter Watson
Giles Everist
Peter Wall
Steve Banning

Executive Directors

Matthew Adamo

As a team, the Board brings together a broad range of qualifications and a diversity of experience to provide strategic guidance for, and effective oversight of, management.

The Constitution requires a minimum number of three Directors. The maximum number of Directors is fixed by the Board but may not be more than 10, unless the members of the Company in general meeting resolve otherwise.

The relevant provisions in the Constitution and the Corporations Act determine the terms and conditions relating to the appointment and termination of Directors. All Non-Executive Directors, other than the Managing Director, are subject to re-election by rotation every three years with at least one director subject to re-election each year.

Conflict of interest

In accordance with the Corporations Act and the Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes a significant conflict exists, the Director concerned will not receive the relevant papers and will not be present at the Board meeting whilst the matter is being considered.

Directors' Report

for the year ended 30 June 2014

Audit and Risk Committee

The Board has established an Audit and Risk Committee, with responsibility for establishing and maintaining a framework of internal control and ethical standards. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators.

The external auditors, any internal auditor, the Managing Director, Chief Financial Officer and Company Secretary are invited to Audit and Risk Committee meetings at the discretion of the committee.

The Committee comprises of at least three Non-Executive Directors (Giles Everist as Chair, Peter Watson and Peter Wall), of which at least one is independent.

The Board considers the composition of the Audit and Risk Committee is satisfactory to properly discharge the duties of the Committee.

The Managing Director and the Chief Financial Officer declared in writing to the Board that the financial records of the Company for the financial year have been properly maintained, the Company's financial reports for the financial year ended 30 June 2014 comply with accounting standards and present a true and fair view of the Company's financial condition and operational results.

Risk management

Oversight of the risk management system

The Group has a number of internal risk oversight and management policies and internal compliance and control systems, including the Company's Risk Management Policy. The Risk Management Policy sets out the processes to understand and manage the uncertainties facing the Company in order to mitigate and limit loss and to also enable potential gains from opportunities created through an evaluation and management of risk considerations. To achieve these objectives, LogiCamms is committed to implementing and embedding the following within the Company:

- An effective Risk Management Framework consistent with ISO 31000:2009 for identifying, assessing and managing risks, in line with our risk appetite, in order to support the achievement of our business objectives.
- Compliance with applicable laws, regulations and governance standards in areas in which we operate.
- A standard approach to the management of risk and to the acceptable levels of risk throughout the business.
- Processes and systems to empower our staff to proactively identify and address risk issues and events.
- Identification, management and reporting on key business risks across the organisation.
- Providing risk management information and training programs.
- Developing measures to assess the effectiveness of risk management practices, monitoring performance and take steps to continuously improve.

The Managing Director and the Chief Financial Officer have stated to the Board in writing that for the year ended 30 June 2014:

- (i) the Group's financial report is complete and presents a true and fair view, in all material respects, of the Group's financial condition and operational results and are in accordance with the relevant accounting standards;
- (ii) the statement at (i) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- (iii) the Group's risk management and internal compliance is operating efficiently and effectively in all material respects.

Risk profile, management and control

Risks identified by the Audit and Risk Committee or management are raised and discussed regularly at Board meetings with the aim of identification, assessment and appropriate management of those risks.

The Group's risk profile is minimised by establishing practices such as;

- (i) capital and operational expenditure is approved via detailed budgets signed off by the Board with performance reviewed monthly, and forecasts revisited regularly;
- (ii) occupational health and safety standards are stringently managed throughout the business;
- (iii) business transactions are properly authorised and executed;
- (iv) attracting and retaining quality and ethical personnel through recruitment practices, training and annual performance reviews; and
- (v) consideration of environmental obligations and compliance.

Ethical standards

All directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group. Every employee has a nominated supervisor to whom they may refer any issues arising from their employment.

Code of conduct

The Group has established a Code of Conduct which aims to develop a consistent understanding of, and approach to, the desired standards of conduct and behaviour of the Directors, officers, employees and consultants in carrying out their roles for the Group.

In summary, the Code requires that at all times all Group personnel act with the utmost integrity, objectivity and in compliance with the letter and spirit of the law and Group policies. The Directors are satisfied that the Group has complied with its policies.

Trading in Company securities by directors and employees

The Company has adopted a Securities Dealing Policy in order to ensure that the Company maintains investor confidence in the integrity of the Company's internal controls and procedures and to provide guidance on avoiding any breach of the insider trading laws.

Directors' Report

for the year ended 30 June 2014

Under the policy, employees, including all Executive and Non-Executive Directors, are prohibited from trading in the Company's securities, except during a trading window as notified by the Company Secretary following the public release by the Company to ASX of:

- (i) full year results;
- (ii) half year results; and
- (iii) any prospectus.

Furthermore, an employee or Director who is in possession of price sensitive information, which is not generally available to the market, must not deal in the Company's securities at any time, even during a trading window.

The Securities Dealing Policy provides that if a Director or executive or senior manager wishes to buy or sell Company securities, they are required to obtain the prior approval of the Chairman or, in his absence, the Board or Managing Director. In addition, any changes in a Director's direct or indirect interest in Company securities must be immediately reported to the Company Secretary so that appropriate disclosure can be submitted to ASX within 5 business days.

Communication with shareholders

The Company, as a "disclosing entity" pursuant to section 111AR of the Corporations Act, complies with the continuous disclosure requirements of Chapter 3 of the ASX Listing Rules and section 674 of the Corporations Act. Subject to the exceptions contained in the Listing Rules, the Company discloses to the ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the shares.

The Company is committed to observing its disclosure obligations under the Corporations Act and its obligations under the Listing Rules. The Company has adopted a Continuous Disclosure Policy in relation to the information disclosures and relevant procedures.

The Company Secretary is responsible for the overall administration of the policy and is responsible for communications with the Australian Stock Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co ordinating information disclosure to the ASX.

The Company's objective is to actively communicate with its shareholders in order to meet the expectations of its shareholders and actively promote shareholder involvement in the Company.

The Company's communications strategy promotes the communication of information to shareholders through the distribution of an annual report, half-year reports, and announcements through the ASX. All releases provided to ASX are posted on the Company's website at www.logicamms.com.au.

The Board encourages the participation of shareholders at the Annual General Meeting to seek to ensure a high level of accountability and discussion in relation to the Company's performance. Shareholders are encouraged to participate in the Annual General Meeting through asking questions and making comments. Executives of the Company, including

the Managing Director and Chief Financial Officer on occasion meet with analysts and investors. Any presentations made are released to the ASX.

The external auditor attends the annual general meetings to answer questions concerning the conduct of the audit, the preparation and content of the auditor's report, accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

Diversity

The Board is committed to putting in a policy in relation to diversity on the Board and in the Group's senior executive and other positions ensuring appropriate gender, age, ethnic and cultural diversity. Due to historical factors, such as the size of the Company, scale of operations and availability of resources, a diversity policy has not previously been in place. However, it is intended that a diversity policy will be adopted that includes:

- > a process to achieve the appropriate mix of skills and diversity in the Company;
- > measurable objectives in relation to diversity; and
- > appropriate representation of women employees in the Company, in senior executive positions and on the Board

Remuneration report – audited

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 directors (whether executive or otherwise).

Contents

The report includes:

- > an overview of the Company's approach to executive reward;
- > the governance of remuneration arrangements;
- > the components of executive remuneration;
- > the remuneration outcomes for the 2014 financial year and the links between remuneration and company performance;
- > an overview of executive service agreements;
- > remuneration for the 2014 financial year; and
- > Non-Executive Director remuneration.

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

Directors' Report

for the year ended 30 June 2014

Remuneration report – audited (continued)

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:

- Alignment to sustainable long-term value creation
- Assist the attraction and retention of highly skilled employees
- Be competitive within the global markets in which the Group operates
- Alignment is best achieved through high levels of equity ownership
- Provide high rewards for true outperformance
- Simple and transparent remuneration framework
- Consistent remuneration framework across the organisation
- Strategically align talent and succession planning for future growth

Governance of remuneration arrangements

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, which currently includes STI and LTI Plans as further described below. 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 Managing Director 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 Managing Director is invited to attend Committee meetings.

LogiCamms' Nominations and Remuneration Committee engaged external consultants to assess the market competitiveness of remuneration in the 2014 financial year. The consultants engaged were PricewaterhouseCoopers with terms of reference to assess market data on remuneration for comparable companies and positions. PricewaterhouseCoopers did not, and were not engaged to, provide a remuneration recommendation and, as such, no disclosures are required under the Corporations Act in relation to the role of PricewaterhouseCoopers.

2014 Executive Remuneration Framework

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 interest of all stakeholders. This framework seeks to reward, retain, and motivate senior executives in a manner aligned with shareholders.

LogiCamms 2014 financial year saw earnings decline compared to the 2013 financial year. For the 2014 financial year, Earnings Per Share (EPS) was **7.2 cents per share** and Total Shareholder Return (TSR) was **– 32%** (excluding the impact of franking credits). Under the Key Executive Remuneration Framework the STI and LTI outcomes for 2014 were as follows:

Incentive Remuneration Outcomes	
Short Term Incentive Outcomes	Refer to the table on page 25 for STI target opportunity payout ratio for KMP.
Long Term Incentive Outcomes	For 2014 the KMP were participants in the LTI. The KMP have been awarded the Performance Rights and Share Appreciation Rights set out in the table on page 26.

This Report specifically sets out remuneration information for the key people who can directly influence the long term strategic direction of the Company and had the authority for planning, directing and controlling the affairs of the Group during the financial year ended 30 June 2014. They include the Managing Director and other key executives and Non-Executive Directors, of the Company as set out below:

Name	Title
Non-Executive Directors	
Peter Watson	Chairman
Giles Everist	Director
Peter Wall	Director
Damian Young ^E	Director
Steve Banning ^A	Director
Executive KMP	
Matthew Adamo ^B	Managing Director
Paul Bowker ^C	Chief Financial Officer
Karsten Guster	Operations Director – Western Region (previously Director of Strategy and Development)
Flora Furness ^D	Director of Operational Excellence
Geoff Jenkins	Director of Projects

A Mr Banning became a Non-Executive Director on 12 May 2014, previously being Managing Director.

B Mr Adamo became Managing Director on 12 May 2014, previously being Chief Financial Officer.

C Mr Bowker became Chief Financial Officer on 12 May 2014, previously being Group General Manager Corporate Development

D Flora Furness resigned 12 May 2014

E Damian Young resigned 15 May 2014

Directors' Report

for the year ended 30 June 2014

Components of Executive Remuneration

Remuneration and other terms of employment for the Managing Director 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. At-risk components are in the form of:
 - Short Term Incentive (STI) – payable in cash. Outcomes are based on LogiCamms financial and operational performance over the financial period, in addition to individual performance measures; and
 - Long Term Incentives (LTI) – includes the issue of Performance Rights and Share Appreciation Rights that are subject to the satisfaction of performance hurdles. These LTI instruments are issued for the purposes of aligning their interests with those of shareholders by rewarding long term sustainable shareholder value creation. LTI outcomes are based on TSR and EPS growth targets.

Fixed Remuneration

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. In financial year 2014, LogiCamms engaged external consultants to enable the Company to assess the market competitiveness of remuneration within the business, including the fixed remuneration levels. LogiCamms sets the fixed remuneration based on the assessment of market data of external consultants as well as through the Company's internal metrics and data.

Executive KMP may choose to receive remuneration by way of salary sacrifice, such as motor vehicles and superannuation.

Short Term Incentive (STI)

Under the terms of the STI, each participant has an annual target STI award based on a percentage of base salary for the year. Payment of the individual's target STI is dependent on performance against the following key performance drivers:

- Financial and Operational Performance
- Safety
- People Management
- Cash Management
- Customer Feedback
- Individual Performance

Non-financial performance measures were also incorporated in order to drive leadership performance and behaviours consistent with achieving the Group's objectives in areas including safety, succession planning and talent management.

For financial year 2014, 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.

Long Term Incentive (LTI)

For the 2014 financial year, each of the executive KMP listed above were participants in the LTI Plan. LTI awards were split into an issue of Performance Rights and Share Appreciation Rights (SARs).

- 50% of the award was granted as Performance Rights. Each Performance Right represents a right to be issued one share at a future point in time at a nil exercise price.
- 50% of the award was granted as SARs. Each SAR represents a right to receive a payment equal to the positive difference between the share price at the allocation date during the year and the share price at the vesting date in the future. The total value of all SARs on the vesting date will be settled via the provision of shares of an equivalent value. SARs only reward share price growth and only payout for the increase in value over the starting share price.

Each of the Performance Rights and SARs granted under the LTI Plan are subject to performance hurdles. The hurdles used to determine performance are Relative Total Shareholder Return (Relative TSR) and Absolute Earnings Per Share growth (Absolute EPS):

- 50% of the granted Performance Rights and SARs are subject to the Relative TSR measured against the S&P Small Ordinaries Index over the performance period.
- 50% of the granted Performance Rights and SARs are subject to the Absolute EPS compound growth of 10% per annum over the performance period.

Performance measures for the Relative TSR based award and the Absolute EPS based award are mutually exclusive, meaning that if one hurdle is not met, there is still the ability to earn under the other hurdle. The Board tests the TSR and EPS performance measures upon finalisation of the annual accounts.

Directors' Report

for the year ended 30 June 2014

Remuneration report – audited (continued)

The vesting criteria with respect to the 2014 LTI are included in the table below.

Vesting Criteria	Detail
Performance Period	The performance period with respect to the 2014 LTI awards is 3 years, from 1 July 2013 to 30 June 2016. As such no vesting of the FY14 grants will occur until after 30 June 2016.
Thresholds for Relative TSR	For those Performance Rights and SARs subject to Relative TSR performance vesting will occur based on the percentile ranking of the Company's Total Shareholder Return against all companies included in the S&P Small Ordinaries Index for the relevant performance period as follows: > Below 50th percentile, no vesting > Between 50th and 75th percentile, pro rata vesting between 50 – 100% > Equal or greater than 75th percentile, 100% vesting
Threshold for Absolute EPS	For those Performance Rights and SARs subject to Absolute EPS performance vesting will occur based on the EPS compound annual growth rate achieved over the performance period. The Absolute EPS target of 10% compound growth per annum, off a base of 16.6 cps, must be achieved for vesting to occur. If EPS growth is below 10% per annum then no vesting will occur.
Retesting	No retesting will be permitted for either Relative TSR or Absolute EPS.

The terms of the other Performance and Share Appreciation Rights issued in prior years have two performance conditions:

- > A relative total shareholder return measure over the performance period; and
- > An absolute earnings per share growth target over the performance period.

For the current and prior years, the performance measures are mutually exclusive. Performance will be assessed over a period of three years. The exercise price for these Performance Rights is nil, while the effective exercise price of the Share Appreciation Rights is equal to the share price at grant, and the payoff is equivalent to the difference between the price at the end of the performance period, and the allocation share price, with the value settled in shares at the end of the Performance Period. If a change of control of the Company occurs all Performance Rights will be subject to accelerated vesting on a pro rata basis with respect to the time elapsed since issue.

On cessation of employment unvested Performance Rights will lapse unless the Board allows them to vest in circumstances of total and permanent disability, death or other circumstances determined by the Board.

Total Shareholder Return (TSR)

TSR measures the performance of an ordinary LogiCamms share (including any cash dividends and other shareholder benefits paid during the period) relative to other companies in the S&P Small Ordinaries Index over the performance period. The Board believes that TSR is an appropriate performance hurdle because it is aligned with long term value creation for shareholders. The TSR measures the return received by shareholders from holding shares in the Company over the performance period. Achievement of the Relative TSR target will reward senior executives when the Company outperforms comparable companies.

Earnings Per Share (EPS)

EPS measures the profit attributable to shareholders per issued share. Compound annual growth in Absolute EPS growth equal to or greater than 10% over the performance period is required for the relevant threshold under the LTI to be met. Absolute EPS growth is a forward looking performance measure that drives continued and sustainable growth.

Other terms

The LTI dollar value determined for each executive is calculated based on a percentage of the executive's annual fixed remuneration and for the executive KMP ranges from 20% to 50%. This level of LTI is in line with current market practice. The number of Performance Rights and SARs awarded to each executive is calculated by dividing the LTI dollar value by the estimated fair value of the Performance Right or SARs, as the case may be. The Company engaged PriceWaterhouseCoopers to determine a fair value for the Performance Rights and SARs in relation to the 2014 awards.

Performance Right and SARs granted under the LTI Plans carry no voting or dividend entitlements. Currently, based on the number of Performance Rights and SARs issued and held pursuant to the STI and LTI Plans and having regard to the share price as at 30 June 2014 should all of these securities convert to shares these would represent 0.5% of the Company's issued share capital.

Directors' Report

for the year ended 30 June 2014

Proportions of fixed and at risk remuneration

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

Name	Title	Fixed Remuneration	STI	LTI
Steve Banning ^A	Managing Director	50%	25%	25%
Matthew Adamo ^B	Managing Director	59%	18%	23%
Paul Bowker ^C	Chief Financial Officer	72%	14%	14%
Karsten Guster	Operations Director – Western Region	59%	18%	23%
Flora Furness ^D	Director of Operational Excellence	59%	18%	23%
Geoff Jenkins	Director of Projects	59%	23%	18%

A Mr Banning became a Non-Executive Director on 12 May 2014.

B Mr Adamo became Managing Director on 12 May 2014.

C Mr Bowker became Chief Financial Officer on 12 May 2014.

D Ms Furness resigned 12 May 2014.

The outcome of the STI and LTI awards for the KMP for 2014 were as follows:

Awards under the 2014 Incentive Plans and the Links to Company Performance

The 2014 financial year for LogiCamms saw financial performance decline on the 2013 financial year. With respect to the STI plan many of the key performance criteria were not achieved during the year and as a result, no STI awards associated with the 2014 financial year were awarded to the KMP's.

2014 Short Term Incentive Awards

The table below sets out the STI awards payable in cash to KMP under the STI Plan for Financial Year 2014.

Name	Key Management Personnel Title	STI Award	Percentage of Target Award Achieved
Steve Banning ^A	Managing Director	\$0	0%
Matthew Adamo ^B	Managing Director	\$0	0%
Paul Bowker ^C	Chief Financial Officer	\$0	0%
Karsten Guster	Operations Director – Western Region	\$0	0%
Flora Furness ^D	Director of Operational Excellence	\$0	0%
Geoff Jenkins	Director of Projects	\$0	0%

A Mr Banning resigned from the position of Managing Director on 12 May 2014 and became a Non-Executive Director of the Company on the same day.

B Mr Adamo became Managing Director on 12 May 2014.

C Mr Bowker became Chief Financial Officer on 12 May 2014.

D Ms Furness resigned 12 May 2014

Directors' Report

for the year ended 30 June 2014

Remuneration report – audited (continued)

2014 Long Term Incentive Awards

The table below sets out the Performance Rights and Share Appreciation Rights awarded under the LTI Plan for the 2014 financial year. These Performance Rights and SARs were granted on 7 November 2013. During 2014 all of the Performance Rights and Share Appreciation Rights awarded under the 2014 LTI Plan were cancelled with no shares or cash issued to the participants with the effect that there are no 2014 LTI Plan instruments on issue. At the date of cancellation on 22 May 2014 the Performance Rights and Share Appreciation Rights awarded under the 2014 LTI Plan had a fair value of \$0.

Name	Key Management Personnel Title	Performance Rights Awarded (#)	Fair Value at Grant per right	SARs Awarded (#)	Fair Value at Grant per SAR
Steve Banning ^A	Managing Director	133,358	\$1.07	544,960	\$0.265
Matthew Adamo ^B	Managing Director	78,255	\$1.07	319,787	\$0.265
Paul Bowker ^D	Chief Financial Officer	23,464	\$1.07	95,887	\$0.265
Karsten Guster	Operations Director – Western Region	78,465	\$1.07	320,642	\$0.265
Flora Furness ^D	Director of Operational Excellence	68,899	\$1.07	281,553	\$0.265
Geoff Jenkins	Director of Projects	49,236	\$1.07	201,198	\$0.265

A Mr Banning resigned from the position of Managing Director on 12 May 2014 and became a Non-Executive Director of the Company on the same day.

B Mr Adamo became Managing Director on 12 May 2014.

C Mr Bowker became Chief Financial Officer on 12 May 2014.

D Ms Furness resigned 12 May 2014

No amount is payable by KMP for the award of the Performance Rights or SARs.

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, 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 2014 financial year and the previous four financial years.

	2014	2013	2012	2011	2010
Profit attributable to owners of the Company ('000's)	\$5,006	\$11,096	\$10,689	\$4,630	\$5,579
Dividends paid ('000's)	\$4,545	\$6,307	\$3,208	\$4,066	\$2,921
Change in share price	-\$0.48	\$0.21	\$0.08	\$0.14	\$0.29
Return on equity	6.2%	14.2%	15.6%	7.4%	10.6%
EPS (cps)	7.2	16.6	15.8	7.6	11.7

Profit is considered as one of the financial performance targets in setting the STI. Profit amounts for 2010 to 2014 have been calculated in accordance with Australian Accounting Standards (AASBs).

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 2014 to financial year 2013, which are the most relevant years to the current set of executive KMP, the Group's profit from ordinary activities after tax decreased by 55%. During the same period, total KMP executive compensation increased by 8%, which includes termination payments made to the Managing Director and Director Operational Excellence. Excluding these termination payments, KMP executive compensation decreased by 14% on the prior year.

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

It is the Group's policy that service contracts for executive KMP (excluding the Managing Director), are unlimited in term but capable of termination on 3 months' notice. The Group retains the right to terminate a KMP contract immediately by making payment of between 3 and 12 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.

Directors' Report

for the year ended 30 June 2014

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

Name & KMP Title	Term of Agreement and Notice Period	Base Salary Including Superannuation	Termination Payments
Matthew Adamo Managing Director	No fixed term 6 Months	\$495,000	6 Months
Paul Bowker Chief Financial Officer	No fixed term 3 Months	\$330,000	3 Months
Karsten Guster Operations Director – Western Region	No fixed term 3 Months	\$360,000	3 Months
Geoff Jenkins Director of Projects	No fixed term 3 Months	\$370,224	3 Months

Overview of the Company's service contract with Matthew Adamo, Managing Director (appointed 12 May 2014, having previously been Chief Financial Officer)

Mr Adamo was appointed to the Managing Director position on 12 May 2014, for a term with no fixed end date, LogiCamms may terminate Mr Adamo's employment by giving 6 months' notice or a lesser period of time by making a payment in lieu of notice for the difference between that amount of time and 6 months. On termination with notice by LogiCamms, Mr Adamo will be entitled to:

- (a) payment of accrued but untaken annual leave;
- (b) the total incentive for target performance under the STI and LTI, pro rata for the period of notice given by the Company; and
- (c) subject to applicable performance hurdles being met, all shares to which Mr Adamo is entitled under the STI and LTI and other rights (such shares will vest within three months of termination).

Mr Adamo may terminate his employment by 2 weeks' notice to LogiCamms if LogiCamms commits a material breach of the Services Agreement, or if his role and duties are materially reduced at the instigation of the Board by comparison to his role and duties as contemplated under the Service Agreement. If the employment is terminated by Mr Adamo on either of these grounds, then Mr Adamo will be entitled to 6 months' remuneration on termination. Mr Adamo may terminate his employment by giving 6 months' notice to LogiCamms. On termination by Mr Adamo, Mr Adamo will be entitled to:

- (a) payment of accrued but untaken annual leave;
- (b) the total incentive for target performance under the STI and LTI, pro rata for the period of notice given by the Company; and
- (c) all Shares to which Mr Adamo is entitled under the STI and LTI and other rights (such Shares will vest within three months of termination).

LogiCamms was entitled to terminate Mr Banning's employment without notice in the case of misconduct and in certain other circumstances. In that event, Mr Banning was not entitled to any payment or award under the Company's incentive plans, but was entitled to payment in lieu of accrued but untaken annual leave.

Overview of the Company's service contract with Steve Banning, former Managing Director (resigned 12 May 2014)

Mr Banning's resigned from his position on 12 May 2014. LogiCamms was entitled to terminate Mr Banning's employment by giving 6 months' notice or a lesser period of time by making a payment in lieu of notice for the difference between that amount of time and 6 months. On termination with notice by LogiCamms, Mr Banning was entitled to:

- (a) payment of accrued but untaken annual leave;
- (b) the total incentive for target performance under the STI and LTI, pro rata for the period of notice given by the Company; and
- (c) subject to applicable performance hurdles being met, all shares to which Mr Banning is entitled under the STI and LTI (such shares will vest within three months of termination).

Directors' Report

for the year ended 30 June 2014

Remuneration report – audited (continued)

Mr Banning was entitled to terminate his employment by notice to LogiCamms if LogiCamms committed a material breach of the Services Agreement and failed to remedy the breach within 10 Business Days of receiving notice of it, or if his role and duties are materially reduced at the instigation of the Board by comparison to his role and duties as contemplated under the Service Agreement. If the employment was terminated by Mr Banning on either of these grounds, then Mr Banning would have been entitled to 6 months' remuneration on termination. Banning was also entitled to terminate his employment by giving 6 months' notice to LogiCamms. On termination by Mr Banning, Mr Banning was entitled to:

- (a) payment of accrued but untaken annual leave;
- (b) the total incentive for target performance under the STI and LTI, pro rata for the period of notice given by the Company; and
- (c) all Shares to which Mr Banning is entitled under the STI and LTI (such Shares will vest within three months of termination).

LogiCamms was entitled to terminate Mr Banning's employment without notice in the case of misconduct and in certain other circumstances. In that event, Mr Banning was not entitled to any payment or award under the Company's incentive plans, but will be entitled to payment in lieu of accrued but untaken annual leave.

Non-executive director remuneration

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.

Structure

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

Each NED, except the Board Chairman and Mr Giles Everist, received a base fee of \$75,000 inclusive of superannuation for being a director of the Group. The Board Chairman, Mr Peter Watson, received a base fee of \$140,000 inclusive of superannuation for the period and share based payments of \$46,450. Mr Giles Everist received a base fee of \$80,000 inclusive of superannuation.

An additional fee may be payable for a director (except for the Board Chairman) who is a chair of a Board committee. The payment of additional fees for serving on a committee recognises the additional time commitment required by NEDs who serve on sub-committees.

No additional fees were paid for serving on a committee in the 2014 financial year. NEDs do not participate in the Company's STI or LTI plans.

Directors' Report

for the year ended 30 June 2014

Directors' and executive officers' remuneration (Consolidated) – audited

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

in AUD		Short-term			Post-employment	Other long term	Share-based payments		Proportion of remuneration performance related %	Value of options and rights as proportion of remuneration %			
		Salary & fees \$	Cash bonus \$	Non-monetary benefits \$			Total \$	Super-annuation benefits \$			Termination benefits \$	Options and rights \$	Total \$
Directors													
Non-executive directors													
Peter Watson	2014	140,000	–	4,573	144,573	–	–	–	46,450	191,023	–	24.3%	
	2013	140,000	–	4,723	144,723	–	–	–	48,072	192,795	–	24.9%	
Giles Everist	2014	80,000	–	4,573	84,573	–	–	–	–	84,573	–	–	
	2013	75,000	–	4,723	79,723	–	–	–	–	79,723	–	–	
Peter Wall	2014	68,650	–	4,573	73,223	6,350	–	–	–	79,573	–	–	
	2013	41,284	–	4,723	46,007	3,716	–	–	–	49,723	–	–	
Damian Young (resigned 15 May 2014)	2014	73,250	–	4,573	77,823	5,821	–	–	800	84,444	–	0.9%	
	2013	41,284	–	4,723	46,007	3,716	–	–	3,465	53,188	–	6.5%	
Steve Banning (A)	2014	466,714	–	4,573	471,287	46,621	8,556	605,568	(258,541)	873,491	–29.6%	–28.3%	
	2013	517,276	43,000	4,723	564,999	22,276	8,993	–	270,024	866,292	36.1%	31.2%	
Executive Directors													
Matthew Adamo, Managing Director (B)	2014	399,172	–	4,573	403,745	39,463	7,311	–	159,413	609,932	26.1%	25.0%	
	2013	403,617	30,000	4,723	438,340	18,722	7,039	–	141,842	605,943	24.6%	23.4%	
Executives													
Paul Bowker, Chief Financial Officer (C)	2014	251,569	–	4,573	256,142	23,651	4,587	–	76,855	361,235	21.3%	21.0%	
	2013	229,005	9,174	–	238,179	24,648	4,228	–	5,777	272,832	5.5%	2.1%	
Karsten Guster, Karsten Guster, Operations Director – Western Region	2014	444,561	–	4,573	449,134	38,085	8,044	–	163,034	658,297	24.8%	24.0%	
	2013	417,460	24,000	4,723	446,183	17,924	7,256	–	134,137	605,500	24.4%	22.2%	
Flora Furness, Director Operational Excellence (resigned 12 May 2014)	2014	335,159	–	4,573	339,732	31,685	6,114	167,156	(58,207)	486,480	–12.0%	–11.6%	
	2013	354,643	17,000	4,723	376,366	22,761	6,290	–	48,244	453,661	14.4%	10.6%	
Geoff Jenkins, Director Major Projects	2014	328,817	–	4,573	333,390	30,415	5,987	–	61,934	431,726	14.3%	14.3%	
	2013	320,400	–	4,723	325,123	21,716	5,702	–	40,510	393,051	10.3%	10.3%	
Total directors and executive officers		2,587,892	–	45,730	2,633,622	222,091	40,599	772,724	191,738	3,860,774			
Remuneration		2,539,969	123,174	42,507	2,705,650	135,479	39,508	–	692,071	3,572,708			

(A) Steve Banning was the Managing Director until 12 May 2014 and then became a Non-Executive Director from that date.

(B) Matthew Adamo was the Chief Financial Officer prior to being appointed as Managing Director on 12 May 2014.

(C) Paul Bowker was the Group General Manager Corporate Development prior to being appointed as Chief Financial Officer on 12 May 2014.

Directors' Report

for the year ended 30 June 2014

Remuneration report – audited (continued)

Equity instruments

KMP disclosed below were issued options, Performance Rights or SARs as detailed below that impact on compensation in the 2014 or subsequent reporting periods. The service or performance criteria used to determine the number of options, Performance Rights or SARs issued are 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 options, Performance Rights and SARs were provided at no cost to the recipients. All options, Performance Rights and SARs 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 Options, Performance Rights and SARs granted to KMP and impacting on compensation in the 2014 reporting period 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	Financial Years in which Grant Vests
Peter Watson	Performance Rights	200,000	10-Nov-11	\$0.810	33%	–	2014, 2015, 2016
Matthew Adamo	Performance Rights	145,443	20-Feb-12	\$0.595	100%	–	2014
	SARs	481,901	20-Feb-12	\$0.165	–	100%	2014
	Performance Rights	119,661	8-Nov-12	\$0.770	–	–	2015
	SARs	354,176	8-Nov-12	\$0.235	–	–	2015
Paul Bowker	Performance Rights	3,071	19-Aug-13	\$1.460	100%	–	2015
Karsten Guster	Performance Rights	152,228	20-Feb-12	\$0.595	100%	–	2014
	SARs	504,379	20-Feb-12	\$0.165	–	100%	2014
	Performance Rights	123,275	8-Nov-12	\$0.770	–	–	2015
	SARs	364,874	8-Nov-12	\$0.235	–	–	2015
Geoff Jenkins	Performance Rights	48,395	8-Nov-12	\$0.770	–	–	2015
	SARs	143,242	8-Nov-12	\$0.235	–	–	2015

Exercise of options or Performance Rights

During the reporting period 41,145 shares were issued to Geoff Jenkins and 49,143 shares were issued to Paul Bowker on the conversion of Performance Rights granted in prior years as compensation. No exercise price was payable on the conversion of the Performance Rights. The fair value at grant date of each Performance Right that was converted was \$1.09. These Performance Rights were STI awards.

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

Directors' Report

for the year ended 30 June 2014

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:

	Held at 1 July 2013	Purchases	Received on exercise of options or Rights	Sales	Held at 30 June 2014
Directors					
Peter Watson	527,695	–	–	–	527,695
Giles Everist	510,000	–	–	–	510,000
Peter Wall	127,001	–	–	–	127,001
Damian Young	48,750	–	–	–	48,750
Steve Banning	29,363	–	–	–	29,363
Matthew Adamo	215,221	25,000	–	–	240,221
Executives					
Paul Bowker	103,000	–	49,143	32,000	120,143
Karsten Guster	424,847	8,000	–	–	432,847
Flora Furness	847	–	–	–	847
Geoff Jenkins	847	–	41,145	–	41,992

Directors' interests

The relevant interest of each Director at the date of this report in the shares, options, Performance Rights and Share Appreciation Rights issued by the Company at the date of this report is as follows:

Director	Ordinary shares	Options over ordinary shares	Performance Rights	Share Appreciation Rights
Mr Peter Watson*	594,361	–	133,334	–
Mr Giles Everist	510,000	–	–	–
Mr Peter Wall	127,001	–	–	–
Mr Steve Banning	29,363	–	–	–
Mr Matthew Adamo*	385,664	–	119,661	354,176

* Received ordinary shares post 30 June 2014 (and prior to the date of this report) upon vesting of entitlements from FY12 incentives.

Options and rights granted to directors and officers of the Company

During or since the end of the financial year, the Company granted rights over unissued ordinary shares in the Company to the Key Management Personnel as set out below. All rights were issued during the financial year and were subsequently cancelled prior to the end of the financial year.

Director or Key Management	Performance Rights	Share Appreciation Rights
Steve Banning	133,358	544,960
Matthew Adamo	78,255	319,787
Paul Bowker	23,464	95,877
Karsten Guster	78,465	320,642
Flora Furness	68,899	281,533
Geoff Jenkins	49,236	201,198
	1,215,905	3,689,738

Options, Performance Rights and Share Appreciation Rights over unissued ordinary shares in the Company granted in the previous financial year were detailed in the previous Annual Report. The Performance Rights and Share Appreciation Rights require certain hurdles to be met and for the holder to remain employed by the Company prior to vesting.

Unissued shares under options

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

Directors' Report

for the year ended 30 June 2014

Indemnification and insurance of officers and auditors

Insurance premiums

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 \$45,733.90 (2013: \$48,627.41) in respect of directors' and officers' liability insurance policies.

Non-audit services

During the year PwC, the Group's auditor, has performed certain other services in addition to their statutory duties.

The board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the audit committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- › all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- › the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

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 below. In addition, amounts paid to other auditors for the statutory audit have been disclosed:

	Consolidated 2014 \$	Consolidated 2013 \$
Audit services:		
Auditors of the Group:		
Audit and review of financial reports (PricewaterhouseCoopers)	176,000	–
Audit and review of financial reports (KPMG Australia)	–	179,000
	176,000	176,000
Services other than statutory audit:		
Taxation advice (PricewaterhouseCoopers)	14,609	–
Other services – remuneration advice (PricewaterhouseCoopers)	5,610	–
Taxation advice and compliance services (KPMG Australia)	–	184,333
	20,219	184,333

Directors' Report

for the year ended 30 June 2014

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

The auditor's independence declaration is set out on page 66 and forms part of the directors' report for the financial year ended 30 June 2014.

Rounding off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of the directors:



Peter Watson

Chairman

Dated at Brisbane, Queensland this 27th day of August, 2014.

Consolidated Statement of Financial Position

As at 30 June 2014

<i>In thousands of AUD</i>	Note	2014	2013
Assets			
Cash and cash equivalents	11a	12,150	13,124
Trade and other receivables	12	29,140	33,390
Current tax asset	15	663	–
Total current assets		41,953	46,514
Investments in equity accounted investees	13	579	376
Property, plant and equipment	14	4,775	5,381
Deferred tax assets	15	3,233	1,413
Intangible assets	16	54,656	52,335
Total non-current assets		63,243	59,505
Total assets		105,196	106,019
Liabilities			
Trade and other payables	17	7,851	9,323
Loans and borrowings	18	20	26
Employee benefits	19	5,065	5,755
Current tax payable	15	–	3,139
Provisions	20	146	201
Deferred income	21	4,142	2,076
Total current liabilities		17,224	20,520
Trade and other payables	17	3,106	5,501
Employee benefits	19	1,203	1,009
Provisions	20	2,820	745
Total non-current liabilities		7,129	7,255
Total liabilities		24,353	27,775
Net assets		80,843	78,244
Equity			
Share capital		54,901	54,871
Reserves		1,933	143
Retained earnings		24,009	23,230
Total equity attributable to owners of the Company		80,843	78,244

The notes on pages 38 to 64 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2014

<i>In thousands of AUD</i>	Note	2014	2013
Revenue	6	127,890	129,521
Cost of sales		(78,369)	(77,047)
Gross profit		49,521	52,474
Other income	7	2,345	236
Business development expenses		(6,023)	(4,027)
Administrative expenses		(41,596)	(36,237)
Results from operating activities		4,247	12,446
Finance income		209	516
Finance expenses		(60)	(5)
Net finance income / (expense)	9	149	511
Share of profit / (loss) of equity accounted investees	13	264	585
Profit before income tax		4,660	13,542
Income tax benefit / (expense)	10	346	(2,446)
Profit for the year		5,006	11,096
Other comprehensive income for the year, net of income tax			
items that may be reclassified subsequently to profit and loss			
Foreign currency translation differences		1,790	143
Other comprehensive income for the period, net of tax		1,790	143
Total comprehensive income for the year		6,796	11,239
Earnings per share:			
Basic earnings per share (cents per share AUD)	22	7.2	16.6
Diluted earnings per share (cents per share AUD)	22	7.0	16.0

The notes on pages 38 to 64 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

<i>In thousands of AUD</i>	Note	Share capital	Translation Reserve	Retained earnings	Total
Balance at 1 July 2013		54,871	143	23,230	78,244
Total comprehensive income					
Profit		–	–	5,006	5,006
Other comprehensive income		–	1,790	–	1,790
Total comprehensive income		–	1,790	5,006	6,796
Transactions with owners, recorded directly in equity					
Exercise of options		30	–	–	30
Dividends paid	23	–	–	(4,545)	(4,545)
Share-based payments	24	–	–	318	318
Balance at 30 June 2014		54,901	1,933	24,009	80,843

For the year ended 30 June 2013

<i>In thousands of AUD</i>	Note	Share capital	Translation Reserve	Retained earnings	Total
Balance at 1 July 2012		51,152	–	17,494	68,646
Total comprehensive income					
Profit		–	–	11,096	11,096
Other comprehensive income		–	143	–	143
Total comprehensive income		–	143	11,096	11,239
Transactions with owners, recorded directly in equity					
Issue of ordinary shares	5	4,298	–	–	4,298
Equity raising transactions costs		(11)	–	–	(11)
Exercise of options		431	–	–	431
Shares bought back	23	(66)	–	–	(66)
Treasury shares	23	(933)	–	–	(933)
Dividends paid	23	–	–	(6,307)	(6,307)
Share-based payments	24	–	–	947	947
Balance at 30 June 2013		54,871	143	23,230	78,244

The notes on pages 38 to 64 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

<i>In thousands of AUD</i>	Note	2014	2013
Cash flows from operating activities			
Receipts from customers		135,321	130,147
Payments to suppliers and employees		(124,350)	(114,741)
		10,971	15,406
Interest paid		(60)	(5)
Income taxes paid		(5,276)	(785)
Net cash inflow from operating activities	11b	5,635	14,616
Cash flows from investing activities			
Interest received		209	516
Proceeds from sale of property, plant and equipment		48	93
Dividends and return of capital from equity accounted investee	13	61	300
Acquisition of a subsidiary, net of cash acquired	5	–	(8,595)
Acquisition of a business	5	–	(150)
Acquisition of property, plant and equipment	14	(540)	(1,634)
Acquisition of intangible assets	16	(1,866)	(1,562)
Net cash outflow from investing activities		(2,088)	(11,032)
Cash flows from financing activities			
Proceeds from issue of share capital		30	431
Acquisition of treasury shares	23	–	(933)
Acquisition of shares bought back		–	(66)
Payment of capital raising transaction costs		–	(11)
Repayment of borrowings		(6)	(4)
Dividends paid to the shareholders of the Company		(4,545)	(6,307)
Net cash outflow from financing activities		(4,521)	(6,890)
Net decrease in cash and cash equivalents		(974)	(3,306)
Cash and cash equivalents at beginning of financial year		13,124	16,430
Cash and cash equivalents at end of financial year	11a	12,150	13,124

The notes on pages 38 to 64 are an integral part of these consolidated financial statements.

Notes to the financial statements

1. Reporting entity

LogiCamms Limited (the "Company") is a company domiciled in Australia. The address of the Company's registered office is 433 Boundary Street, Brisbane, Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2014 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 project delivery and asset performance services primarily in Australia and New Zealand. Comparative information has been reclassified where appropriate to enhance comparability.

2. Basis of preparation

(a) Statement of compliance

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

The financial statements were approved by the Board of Directors on 27 August 2014.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for specific assets and liabilities to be measured at fair values.

(c) Functional and presentation currency

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

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(d) 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:

- > notes 6 and 12 – revenue recognition and project work in progress
- > note 16 – measurement of the recoverable amounts of cash-generating units containing goodwill
- > note 17 – measurement of deferred consideration
- > note 20 – onerous leases
- > note 24 – measurement of share-based payments

(e) Changes in accounting policies

The Group has not changed its accounting policies since the end of the previous financial year.

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 Group entities.

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

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is assessed in line with the policy disclosed in section (ii) below.

Acquisitions on or after 1 July 2009

For acquisitions, the Group measures goodwill at the acquisition date as:

- > the fair value of the consideration transferred; plus
- > the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- > the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Notes to the financial statements

(ii) Subsidiaries

Subsidiaries are all entities (including structured 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. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) Joint arrangements

Under AASB 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group only has joint ventures. Interests in joint ventures are accounted for using the equity method (refer section (iv) below), after initially being recognised at cost in the consolidated balance sheet.

(iv) 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.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of 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 at the exchange rate at that date. The foreign currency gain or

loss 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 generally recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the functional 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 (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) Financial instruments

(i) 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 sell 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.

Accounting for finance income and expense is discussed in note 3(m).

Notes to the financial statements

3. Significant accounting policies (continued)

Other

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

(ii) Share capital

Ordinary shares

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.

Dividends

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

Treasury shares

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.

(iii) Derivative Financial Instruments, including hedge accounting

During the previous financial year, the Group used a derivative financial instrument to hedge its foreign currency exposure in relation to the acquisition detailed in note 5. Other than that, the Group has not used and does not hold derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

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.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) 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.

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

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(e) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and jointly controlled entities. Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Subsequent measurement

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.

(ii) Software and Systems

Software systems expenditure is capitalised only if the costs can be measured reliably, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalised includes the direct labour and overhead costs that are directly attributable to preparing the asset for its intended use.

Capitalised software expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful life applied is usually 4 years.

Notes to the financial statements

(f) Leased assets

Leases in terms of 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 balance sheet.

(g) 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 (see note 3(k)(i)) 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.

Project work in progress is presented as part of trade and other receivables in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as deferred income in the balance sheet.

(h) Impairment

(i) 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.

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 profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For

goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated annually.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. 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 goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Employee benefits

(i) Long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated or government bonds that have maturity dates approximating the terms of the Group's obligations.

(ii) Short-term benefits

Liabilities for employee benefits for wages, salaries, annual leave, long service leave and sick leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax. Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Notes to the financial statements

3. Significant accounting policies (continued)

(iii) *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, 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.

(j) *Provisions*

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.

(i) *Onerous contracts*

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see note 3(h)(i)).

(ii) *Warranties*

A provision for warranty is usually recognised per project at its conclusion. At each reporting date, the overall provision is set based on average historical warranty related expenses and the usual contractual terms for warranties made.

(k) *Revenue*

(i) *Revenue from projects*

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. As soon as the outcome of a contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract.

The stage of completion is assessed by reference to costs incurred to date as a percentage of total estimated cost for each contract. 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 profit or loss.

(ii) *Revenue from services*

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to internal surveys of work performed. Revenue from training courses is recognised when the course is completed.

(iii) *Revenue from sale of goods*

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

(l) *Lease payments*

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.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(m) *Finance income and expense*

Finance income comprises interest income on funds invested and dividend income. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

(n) *Income tax*

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.

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.

Notes to the financial statements

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 is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.
- Temporary 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.
- Taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflected the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted by the reporting date.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities. Such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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.

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.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

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.

(o) Goods and services tax

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.

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

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.

(p) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options or Rights granted to employees.

(q) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The Group's operating results as a whole are regularly reviewed by the Group's Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(r) New 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 2013. None of these have had a significant effect on the consolidated financial statements of the Group.

The IASB has issued a new standard for the recognition of revenue (IAS 18). The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The AASB has not yet issued an equivalent new standard. The Group has not yet considered the impact of the new rules on its revenue recognition policies and will undertake a detailed assessment in the near future. The Group expects to adopt the new standard from 1 July 2017.

Notes to the financial statements

4. Segment reporting

The results and financial position of the Group's single operating segment, being engineering services, are prepared for the Managing Director on bases consistent with Australian Accounting Standards, and thus 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:

<i>In thousands of AUD</i>	2014	2013
Revenue		
Australia	100,744	126,363
New Zealand	27,146	3,158
	127,890	129,521
<i>In thousands of AUD</i>	2014	2013
Non-current assets excluding deferred tax assets		
Australia	59,051	56,511
New Zealand	959	983
	60,010	57,494

Revenue from one customer of the Group represents \$15,004,000 (2013: \$10,195,000) of the Group's total revenues for the year ended 30 June 2014.

5. Acquisitions

No acquisitions were made by the Group in the current financial year. In the previous financial year the Group made one acquisition.

On 21 May 2013 the Group acquired control of the New Zealand domiciled Independent Technology Limited ('ITL') for consideration of \$17,988,000. The consideration paid was \$9,520,000 cash, \$4,298,000 of issued shares and the accrual of a profit earn out of \$4,170,000. The fair value of the assets acquired on acquisition was \$3,592,000 with the remainder recognised as goodwill on acquisition.

The acquisition of ITL was completed during May 2013 and, accordingly, the accounting at 30 June 2013 was completed on a provisional basis. The accounting was completed within 12 months with the outcome that \$300,000 of the amount originally booked to goodwill was reclassified as an intangible asset called "Customer Contracts" which was amortised in full in the current financial year.

6. Revenue

<i>In thousands of AUD</i>	2014	2013
Project and services revenue	116,890	121,600
Training courses	11,000	7,921
	127,890	129,521

Revenue recognition : the Group uses the percentage-of-completion method in accounting for its fixed price contracts to deliver engineering services. Use of this method requires the Group to estimate the costs incurred to date as a proportion of the total costs estimated to be incurred on each contract.

Notes to the financial statements

7. Other income

<i>In thousands of AUD</i>	Note	2014	2013
Foreign exchange gain		–	209
Reduction in earn out payable	17	2,311	–
Other		34	27
		2,345	236

8. Expenses

The statement of comprehensive income includes the following specific expenses:

<i>In thousands of AUD</i>	2014	2013
Personnel expenses	68,942	60,603
Contractor expenses	13,580	20,463
Operating leases	3,997	4,216
Restructuring costs	3,900	–
Depreciation	1,178	818
Amortisation	1,035	211
Contributions to defined contribution superannuation funds	4,989	4,888

9. Finance income and expense

Recognised in profit or loss

<i>In thousands of AUD</i>	2014	2013
Interest income on bank deposits	209	516
Finance income	209	516
Interest expense on financial liabilities	(60)	(5)
Finance expense	(60)	(5)
Net finance income / (expense)	149	511

Notes to the financial statements

10. Income tax expense

<i>In thousands of AUD</i>	Note	2014	2013
Current tax expense		1,531	1,811
Current year		(57)	177
Adjustments for prior year (tax incentives)		1,474	1,988
Deferred tax expense			
Origination and reversal of temporary differences	15	(1,820)	458
Total income tax (benefit) / expense		(346)	2,446

Numerical reconciliation between tax expense and pre-tax accounting profit

<i>In thousands of AUD</i>	2014	2013
Profit for the year	5,006	11,096
Total income tax (benefit) / expense	(346)	2,446
Profit before income tax	4,660	13,542
Income tax using the Company's domestic tax rate of 30%	1,398	4,062
Effect of tax rates in foreign jurisdictions	(50)	(10)
Tax incentives – current financial year	(1,162)	(1,815)
Previous financial year adjustment	(57)	177
Non-deductible expenses	135	63
Non-assessable income	(690)	–
Tax offsets	(24)	(129)
Other	104	98
Total income tax (benefit) / expense	(346)	2,446

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 research and development tax incentives.

11a. Cash and cash equivalents

<i>In thousands of AUD</i>	2014	2013
Operating bank accounts	12,150	6,923
Term deposits	–	6,201
Cash and cash equivalents in the statement of cash flows	12,150	13,124

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities is disclosed in note 25.

Notes to the financial statements

11b. Reconciliation of cash flows from operating activities

<i>In thousands of AUD</i>	Note	2014	2013
Cash flows from operating activities			
Profit for the year		5,006	11,096
Adjustments for:			
Depreciation	14	1,178	818
Amortisation of intangible assets	16	1,035	211
Net finance benefit	9	(149)	(511)
Share of (profit) / loss of equity accounted investees	13	(264)	(585)
Loss on sale of property, plant and equipment		34	223
Equity-settled share-based payment transactions	24	318	947
Income tax (benefit) / expense	10	(346)	2,446
Operating profit before changes in working capital and provisions		6,812	14,645
Change in trade and other receivables		4,250	4,050
Change in trade and other payables		(1,606)	(3,119)
Change in deferred income		2,066	(643)
Change in provisions and employee benefits		(551)	473
		10,971	15,406
Interest paid		(60)	(5)
Income taxes paid		(5,276)	(785)
Net cash from operating activities		5,635	14,616

12. Trade and other receivables

<i>In thousands of AUD</i>	2014	2013
Current		
Trade receivables	21,071	26,447
Provision for impairment of trade receivables	(1,517)	(2,369)
Prepayments and sundry debtors	698	636
Project work in progress	8,888	8,676
	29,140	33,390

At 30 June 2014 trade receivables include retentions of \$241,000 relating to contracts in progress (2013: \$409,000). 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 25.

Notes to the financial statements

13. Equity accounted investees (joint venture)

The Group's share of profits in its equity accounted investee, the LogiCamms-Electro 80 joint venture, for the year is set out below in the summary financial information:

<i>In thousands of AUD</i>	2014	2013
Ownership %	50%	50%
Current assets	1,530	1,019
Non current assets	–	16
Total assets	1,530	1,035
Current liabilities	372	283
Non current liabilities	–	–
Total liabilities	372	283
Net assets	1,158	752
Group's share of net assets	579	376
Revenues	5,752	4,055
Expenses	(5,224)	(2,885)
Profit / (loss)	528	1,170
Group's share of profit / (loss)	264	585

During the year the Group received \$61,000 in dividends and returns of capital (2013: \$300,000) from its equity accounted investee.

Notes to the financial statements

14. Property, plant and equipment

<i>In thousands of AUD</i>	Plant and equipment	Building fit outs	Motor Vehicles	Total
Cost				
Balance at 1 July 2012	4,987	1,974	229	7,190
Additions	210	1,424	–	1,634
Transfer to intangible assets	(1,107)	–	–	(1,107)
Acquired through business combination	814	–	189	1,003
Disposals	(2,579)	(192)	(81)	(2,852)
Balance at 30 June 2013	2,325	3,206	337	5,868
Balance at 1 July 2013	2,325	3,206	337	5,868
Additions	384	156	–	540
Disposals	(613)	–	(157)	(770)
Effect of exchange rate movements	203	–	35	238
Balance at 30 June 2014	2,299	3,362	215	5,876
Depreciation and impairment losses				
Balance at 1 July 2012	2,830	113	97	3,040
Transfer to intangible assets	(803)	–	–	(803)
Depreciation for the year	565	219	34	818
Disposals	(2,429)	(73)	(66)	(2,568)
Balance at 30 June 2013	163	259	65	487
Balance at 1 July 2013	163	259	65	487
Depreciation for the year	816	293	69	1,178
Disposals	(600)	–	(100)	(700)
Effect of exchange rate movements	120	–	16	136
Balance at 30 June 2014	499	552	50	1,101
Carrying amounts				
At 1 July 2012	2,157	1,861	132	4,150
At 30 June 2013	2,162	2,947	272	5,381
At 1 July 2013	2,162	2,947	272	5,381
At 30 June 2014	1,800	2,810	165	4,775

Notes to the financial statements

15. Tax assets and liabilities

Current tax assets and liabilities

<i>In thousands of AUD</i>	2014	2013
Current assets		
Current financial year tax refundable	663	–
Current liabilities		
Current financial year tax payable	–	3,139

Recognised deferred tax assets and liabilities

	Assets		Liabilities		Net	
<i>In thousands of AUD</i>	2014	2013	2014	2013	2014	2013
Trade receivables	441	669	–	–	441	669
Work in progress	–	–	(881)	(1,339)	(881)	(1,339)
Equity accounted investee	–	–	(197)	(116)	(197)	(116)
Fixed assets	18	–	–	–	18	–
Employee benefits	1,888	1,988	–	–	1,888	1,988
Other payables	372	379	–	–	372	379
Revenue received in advance	39	27	–	–	39	27
Provisions	792	60	–	–	792	60
Share based payments	–	–	(257)	(352)	(257)	(352)
Transaction costs	28	97	–	–	28	97
Income tax loss	990	–	–	–	990	–
Tax assets / (liabilities)	4,568	3,220	(1,335)	(1,807)	3,233	1,413

Movement in temporary differences during the year

	Balance 1 July 2012	Recognised in profit or loss	Acquired in Business combination	Balance 30 June 2013	Balance 1 July 2013	Recognised in profit or loss	Balance 30 June 2014
<i>In thousands of AUD</i>							
Trade receivables	123	546	–	669	669	(228)	441
Work in progress	(1,062)	(277)	–	(1,339)	(1,339)	458	(881)
Equity accounted investee	–	(116)	–	(116)	(116)	(81)	(197)
Fixed assets	–	–	–	–	–	18	18
Employee benefits	1,750	118	120	1,988	1,988	(100)	1,888
Other payables	639	(260)	–	379	379	(7)	372
Revenue received in advance	83	(56)	–	27	27	12	39
Provisions	42	18	–	60	60	732	792
Share based payments	–	(352)	–	(352)	(352)	95	(257)
Transaction costs	176	(79)	–	97	97	(69)	28
Income tax loss	–	–	–	–	–	990	990
	1,751	(458)	120	1,413	1,413	1,820	3,233

Notes to the financial statements

16. Intangible assets

<i>In thousands of AUD</i>	Goodwill	Customer Contracts	Software & Systems	Total
Costs				
Balance at 1 July 2012	36,173	–	–	36,173
Transferred from property, plant and equipment	–	–	1,107	1,107
Additions	–	–	1,562	1,562
Acquired through business combination	14,096	300	–	14,396
Effect of exchange rate movements	143	–	–	143
Disposal	–	–	(350)	(350)
Balance at 30 June 2013	50,412	300	2,319	53,031
Balance at 1 July 2013	50,412	300	2,319	53,031
Additions	–	–	1,866	1,866
Effect of exchange rate movements	1,501	–	–	1,501
Disposals	–	–	(435)	(435)
Balance at 30 June 2014	51,913	300	3,750	55,963
Amortisation and impairment losses				
Balance at 1 July 2012	–	–	–	–
Transferred from property, plant and equipment	–	–	803	803
Amortisation	–	–	211	211
Disposal	–	–	(318)	(318)
Balance at 30 June 2013	–	–	696	696
Balance at 1 July 2013	–	–	696	696
Amortisation	–	300	735	1,035
Disposals	–	–	(424)	(424)
Balance at 30 June 2014	–	300	1,007	1,307
Carrying amounts				
Balance at 1 July 2012	36,173	–	–	36,173
Balance at 30 June 2013	50,412	300	1,623	52,335
Balance at 1 July 2013	50,412	300	1,623	52,335
At 30 June 2014	51,913	–	2,743	54,656

Impairment testing of goodwill

Goodwill is an intangible asset with an infinite life which is tested at least annually for impairment. For the purpose of impairment testing, impairment is considered at the cash generating unit level. The Group considers that it has one cash generating unit for the purpose of this standard and for the subsequent impairment testing of goodwill.

Notes to the financial statements

16. Intangible assets (continued)

Cash-generating unit

The recoverable amount of the goodwill is based on a value in use calculation with respect to the cash generation unit and was determined by applying a 5 year net present value calculation of projected cash flows and a terminal value at the end of the fifth year. The recoverable amount was in excess of the carrying value of the goodwill, so no impairment loss was required. 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 16.81% (2013: 18.70%)
- Expected future profits for the first year based on internal financial forecasts and reflect management's expectations of continued growth
- Future nominal revenue growth of 5.0% per year for year's two to five (2013: 5.0%)
- After the fifth year a terminal value was applied using a growth rate of 2.5% (2013: 1.5%)

17. Trade and other payables

<i>In thousands of AUD</i>	Note	2014	2013
Current			
Trade payables		2,204	3,902
GST payable		867	699
Accrued expenses		4,780	4,722
		7,851	9,323
Non Current			
Lease incentives		1,247	1,331
Deferred consideration - earn out payable A	6	1,859	4,170
		3,106	5,501

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 25.

A The deferred consideration is level 3 on the fair value hierarchy and it is valued based on likelihood of ITL achieving certain EBIT performance hurdles over a 2 year period, along with ITL's contribution to the Australian Hydrocarbon business. The Group has considered reasonable sensitivities in relation to the achievement of these targets and based on those sensitivities, reduced the fair value of the deferred consideration by \$2,311,000 during the financial year.

18. Loans and borrowings

<i>In thousands of AUD</i>	2014	2013
Finance lease liabilities	20	26

19. Employee benefits

<i>In thousands of AUD</i>	2014	2013
Current		
Liability for annual leave	3,629	4,000
Liability for long service leave	947	1,087
Liability for time off in lieu	489	668
	5,065	5,755
Non-Current		
Liability for long service leave	1,203	1,009

Notes to the financial statements

20. Provisions

<i>In thousands of AUD</i>	2014	2013
Current		
Warranty	146	201
Non-Current		
Lease make good	920	745
Onerous lease	1,900	–
	2,820	745

The onerous lease provision is based on the Group's estimate of expected sub-lease inflows, and estimates on the timing of these inflows, against contractual outflows.

21. Deferred income

<i>In thousands of AUD</i>	2014	2013
Billings in advance	4,011	1,986
Prepaid revenue	131	90
	4,142	2,076

22. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 30 June 2014 of 7.2 cents per share AUD (2013: 16.6 cents per share AUD) was based on the profit for the year and a weighted average number of ordinary shares outstanding of 69,884,510 (2013: 66,685,404) calculated as follows:

Profit attributable to ordinary shareholders

<i>In thousands of AUD</i>	2014	2013
Profit for the year	5,006	11,096

Weighted average number of ordinary shares

<i>In thousands of AUD</i>	2014	2013
Shares on issue at beginning of year	69,626	66,228
Effect of performance rights exercised (353,783 weighted down)	227	118
Effect of shares options exercised (36,000 weighted down)	32	169
Effect of ordinary shares issued	–	514
Effect of shares bought back	–	(59)
Effect of shares bought back by EST (A)	–	(285)
Weighted average number of ordinary shares at end of year	69,885	66,685

(A) LogiCamms Employee Share Trust (EST)

Notes to the financial statements

22. Earnings per share (continued)

Diluted earnings per share

The calculation of diluted earnings per share at 30 June 2014 of 7.0 cents per share AUD (2013: 16.0 cents per share AUD) was based on the profit for the year and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 71,227,722 (2013: 69,213,000) calculated as follows:

Profit attributable to ordinary shareholders

<i>In thousands of AUD</i>	2014	2013
Profit for the year	5,006	11,096

Weighted average number of ordinary shares (diluted)

<i>In thousands of AUD</i>	2014	2013
Weighted average number of ordinary shares (basic)	69,885	66,685
Effect of performance rights on issue	716	1,346
Effect of share appreciation rights on issue	627	1,182
Weighted average number of ordinary shares at end of year (diluted)	71,228	69,213

23. Capital and reserves

Share capital

<i>In thousands of AUD</i>	Number of Ordinary Shares 2014	Number of Ordinary Shares 2013
On issue at 1 July	71,178	67,428
Issued in business combinations	–	3,306
Bought back	–	(62)
Exercise of options	36	506
On issue at 30 June – fully paid	71,214	71,178

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.

In the previous year, 3,306,225 shares (\$4,298,000) were issued as a result of the acquisition of ITL.

During the year no shares (2013: 62,000 shares (\$66,000)) were bought back under the on-market share buyback programme which commenced 21 February 2012. The timing and number of shares to be bought back depends on market conditions.

As at 30 June 2014, 1,162,000 (2013: 1,552,000) treasury shares included in the consolidated statements of financial position and changes in equity relate to shares acquired on-market by the Employee Share Trust. These shares will be held by the EST to meet future obligations to employees under the incentive plans upon vesting of granted Performance and Share Appreciation Rights (refer note 24).

The Group has also issued Performance Rights and Share Appreciation Rights (refer note 24).

Notes to the financial statements

Dividends

Dividends paid during the year ended 30 June 2014 were as follows:

<i>In thousands of AUD</i>	Cents per share	Total amount	Franked / unfranked	Date of payment
Final ordinary for FY2013	4.50	3,203	Franked	25 September 2013
Interim ordinary for FY2014	2.00	1,424	Franked	27 March 2014

After 30 June 2014 the following dividends were declared by the directors for 2014. The declaration and subsequent payment of dividends has no income tax consequences.

<i>In thousands of AUD</i>	Cents per share	Total amount	Franked / unfranked	Date of payment
Final ordinary for FY2014	3.50	2,492	Franked	25 September 2014

The financial effect of this dividend has not been brought to account in the financial statements for the financial year ended 30 June 2014 and will be recognised in subsequent financial reports.

<i>In thousands of AUD</i>	2014	2013
Dividend franking account		
30 percent franking credits available to shareholders of the Company for subsequent financial years	843	1,919

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

- (a) franking debits that will arise from the refund of the current tax asset;
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the year end;
- (c) franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated Group at the year end; and
- (d) franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. The impact on the dividend franking account of dividends proposed after the balance sheet date but not recognised as a liability is to reduce it by \$1,068,000 (2013: \$1,373,000).

24. Share-based payments

Share Options

From December 2007 to December 2010, the Group provided Directors and Employees with an Option Plan that entitled them to purchase shares in the Company. The movement in the number and weighted average exercise prices of share options is as follows:

	Weighted average exercise price 2014	Number of options 2014	Weighted average exercise 2013	Number of options 2013
Outstanding at beginning of year	1.11	136,000	0.90	721,999
Forfeited during the year	1.20	(100,000)	0.85	(80,000)
Exercised during the year	0.85	(36,000)	0.85	(505,999)
Outstanding at 30 June	–	–	1.11	136,000
Exercisable at 30 June	–	–	0.85	36,000

Notes to the financial statements

24. Share-based payments (continued)

Long Term Incentive Plan

During the year ended 30 June 2011 the Group established a Long Term Incentive Plan under which the Board at its discretion can offer Performance Rights and Share Appreciation Rights to Key Management Personnel. In addition, there remains a tranche of Performance Rights issued on 10 November 2011 which did not form part of the Long Term Incentive Plan. The terms and conditions of the Rights are as follows:

Grant date / employees entitled	Remaining Number of instruments	Vesting conditions	Contractual life of Rights
Performance Rights issued on 10 November 2011	133,334	66,667 on or after 2 June 2015; 66,666 on or after 2 June 2016	4.5 years
Performance Rights issued on 8 November 2012	342,380	26 February 2015	2.3 years
Total Performance Rights	475,714		
Share Appreciation Rights issued on 8 November 2012	1,013,390	26 February 2015	2.3 years
Total Share Appreciation Rights	1,013,390		
Total Rights at 30 June 2014	1,489,104		

The terms of the Performance Rights issued on 10 November 2011 require 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.

In addition to the tenure condition noted above, the terms of the other Performance and Share Appreciation Rights have two performance conditions:

- > A relative total shareholder return measure over the performance period
- > An absolute earnings per share growth target over the performance period

The performance measures are mutually exclusive. Performance will be assessed over a period of three years. The exercise price for these Performance Rights is nil, while the effective exercise price of the Share Appreciation Rights is equal to the share price at grant, and the payoff is equivalent to the difference between the price at the end of the performance period, and the allocation share price, with the value settled in shares at the end of the performance period. No dividends are received on shares during the performance period.

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

	Outstanding at 1 July 2013	Granted	Forfeited or Cancelled ^A	Exercised	Outstanding at 30 June 2014	Exercisable at 30 June 2014
Performance Rights						
Issued on 10 November 2011	200,000	–	–	–	200,000	66,666
Issued on 20 February 2012	601,562	–	(303,891)	–	297,671	297,691
Issued on 8 November 2012	716,192	–	(373,812)	–	342,380	–
Issued on 21 May 2013	90,000	–	–	(90,000)	–	–
Issued on 1 July 2013	–	282,070	(18,287)	(263,783)	–	–
Issued on 1 September 2013	–	49,137	(1,706)	–	47,431	–
Issued on 7 November 2013	–	431,677	(431,677)	–	–	–
	1,607,754	762,884	(1,129,373)	(353,783)	887,482	364,357
Share Appreciation Rights						
Issued on 20 February 2012	1,993,171	–	(1,006,891)	–	986,280	986,280
Issued on 8 November 2012	2,119,806	–	(1,106,416)	–	1,013,390	–
Issued on 7 November 2013	–	1,764,027	(1,764,027)	–	–	–
	4,112,977	1,764,027	(3,877,334)	–	1,999,670	986,280

Notes to the financial statements

	Outstanding at 1 July 2012	Granted	Forfeited or Cancelled	Exercised	Outstanding at 30 June 2013	Exercisable at 30 June 2013
Performance Rights						
Issued on 31 August 2010	140,000	–	–	(140,000)	–	–
Issued on 30 June 2011	51,667	–	–	(51,667)	–	–
Issued on 10 November 2011	200,000	–	–	–	200,000	–
Issued on 20 February 2012	601,562	–	–	–	601,562	–
Issued on 8 November 2012	–	716,192	–	–	716,192	–
Issued on 21 May 2013	–	90,000	–	–	90,000	–
	993,229	806,192	–	(191,667)	1,607,754	–
Share Appreciation Rights						
Issued on 20 February 2012	1,993,171	–	–	–	1,993,171	–
Issued on 8 November 2012	–	2,119,806	–	–	2,119,806	–
	1,993,171	2,119,806	–	–	4,112,977	–

A The forfeitures and cancellations in the current financial year relate to (1) the cancellation of the FY2014 long term incentive scheme and (2) the forfeiture of rights relating to FY2012, FY2013 and FY2014 for two scheme participants who left the employ of the Group and received a cash settlement in lieu of their Rights entitlements. No incremental fair value was granted. The net effect of these transactions was to reduce administration expenses by \$244,000 (2013 : \$nil).

Employee expenses relating to equity settled share based payments

<i>In thousands of AUD</i>	2014	2013
Gift shares granted to employees	1	272
Performance Rights	208	402
Share Appreciation Rights	109	273
Total expense recognised as employee costs	318	947

25. Financial instruments

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 Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors established the Audit and Risk Committee which oversees how management monitors and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

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.

The Audit and Risk Committee oversees how management monitors compliance with the Group's risk management framework in relation to the risks faced by the Group.

Notes to the financial statements

25. Financial instruments (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers as well as financial guarantees granted to customers. The Group is also exposed to credit risk from its 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:

<i>In thousands of AUD</i>	2014	2013
Trade receivables (net of provision for impairment)	19,554	24,078
Sundry debtors and prepayments	698	636
Project work in progress	8,888	6,690
	29,140	31,404
Cash and cash equivalents	12,150	13,124
	41,290	44,528

Credit risks related to trade receivables

Credit risk related to trade receivables is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry in which customers operate, has less of an influence on credit risk.

New customers are typically analysed individually for creditworthiness before credit terms are allowed. The Group's review can include external ratings if necessary. For large contracts, credit worthiness is assessed as part of the process of submitting the bid and negotiating terms and conditions. Outside special terms required for large contracts, purchase limits are established for each customer, which represents the maximum open amount without requiring approval. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

Most of the Group's customers have either been transacting with the Group for over two years, are Government bodies, or large contracting companies. Outstanding customer receivables are regularly monitored and any credit concerns are highlighted to senior management. Large progress claims on construction contracts are monitored against the agreed contract conditions and the Group may consider ceasing work, in extreme cases, until any delayed payments are resolved.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group does not require collateral in respect of trade and other receivables.

The Group has established an allowance for impairment that represents their estimate of incurred losses in respect of trade and other receivables.

Credit risk associated with project work in progress is managed by monthly commercial and performance reviews of each major project by senior management to ensure that the carrying value of each project's work in progress is recoverable. Contracts are being billed in accordance with the contractual terms and resultant work in progress balances have been assessed as being fully recoverable.

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

<i>In thousands of AUD</i>	2014	2013
Australia	15,221	20,808
New Zealand	3,029	3,631
Other regions	2,821	2,008
	21,071	26,447

Details of the Group's most significant customer receivable balances at 30 June 2014 are shown in the following table. The most significant single customer at 30 June 2014 is a large, Australian based company in the energy sector.

Notes to the financial statements

<i>In thousands of AUD</i>	Carrying amount 2014	% of trade receivables 2014	Carrying amount 2013	% of trade receivables 2013
Most significant single customer	2,327	12%	2,387	9%
Top ten most significant customers	12,118	58%	12,321	47%

Impairment losses

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

<i>In thousands of AUD</i>	Gross 2014	Impairment 2014	Gross 2013	Impairment 2013
Not past due	11,053	–	15,526	(1,897)
Past due 0-30 days	4,855	–	6,534	–
Past due 31-120 days	1,575	–	3,294	–
Past due 121 days to one year	1,166	–	549	(337)
More than one year	2,181	(1,517)	135	(135)
Retentions (not past due)	241	–	409	–
	21,071	(1,517)	26,447	(2,369)

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

<i>In thousands of AUD</i>	2014	2013
Balance at start of year	2,369	412
Recoveries of previous year impairments	(600)	–
Impairment losses recognised	95	1,997
Amounts written off as non-recoverable	(347)	(178)
Acquired in business combination	–	138
Balance at 30 June	1,517	2,369

The impairment loss at 30 June 2014 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 impairment provision related to debts that are not past due is based on current uncertainties and related risks within the industries in which the Group trades. 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.

Notes to the financial statements

25. Financial instruments (continued)

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 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:

<i>In thousands of AUD</i>	2014					2013				
	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years
Financial liabilities										
Finance leases	20	20	20	–	–	26	26	26	–	–
Trade and other payables	9,710	9,710	7,851	1,859	–	13,943	13,943	9,323	4,170	–
	9,730	9,730	7,871	1,859	–	13,519	13,519	9,349	4,170	–

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 with currency risk.

Interest rate risk

The Group's borrowings are on fixed interest rates (finance leases). 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:

<i>In thousands of AUD</i>	2014	2013
Fixed rate instruments		
Financial liabilities	20	26
Variable rate instruments		
Financial assets	12,150	13,124
Financial liabilities	–	–

Notes to the financial statements

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% (2013: 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.

<i>In thousands of AUD</i>	2014	2013
Effect on profit increase/(decrease)		
If interest rates were 2% higher (2013: 2%)	243	262
If interest rates were 2% lower (2013: 2%)	(243)	(262)
Effect on profit after tax increase/(decrease)		
If interest rates were 2% higher (2013: 2%)	170	184
If interest rates were 2% lower (2013: 2%)	(170)	(184)
Effect on shareholders' equity increase/(decrease)		
If interest rates were 2% higher (2013: 2%)	170	184
If interest rates were 2% lower (2013: 2%)	(170)	(184)

Fair values 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 2014 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 will aim to distribute 40% – 60% of net profit after tax 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 no debt facilities and had a bank guarantee facility of \$7,000,000 (utilised \$2,908,069) (2013: \$7,000,000 (utilised \$3,844,418)). This facility was secured by a fixed and floating charge over all the Company, its subsidiaries and all assets of the Group. The bank's financial covenants imposed on the Group are as follows and have been met:

1. Operating leverage : total liabilities to be less than 2.0 times the previous twelve months' EBITDA;
2. Ratio of net cash plus debtors less than 90 days divided by total drawn facilities (bank guarantees) to exceed 2.0 times; and
3. Capital adequacy ratio (tangible net assets divided by total tangible assets) to exceed 40 percent.

26. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

<i>In thousands of AUD</i>	2014	2013
Less than one year	4,044	4,065
Between one and five years	10,825	12,978
More than five years	455	2,133
	15,324	19,176

The Group leases properties in Brisbane, Perth, Melbourne and Adelaide as well as in several regional locations and one in New Zealand. The leases typically run for a period of 2 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 2014 \$5,897,000 (2013 \$4,216,000), inclusive of the provision for onerous lease of \$1,900,000 (2013 nil), was recognised as an expense in the income statement in respect of operating leases.

Notes to the financial statements

27. Related parties

Key Management Personnel compensation

The Key Management Personnel compensation included in 'personnel expenses' (see note 8) is as follows

<i>In AUD</i>	2014	2013
Short-term employee benefits	2,633,622	2,705,650
Other long term benefits	40,599	39,508
Post-employment benefits	222,091	135,479
Share-based payments	191,738	692,071
Termination benefits	772,724	–
	3,860,774	3,572,708

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.

Loans to 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.

Movements in shares

90,228 of ordinary shares were granted to Key Management Personnel during the reporting period upon exercise of rights granted as compensation in prior periods (2013: 191,667).

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.

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 2014 financial year.

Other Key Management Personnel transactions

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.

Subsidiaries

There is a related party relationship between the parent, LogiCamms Limited, and each of its subsidiaries listed in note 30.

28. Subsequent events

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

Notes to the financial statements

29. Auditors' remuneration

<i>In AUD</i>	2014	2013
Audit services		
PricewaterhouseCoopers in respect of		
Audit of the Company's Financial Report under the <i>Corporations Act 2001</i>	176,000	–
KPMG Australia in respect of		
Audit of the Company's Financial Report under the <i>Corporations Act 2001</i>	–	179,000
	176,000	179,000
Non-audit services		
PricewaterhouseCoopers in respect of		
Taxation advice	14,609	–
Other services – remuneration advice	5,610	–
KPMG Australia in respect of		
Taxation advice and compliance services	–	184,333
	20,219	184,333
Total auditors' remuneration	196,219	363,333

30. Group entities

Parent and ultimate controlling party

As at, and throughout, the financial year ended 30 June 2014 the parent company of the Group and ultimate controlling party in the Group was LogiCamms Ltd. The subsidiary companies are listed below:

	Country of incorporation	Ownership interest 2014	2013
LogiCamms Holdings Pty Ltd	Australia	100%	100%
LogiCamms (WA) Pty Ltd	Australia	100%	100%
LogiCamms Consultants Trust	Australia	100%	100%
LogiCamms (PNG) Pty Ltd	Australia	100%	100%
(formerly LogiCamms (QLD) Pty Ltd)	Australia	100%	100%
Competency Training Pty Ltd	Australia	100%	100%
LogiCamms Northern Pty Ltd	Australia	0%	100%
HSE Holdings Pty Ltd	Australia	0%	100%
Process Essentials Pty Ltd	Australia	100%	100%
LogiCamms Projects 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	0%	100%
Camms Profit Impact Pty Ltd	Australia	0%	100%
Camms Global Technologies Pty Ltd	Australia	0%	100%
Camms Global Technologies (IP) Pty Ltd	New Zealand	100%	100%
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%

Notes to the financial statements

30. Group entities (continued)

Parent entity disclosures

<i>In thousands of AUD</i>	2014	2013
Result of the parent entity		
Profit and comprehensive income for the year	4,097	12,777
Financial position of parent entity at year end		
Current assets	25,109	28,613
Total assets	101,994	101,702
Current liabilities	5,732	6,108
Total liabilities	10,693	11,287
Net assets	91,301	90,415
Total equity of the parent entity comprising of		
Share capital	67,399	67,802
Reserves	1,643	143
Retained earnings	22,259	22,470
Total equity	91,301	90,415

Parent entity contingencies

<i>In thousands of AUD</i>	2014	2013
GST liabilities of other entities within the GST Group	757	715
Tax (assets) / liabilities of other entities within the tax consolidated Group	(659)	4,829

Directors' declaration

- 1 In the opinion of the directors of LogiCamms Ltd ('the Company'):
 - (a) the consolidated financial statements and notes set out on pages 34 to 64, and the Remuneration report in the Directors' report, set out on pages 21 to 31, 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 2014 and of its performance for the financial period ended on that date; and
 - (ii) complying with Australian Accounting Standards and 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 managing director and chief financial officer for the financial year ended 30 June 2014.

Signed in accordance with a resolution of the directors:

Dated at Brisbane, Queensland, this 27th day of August 2014.



Peter Watson

Chairman

Independent Auditor's Report



Independent auditor's report to the members of LogiCamms Limited

Report on the financial report

We have audited the accompanying financial report of LogiCamms Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for LogiCamms Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757

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Independent Auditor's Report



Auditor's opinion

In our opinion:

- (a) the financial report of LogiCamms Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards including the Australian Accounting Interpretations and the *Corporations Regulations 2001*.
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the remuneration report included in pages 17 to 30 of the directors' report for the year ended 30 June 2014. 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.

Auditor's opinion

In our opinion, the remuneration report of LogiCamms Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in black ink that appears to read 'Michael Shewan'.

Michael Shewan
Partner

Brisbane
27 August 2014

Lead Auditor's Independence Declaration



Auditor's Independence Declaration

As lead auditor for the audit of LogiCamms Limited for the year ended 30 June 2014, 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.

A handwritten signature in black ink, appearing to read 'Michael Shewan'.

Michael Shewan
Partner
PricewaterhouseCoopers

Brisbane
27 August 2014

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ASX Information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information is correct at 26 August 2014.

Shareholdings

Twenty largest shareholders

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

Shareholder	Units	% of Units
NATIONAL NOMINEES LIMITED	7,776,699	10.93
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,534,219	7.78
UBS NOMINEES PTY LTD	4,328,922	6.08
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED BKCUST A/C>	2,928,036	4.11
J P MORGAN NOMINEES AUSTRALIA LIMITED	2,020,468	2.84
AMW CONSULTANCY SERVICES PTY LTD <AMW SUPERANNUATION FUND A/C>	2,000,000	2.81
MR ADAM ROBERT KEATS + MRS NATASHA ELIZABETH KEATS <KEATS FAMILY SUPER FUND A/C>	1,414,126	1.99
CITICORP NOMINEES PTY LIMITED	1,209,094	1.70
MR GRAHAM JOHN GILKISON + MS JOANNE KIM GILKISON + MR ANDREW JOHN WELDON SMITH <G&K GILKISON FAMILY A/C>	1,099,320	1.54
MR ANDREW JOHN WELDON SMITH + MS SUZANNE ELIZABETH SMITH + MS JULIA YVONNE MUSTARD <A&S SMITH FAMILY A/C>	1,099,320	1.54
PACIFIC CUSTODIANS PTY LIMITED <LCM EMPLOYEE SHARE TST A/C>	1,095,649	1.54
MR ADAM ROBERT KEATS <MCKEAT FAMILY A/C>	922,782	1.30
MR ADAM MURRAY HORE & MS MEAGHAN LEE ROWE <HORE ROWE FAMILY A/C>	727,989	1.02
BNP PARIBAS NOMS (NZ) LTD <DRP>	630,722	0.89
MR IAN HAMILTON PATERSON	624,702	0.88
MR PAUL DAVID WALKER <YAAPAZ ACCOUNT>	578,149	0.81
MRS SALLY MARJORIE EVERIST <EVERIST FAMILY A/C>	510,000	0.72
MRS MILLIE SALLY-JANE GRACE ADELAIDE MILLER + MR ANDREW JAMES MILLER <M KEATS TT A/C>	500,000	0.70
MR ALAN JOHN HOOKER + MS BEVERLEY JANETTE TATHAM <OMEGA A/C>	471,137	0.66
MR PETER JAMES MCDONALD + RT MCDONALD TRUSTEE LIMITED <RT MCDONALD FAMILY A/C>	471,137	0.66
Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)	35,942,471	50.50
Total Remaining Holders Balance	35,235,708	49.50

Substantial Shareholders

Shareholder	Units	% of Units
Tiga Trading Pty Ltd & Related Parties	9,600,00	13.49%

Range of Shares

Ordinary Fully Paid Shares

Range	Total Holders	Units	% of issued capital
1 – 1,000	304	211,355	0.30
1,001 – 5,000	757	2,541,689	3.57
5,001 – 10,000	481	3,889,314	5.46
10,001 – 100,000	711	20,325,345	28.56
100,001 – 9,999,999,999	63	44,210,476	62.11
Total	2316	71,178,179	100.00

ASX Information

Unmarketable Parcels

There were 95 holders of unmarketable parcels of less than \$500.

Voluntary Escrow

Registered Name	Shares Escrowed Until 21/05/2015	Shares Escrowed Until 21/05/2016
MR COLIN PETER FROMONT & Related Parties	55104	55104
MR GRAHAM JOHN GILKISON Related Parties	366440	366440
MR ALAN JOHN HOOKER & Related Parties	157046	157046
MR PETER JAMES MCDONALD & Related Parties	157046	157046
MR ANDREW JOHN WELDON SMITH & Related Parties	366440	366440
Total	1,102,076	1,102,076

Unlisted Securities – Performance Rights

Issue Date	Vesting Date	Number of Shares
8-Nov-12	On or after 30 June 2015	342,380
10-Nov-11	On or after 2 June 2015	66,667
10-Nov-11	On or after 2 June 2016	66,667
		475,714

The Performance Rights are exercisable into shares for nil consideration. The terms of the Performance Rights require that the recipient must remain in the continuous employment of the Company until the vesting date.

Unlisted Securities – Options

Nil

Unlisted Securities – Share Appreciation Rights

Issue Date	Vesting Date	Number of Rights
8-Nov-12	On or after 30 June 2015	1,013,390

The effective exercise price of the share appreciation rights is equal to the share price at the date of grant and the payoff is equivalent to the difference between the price at the end of the performance period and the allocation share price, with the value settled in shares at the end of an additional 1 year period.

Securities Exchange

The Company is listed on the Australian Securities Exchange. The Home exchange is Perth, Western Australia.

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.

Options

There are no options.



LogiCamms Limited

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ABN 90 127 897 689

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To find a LogiCamms office visit www.logicamms.com.au/contact-us



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14001

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