

# **Lycopodium Limited**

ABN 83 096 556 159

## **Interim Financial Report 31 December 2015**

**Lycopodium Limited** ABN 83 098 556 159  
**ASX Half-year information - 31 December 2015**

Lodged with the ASX under Listing Rule 4.2A.  
This information should be read in conjunction with the  
30 June 2015 Annual report

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**Results for announcement to the market**

				\$
<b>Revenue</b> from ordinary activities <i>(Appendix 4D item 2.1)</i>	Up	2%	to	61,068,592
<b>Profit</b> from ordinary activities after tax attributable to members <i>(Appendix 4D item 2.2)</i>	Down	66.1%	to	554,518
<b>Net profit</b> for the period attributable to members	Down	66.1%	to	554,518

	cents	cents
<b>Dividends / distributions</b> <i>(Appendix 4D item 2.4)</i>	Amount per security	Franked amount per security
Final dividend <i>(Prior year)</i>	-	-
Interim dividend recommended but not provided for	1.5	1.5

<b>Key ratios</b>	2015	2014
	December	December
Net tangible assets per ordinary shares (cents)	134	145

**Record date** for determining entitlements to the interim dividend is 1 April 2016.

The Directors have recommended the payment of the interim dividend of 1.5 cents per fully paid ordinary share, fully franked based on a tax paid at 30% to be paid on 15 April 2016.

Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the consolidated financial statements for the half-year ended 31 December 2015.

**Lycopodium Limited** ABN 83 098 556 159  
**Interim Financial Report - 31 December 2015**

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by Lycopodium Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This interim financial report covers the consolidated entity consisting of Lycopodium Limited and its controlled entities. The financial report is presented in the Australian currency.

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

Its registered office and principal place of business is:

Lycopodium Limited  
Level 5, 1 Adelaide Terrace  
East Perth WA 6004

## Directors' Report

Your Directors present their report on the consolidated entity ("the group") consisting of Lycopodium Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2015.

### Directors

The following persons were Directors of Lycopodium Limited during the whole of the half-year and up to the date of this report:

Michael John Caratti  
 Lawrence William Marshall  
 Rodney Lloyd Leonard  
 Robert Joseph Osmetti  
 Bruno Ruggiero  
 Peter De Leo  
 Steven John Michell Chadwick

Steven John Michell Chadwick was appointed as a Non-executive Director on 13 January 2016.

### Review of operations

A summary of consolidated revenues and results for the financial period by reportable operating segment is set out below:

	Segment revenues		Segment results	
	2015	2014	2015	2014
	\$	\$	\$	\$
Corporate Services	1,681,694	9,081,081	(71,391)	312,326
Minerals	50,442,012	51,988,501	1,030,821	281,199
Other	16,505,431	13,441,379	483,833	961,574
Intersegment eliminations	(7,560,545)	(14,645,394)		
Unallocated revenue less unallocated expenses			(22,500)	(22,500)
Total revenue / profit before income tax expense	61,068,592	59,865,567	1,420,763	1,532,599
Income tax (expense) / credit			(763,676)	94,347
Profit for the half-year			657,087	1,626,946
Profit attributable to non-controlling interests			(102,569)	10,194
Profit attributable to owners of Lycopodium Ltd			554,518	1,637,140

- (a) *Corporate Services*  
 The Corporate Services segment consists of managerial, accounting and technical services provided to the group in addition to strategic investment holdings.
- (b) *Minerals*  
 The Minerals segment consists of engineering and related services provided to the extractive mining industry. The clients, including junior exploration companies and major multi-national producers, are developing projects for a wide range of commodities. These projects range in scope from large greenfield projects involving process plant and equipment, civil and building works, control systems, services and infrastructure to small skid-mounted pilot plants.
- (c) *Other*  
 All other operating segments of the group are aggregated on the basis of them being individually immaterial for the purpose of reporting.

**Significant changes in the state of affairs**

The group invested in ECG Engineering Pty Ltd, a start up electrical engineering consulting firm based in Perth, Australia with 31% of the issued capital acquired for \$387,500.

Other than this investment, there have been no significant changes in the state of affairs of the group during the period.

**Matters subsequent to the end of the financial period**

Since half-year end the directors have recommended the payment of an interim dividend on ordinary shares in respect of the 2016 financial year. The total amount of dividend is \$595,986 which represents a fully franked dividend of 1.5 cents per fully paid ordinary share.

With the exceptions of the above, no other matter or circumstance has arisen since 31 December 2015 that has significantly affected, or may significantly affect:

- (a) the group's operations in future financial periods, or
- (b) the results of those operations in future financial periods, or
- (c) the group's state of affairs in future financial periods.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

**Auditor**

Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

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



Peter De Leo  
Managing Director

Perth  
26 February 2016

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**Auditor's Independence Declaration  
To The Directors of Lycopodium Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Lycopodium Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



M J Hillgrove  
Partner - Audit & Assurance

Perth, 26 February 2016

Grant Thornton Audit Pty Ltd ACN 130 913 594  
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Lycopodium Limited  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
For the half-year ended 31 December 2015

	Notes	Half-year	
		2015 \$	2014 \$
<b>Revenue from operations</b>		61,068,592	59,865,667
Employee benefits expense		(29,310,535)	(32,452,311)
Depreciation and amortisation expense		(722,847)	(919,733)
Project expenses		(2,251,877)	(1,910,227)
Equipment and materials used		(6,431,679)	(7,077,383)
Contractors		(14,346,547)	(11,046,237)
Occupancy expense		(4,217,389)	(3,999,980)
Other expenses		(2,039,985)	(2,774,645)
Loss on disposal of asset		(204)	(271,424)
Finance costs		(40,292)	(46,699)
Share of net profit of joint ventures accounted for using the equity method		513,526	2,165,571
<b>Profit before income tax</b>		<u>1,420,763</u>	<u>1,532,599</u>
Income tax (expense)/benefit	3	(763,676)	94,347
<b>Profit for the half-year</b>		<u>657,087</u>	<u>1,626,946</u>
<b>Other comprehensive (loss)/income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Changes in the fair value of available-for-sale financial assets	6(a)	(2,700)	(1,000)
Exchange differences on translation of foreign operations	6(a)	(1,832,013)	120,651
Income tax relating to components of other comprehensive income		810	300
<b>Other comprehensive (loss)/income for the half-year, net of tax</b>		<u>(1,833,903)</u>	<u>119,951</u>
<b>Total comprehensive (loss)/income for the half-year</b>		<u>(1,176,816)</u>	<u>1,746,897</u>
Profit for the half-year is attributable to:			
Owners of Lycopodium Limited		554,518	1,637,140
Non-controlling interests		102,569	(10,194)
		<u>657,087</u>	<u>1,626,946</u>
Total comprehensive (loss)/income for the half-year is attributable to:			
Owners of Lycopodium Limited		(1,279,385)	1,757,091
Non-controlling interests		102,569	(10,194)
		<u>(1,176,816)</u>	<u>1,746,897</u>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for profit attributable to the ordinary equity holders of the company:</b>			
Basic earnings per share		1.4	4.2
Diluted earnings per share		1.4	4.1

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



Lycopodium Limited  
Consolidated Balance Sheet  
As at 31 December 2015

	31 December 2015	30 June 2015
Notes	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	34,000,002	32,440,838
Trade and other receivables	22,152,527	24,573,180
Inventories	328,149	255,211
Current tax receivables	3,152,820	4,561,762
Other current assets	2,007,996	1,708,221
<b>Total current assets</b>	<u>61,641,494</u>	<u>63,539,312</u>
<b>Non-current assets</b>		
Available-for-sale financial assets	103,153	35,750
Property, plant and equipment	2,225,892	2,776,265
Intangible assets	8,636,423	8,858,308
Other receivables	681,175	703,291
Deferred tax assets	3,217,435	5,331,787
Investments accounted for using the equity method	4 2,690,554	2,789,527
<b>Total non-current assets</b>	<u>17,554,432</u>	<u>20,494,928</u>
<b>Total assets</b>	<u>79,195,926</u>	<u>84,034,240</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	15,801,670	19,854,442
Borrowings	608,419	288,513
Current tax liabilities	241,143	89,725
<b>Total current liabilities</b>	<u>16,652,232</u>	<u>20,232,680</u>
<b>Non-current liabilities</b>		
Provisions	511,533	568,634
<b>Total non-current liabilities</b>	<u>511,533</u>	<u>568,634</u>
<b>Total liabilities</b>	<u>17,163,765</u>	<u>20,801,314</u>
<b>Net assets</b>	<u>62,032,161</u>	<u>63,232,926</u>
<b>EQUITY</b>		
Contributed equity	5 20,823,772	20,823,772
Reserves	6(a) (1,079,480)	754,422
Retained profits	6(b) 39,272,521	38,718,003
Parent entity interest	59,016,813	60,296,197
Non-controlling interests	7 3,015,348	2,936,729
<b>Total equity</b>	<u>62,032,161</u>	<u>63,232,926</u>

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

**Lycopodium Limited**  
**Consolidated Statement of Changes in Equity**  
**For the half-year ended 31 December 2015**

	Contributed equity	Retained earnings	Foreign currency translation reserve	Available for sale investment revaluation reserve	Performance rights reserve	Non-controlling interests	Total equity
Notes	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2014	19,999,317	42,390,395	(27,898)	(81,900)	1,021,535	577,904	62,879,353
Profit for the half-year	-	1,637,140	-	-	-	(10,194)	1,626,946
Other comprehensive income	-	-	120,951	(700)	-	-	119,951
Total comprehensive income for the half-year	-	1,637,140	120,951	(700)	-	(10,194)	1,746,997
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	5	824,455	-	-	-	-	824,455
Non-controlling interests on acquisition of subsidiary		(1,302,172)	-	-	-	(607,626)	(1,000,000)
Foreign currency translation with non-controlling interest	8	(586,233)	-	-	-	3,391	3,391
Dividends provided for or paid	8	-	-	-	61,867	-	(586,233)
Performance rights - value of rights	8	-	-	-	(624,455)	-	(624,455)
Performance rights - transfer on exercise	6	-	-	-	-	3,287,659	3,287,659
Newly consolidated operations		(1,978,406)	-	-	(762,498)	2,693,222	1,768,774
Balance at 31 December 2014	20,823,772	42,049,130	92,753	(82,600)	259,037	3,250,932	66,383,024
Balance at 1 July 2015	20,823,772	36,719,003	577,285	(81,900)	259,037	2,836,728	63,252,926
Profit for the half-year	-	554,510	-	-	-	(02,569)	657,037
Other comprehensive income/(loss)	-	-	(1,832,012)	(1,800)	-	-	(1,833,902)
Total comprehensive income for the half-year	-	554,510	(1,832,012)	(1,800)	-	102,569	(1,176,816)
Transactions with owners in their capacity as owners:							
Foreign currency translation with non-controlling interest		-	-	-	-	(23,950)	(23,950)
Balance at 31 December 2015	20,823,772	39,272,521	(1,254,727)	(83,780)	258,037	3,016,348	62,032,161

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

Lycopodium Limited  
Consolidated Statement of Cash Flows  
For the half-year ended 31 December 2015

	Half-year	
	2015	2014
Notes	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	63,200,526	59,282,070
Payments to suppliers and employees (inclusive of goods and services tax)	(63,955,400)	(51,670,227)
Interest received	505,236	347,664
Interest paid	(27,672)	(12,088)
Income taxes received/(paid)	2,911,846	(131,086)
<b>Net cash inflow from operating activities</b>	<b>2,634,536</b>	<b>7,816,333</b>
<b>Cash flows from investing activities</b>		
Dividends received from joint venture	1,000,000	2,500,000
Payments for purchase of business, net of cash received	-	(4,141,003)
Payments for acquisition of non-controlling interests	-	(1,000,000)
Payments for property, plant and equipment	(33,469)	(33,835)
Payments for available-for-sale financial assets	(70,104)	-
Payments for intangible assets	(14,000)	(10,040)
Payments for investment in associates	(387,500)	-
<b>Net cash inflow/(outflow) from investing activities</b>	<b>494,927</b>	<b>(2,684,878)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	804,015	895,027
Repayments of borrowings	(420,121)	(357,420)
Dividends paid to company's shareholders	-	(586,233)
Repayments of hire purchase and lease liabilities	(144,396)	(333,160)
Proceeds from repayment of loans under the senior manager share acquisition plan	22,116	7,275
<b>Net cash inflow/(outflow) from financing activities</b>	<b>261,614</b>	<b>(374,511)</b>
<b>Net increase in cash and cash equivalents</b>	<b>3,391,077</b>	<b>4,756,944</b>
Cash and cash equivalents at the beginning of the financial year	32,440,938	33,302,348
Effects of exchange rate changes on cash and cash equivalents	(1,832,013)	120,652
<b>Cash and cash equivalents at end of period</b>	<b>34,000,002</b>	<b>38,179,944</b>

During the half-year, \$33,469 (2014: \$33,835) of property, plant and equipment was acquired, of which no amount was financed through finance lease (2014: Nil).

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

## 1 Summary of significant accounting policies

This condensed consolidated interim financial report for the half year reporting period ended 31 December 2015 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by Lycopodium Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

### (a) Basis of preparation

#### **New and amended standards adopted by the Group**

The accounting policies adopted in the preparation of the interim financial reports are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2015. A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

#### **Impact of standards issued but not yet applied by the Group**

There are no standards that are not yet effective and that are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions. The Group has not early adopted any of the standards, interpretations or amendments that have been issued but are not yet effective.

#### **Critical accounting estimates and judgements**

The critical accounting estimates and judgements are consistent with those applied and disclosed in the 30 June 2015 annual report.

## 2 Segment information

### (a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Board that are used to make strategic decisions.

The Board considers the business from both a product and geographic perspective and has identified nine operating segments of which two (2014: two) are reportable in accordance with the requirements of AASB 8.

The Corporate Services segment consists of managerial, accounting and technical services provided to the group in addition to strategic investment holdings.

The Minerals segment consists of engineering and related services provided to the extractive mining industry. The clients, including junior exploration companies and major multinational producers, are developing projects for a wide range of commodities. These projects range in scope from large greenfield projects involving process plant and equipment, civil and building works, control systems, services and infrastructure to small skid-mounted pilot plants.

All other operating segments are not reportable operating segments, as they fall under the quantitative thresholds of AASB 8. The results of these operations are included in the 'Other' column.

## 2 Segment information (continued)

### (b) Other segment information

The segment information provided to the Board of Directors for the reportable segments for the half-year ended 31 December 2015 and 2014 are as follows:

Half-year 2015	Corporate Services	Minerals	Other	Total
	\$	\$	\$	\$
Total segment revenue	1,681,694	50,442,012	16,505,432	68,629,138
Inter-segment revenue	<u>(1,166,055)</u>	<u>(2,659,008)</u>	<u>(3,735,483)</u>	<u>(7,560,548)</u>
Revenue from external customers	<u>515,639</u>	<u>47,783,004</u>	<u>12,769,949</u>	<u>61,068,592</u>
Profit / (loss) before tax	<u>(71,391)</u>	<u>1,030,821</u>	<u>483,833</u>	<u>1,443,263</u>
Total segment assets	<u>15,903,847</u>	<u>43,619,060</u>	<u>13,402,808</u>	<u>72,925,715</u>
Half-year 2014	Corporate Services	Minerals	Other	Total
	\$	\$	\$	\$
Total segment revenue	9,081,081	51,989,501	13,441,380	74,510,962
Inter-segment revenue	<u>(8,634,667)</u>	<u>(1,740,829)</u>	<u>(4,269,699)</u>	<u>(14,645,395)</u>
Revenue from external customers	<u>446,414</u>	<u>50,247,672</u>	<u>9,171,481</u>	<u>59,865,567</u>
Profit / (loss) before tax	<u>312,326</u>	<u>281,199</u>	<u>961,574</u>	<u>1,555,099</u>
Total segment assets - as at 30 June 2015	<u>12,792,739</u>	<u>48,187,752</u>	<u>14,533,319</u>	<u>75,513,810</u>

## 2 Segment information (continued)

*(i) Segment revenue*

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the statement of profit or loss and other comprehensive income.

Segment revenue reconciles to revenue from operations as per the statement of profit or loss and other comprehensive income as follows:

	Half-year	
	2015	2014
	\$	\$
Reportable segment revenue	68,629,138	74,510,962
Intersegment eliminations	<u>(7,560,546)</u>	<u>(14,645,395)</u>
<b>Revenue as per statement of profit or loss and other comprehensive income</b>	<b>61,068,592</b>	<b>59,865,567</b>

*(ii) Segment profit before tax*

The Board of Directors assesses the performance of the operating segments based on a measure of profit before tax.

A reconciliation of reportable segment profit before tax to the profit before tax in the statement of profit or loss and other comprehensive income is provided as follows:

	Half-year	
	2015	2014
	\$	\$
Reportable segment profit before tax	1,443,263	1,555,099
Amortisation of customer relationships	<u>(22,500)</u>	<u>(22,500)</u>
<b>Profit before income tax as per statement of profit or loss and other comprehensive income</b>	<b>1,420,763</b>	<b>1,532,599</b>

## 2 Segment information (continued)

### (iii) Segment assets

The amounts provided to the Board with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Reportable segments' assets are reconciled to total assets as per the consolidated balance sheet as follows:

	31 December 2015 \$	30 June 2015 \$
Reportable segment assets	72,925,715	75,513,810
Intersegment eliminations	(1,730,057)	504,412
Intangibles arising on consolidation	8,007,018	8,029,518
Deferred tax arising on consolidation	(6,750)	(13,500)
<b>Total assets as per the Consolidated Balance Sheet</b>	<b>79,195,926</b>	<b>84,034,240</b>

## 3 Income tax expense

### (a) Income tax expense

	Half-year	
	2015 \$	2014 \$
Current tax	290,528	315,331
Deferred tax	80,227	(430,735)
Adjustments for current tax of prior periods	392,921	21,057
	<b>763,676</b>	<b>(94,347)</b>

### 3 Income tax expense (continued)

#### (b) Numerical reconciliation of income tax expense to prima facie tax payable

	Half-year	
	2015	2014
	\$	\$
Profit before income tax expense	1,420,763	1,532,599
Tax at the Australian tax rate of 30% (2014: 30%)	426,229	459,760
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payment	-	18,587
Sundry items	429,816	20,672
	<u>856,045</u>	<u>499,039</u>
Adjustments for current tax of prior periods - under provision of prior year income tax	392,921	21,057
Difference in overseas tax rates	(28,611)	20,745
Previously unrecognised tax losses now recouped to reduce current tax expense	(68,789)	(272,328)
Deferred taxes not recognised	(233,832)	328,263
Movement in exchange rates	-	42,190
Share of net profit of joint ventures accounted for using the equity method	(154,058)	(733,313)
Income tax expense/(benefit)	<u>763,676</u>	<u>(94,347)</u>

#### (c) Amounts recognised directly in equity

	Half-year	
	2015	2014
	\$	\$
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss and other comprehensive income but directly debited or credited to equity:		
Current tax - credited directly to equity	(810)	(300)

### 4 Non-current assets - Investments accounted for using the equity method

#### (a) Movements in carrying amounts

	31 December	30 June
	2015	2015
	\$	\$
Carrying amount at the beginning of the financial year	2,789,527	4,349,204
Share of profits after income tax	513,526	2,840,323
Dividends received	(1,000,000)	(4,400,000)
Share capital in ECG	387,501	-
Carrying amount at the end of the financial period	<u>2,690,554</u>	<u>2,789,527</u>



#### 4 Non-current assets - Investments accounted for using the equity method (continued)

##### (b) Details of associates and joint ventures entities

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit/(loss) after income tax expense	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Joint Ventures	%	%	\$	\$
Pilbara EPCM Pty Ltd	50	50	426,559	2,165,571
ECG Engineering Pty Ltd	31	-	86,967	-
<b>Total</b>			<b>513,526</b>	<b>2,165,571</b>

#### 5 Contributed equity

##### (a) Share capital

	31 December 2015	30 June 2015	31 December 2015	30 June 2015
	Shares	Shares	\$	\$
Ordinary shares Fully paid	39,732,373	39,732,373	20,823,772	20,823,772

##### (b) Movements in ordinary share capital

Date	Details	Number of shares	Issue price	\$
1 July 2014	Opening balance	38,965,103		18,999,317
1 September 2014	Exercise of Director performance rights	117,000	\$0.74	86,346
6 October 2014	Shares issued for Acquisition of Lycopodium Rail Pty Ltd Outside Interests	247,635	\$2.02	500,000
6 October 2014	Shares issued for Acquisition of Lycopodium Americas Pty Ltd Outside Interests	247,635	\$2.02	500,000
25 November 2014	Exercise of Employee performance rights	155,000	\$4.76	738,109
30 June 2015	Closing balance	<u>39,732,373</u>		<u>20,823,772</u>
1 July 2015	Opening balance	39,732,373		20,823,772
	No movements during the half year	-		-
31 December 2015	Closing balance	<u>39,732,373</u>		<u>20,823,772</u>

## 6 Reserves

### (a) Reserves

	31 December 2015 \$	30 June 2015 \$
Available-for-sale investment revaluation reserve	(83,790)	(81,900)
Performance rights reserve	259,037	259,037
Foreign currency translation reserve	(1,254,727)	577,285
	<u>(1,079,480)</u>	<u>754,422</u>

	31 December 2015 \$	30 June 2015 \$
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#### Movements:

<i>Available-for-sale investment revaluation reserve</i>		
Balance 1 July	(81,900)	(81,900)
Revaluation - gross	(2,700)	-
Deferred tax	810	-
Balance 31 December / 30 June	<u>(83,790)</u>	<u>(81,900)</u>

<i>Performance rights reserve</i>		
Balance 1 July	259,037	1,021,535
Performance rights plan expense	-	61,957
Transfer to share capital - exercise of rights	-	(824,455)
Balance 31 December / 30 June	<u>259,037</u>	<u>259,037</u>

<i>Foreign currency translation reserve</i>		
Balance 1 July	577,285	(27,898)
Currency translation differences arising during the year	(1,832,012)	605,183
Balance 31 December / 30 June	<u>(1,254,727)</u>	<u>577,285</u>

## 6 Reserves (continued)

### (b) Retained earnings

Movements in retained earnings were as follows:

	31 December 2015 \$	30 June 2015 \$
Balance 1 July	38,718,003	42,390,395
Net profit for the half-year / year	554,518	(918,077)
Dividends paid or payable	-	(1,182,219)
Acquisition of non-controlling interests	-	(2,150,000)
Transfer from non-controlling interests	-	577,904
Balance 31 December / 30 June	<u>39,272,521</u>	<u>38,718,003</u>

During the financial year ended 30 June 2015, the group purchased the remaining non-controlling interest of Lycopodium Americas Pty Ltd, Lycopodium Rail Pty Ltd and Orway Mineral Consultants Americas Pty Ltd.

## 7 Non-controlling interests

	31 December 2015 \$	30 June 2015 \$
Interest in:		
Share capital	14,937	14,937
Reserves	30,064	2,100
Retained earnings	2,970,347	3,497,596
Transfer to retained earnings	-	(577,904)
	<u>3,015,348</u>	<u>2,936,729</u>

## 8 Dividends

### (a) Ordinary shares

	31 December 2015 \$	Half-year 31 December 2014 \$
No payment of final dividend for the year ended 30 June 2015 (2014: 1.5 cents)		
Fully franked based on tax paid @ 30% (2014: 30%)		586,232
	<u>-</u>	<u>586,232</u>

## 8 Dividends (continued)

### (b) Dividends not recognised at the end of the reporting period

	Half-year	
	31 December 2015	31 December 2014
	\$	\$
Since half-year end the Directors have recommended the payment of an interim dividend of 1.5 cents per fully paid ordinary share (2014: 1.5 cents), fully franked based on tax paid at 30% (2014: 30%). The aggregate amount of the proposed dividend expected to be paid on 15 April 2016 out of Group retained earnings at 31 December 2015, but not recognised as a liability at period end, is	595,986	595,986

## 9 Contingencies

### (a) Contingent liabilities

#### (i) Guarantees

Guarantees are given in respect of rental bonds \$1,664,122 (2014: \$1,662,434)

These guarantees may give rise to liabilities in the event that the group defaults on its obligations under the terms of the lease agreement for its premises at 1 Adelaide Terrace, East Perth, 156-163 Leichhardt Street, Spring Hill, 253-269 Wellington Road, Mulgrave and 130-140 Beaumont Street, Hamilton.

No material losses are anticipated in respect of any of the above contingent liabilities (2014: Nil).

## 10 Related party transactions

### (a) Transactions with other related parties

The following transactions occurred with related parties:

	Half-year	
	31 December 2015	31 December 2014
	\$	\$
<i>Sales of goods and services</i>		
Sales to joint venture	651,315	1,419,891
<i>Purchases of goods and services</i>		
Purchases from joint venture	252,124	122,837
<i>Other Revenue</i>		
Management fees to joint venture	-	300,000

## 10 Related party transactions (continued)

### (b) Terms and conditions

Purchases and sales of goods and services are made at cost.

## 11 Events occurring after the reporting period

Since half-year end the directors have recommended the payment of an interim dividend on ordinary shares in respect of the 2016 financial year. The total amount of dividend is \$595,986 which represents a fully franked dividend of 1.5 cents per fully paid ordinary share.

With the exceptions of the above, no other matter or circumstance that has arisen since 31 December 2015 that has significantly affected or may significantly affect:

- (a) the Group's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Group's state of affairs in the future financial periods.

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 8 to 21 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting*, and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Peter De Leo  
Managing Director

Perth  
26 February 2016

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## **Independent Auditor's Review Report To the Members of Lycopodium Limited**

We have reviewed the accompanying half-year financial report of Lycopodium Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

### **Directors' responsibility for the half-year financial report**

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

### **Auditor's responsibility**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Lycopodium Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

**Independence**

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

**Conclusion**

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

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



M J Hillgrove  
Partner - Audit & Assurance

Perth, 26 February 2016