

ASX RELEASE

24 February 2017

FIRST HALF 2016/2017 FINANCIAL YEAR RESULTS AND UPDATE

The Directors of Lycopodium are pleased to report better than expected results from the first half of the 2016/2017 financial year, achieving \$102 million of revenue, net profit after tax of \$5.3 million.

Commensurate with these results, the full year forecast for 2016/2017 has been upgraded to \$210 million of revenue and a net profit after tax of \$9.8 million. Our result for the half year exceeded expectations due in the main to the healthy level of activity driven by a number of significant projects running in parallel.

The Directors have resolved to pay an interim dividend of 9 cents per share fully franked, payable on 13 April 2017.

Corporate Overview

As advised in August 2016, market conditions have stabilised over those seen in the preceding 12 -18 months. We are generally seeing a steady level of prospective work in the market however all opportunities are toughly contested with price remaining the key driver for customers across all sectors in which Lycopodium operates. To meet these current market challenges we have invested in further IT infrastructure and support services to allow us to leverage to a greater extent off our network of offices with a view to improving our pricing and overall efficiency. This will ultimately translate into a healthier pipeline of work and stronger returns.

The other key initiative undertaken in the past six months was the establishment of Mondium Pty Ltd a joint venture with Monadelphous Group Ltd (ASX: MND) to deliver EPC based contracts in the mineral resources sector. The new business is in set-up phase and has commenced bidding for new prospects with an expectation of securing one or more in the next 12 months.

Further detail on Lycopodium's financial results during the first half can be found in the attached ASX Half Year Information. The first half results are also supplemented by our historical segment reporting format, which is appended to this update.

On behalf of the Board of Directors I extend our appreciation to Lycopodium's management and staff for their continued contribution to the Company.

We will continue to keep you informed of the Company's activities through the year and you can visit us through our website at www.lycopodium.com.au or feel free to call us if there is anything about the company and its activities you would like to discuss.

For further information:

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MANAGING DIRECTOR

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**Lycopodium Ltd
Segment reporting (unaudited)
December 2016**

| | Segment revenues | | Segment results | |
|---|--------------------|-------------------|--------------------|--------------------|
| | Dec-16 | Dec-15 | Dec-16 | Dec-15 |
| EPCM | 21,650,246 | 16,355,355 | 1,435,443 | 1,277,328 |
| Design & construct (lump sum) | 40,924,612 | 11,879,877 | 1,966,713 | 461,305 |
| Study services | 5,430,826 | 7,951,489 | 537,406 | 256,332 |
| Project services | 30,217,404 | 23,674,165 | 5,281,804 | 3,903,636 |
| | <u>98,223,087</u> | <u>59,860,886</u> | <u>9,221,366</u> | <u>5,898,601</u> |
| Unallocated revenue | 3,812,840 | 1,207,706 | 0 | 0 |
| | <u>102,035,927</u> | <u>61,068,592</u> | <u>9,221,366</u> | <u>5,898,601</u> |
| Unallocated revenue less unallocated expenses | | | <u>(1,813,549)</u> | <u>(4,477,838)</u> |
| Profit before income tax expense | | | 7,407,817 | 1,420,763 |
| Income tax expense | | | <u>(2,147,756)</u> | <u>(763,676)</u> |
| Profit for the half-year | | | <u>5,260,061</u> | <u>657,087</u> |