

Lycopodium Limited and Controlled Entities

ABN 83 098 556 159

Appendix 4E - Preliminary Final Report for the year ended 30 June 2016

Lycopodium Limited and Controlled Entities ABN 83 098 556 159
Appendix 4E - Preliminary Final Report - 30 June 2016

Lodged with the ASX under Listing Rule 4.3A.
This information should be read in conjunction with the
Annual report

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Lycopodium Limited and Controlled Entities
Appendix 4E - Preliminary Final Report
For the year ended 30 June 2016

Results for announcement to the market

				\$
Revenue from ordinary activities <i>(Appendix 4E item 2.1)</i>	Up	1.3%	to	124,460,218
Profit from ordinary activities after tax attributable to members <i>(Appendix 4E item 2.2)</i>	Up	444.6%	to	3,163,478
Net profit for the period attributable to members <i>(Appendix 4E item 2.3)</i>	Up	444.6%	to	3,163,478

	\$	\$
Dividends / distributions <i>(Appendix 4E item 2.4)</i>	Amount per security	Franked amount per security
Final dividend <i>(cents)</i>	4.0	4.0

Key ratios	2016	2015
	June	June
Basic earnings per share (cents)	8.0	(2.3)
Net tangible assets per shares (cents)	142.0	136.9

Record date for determining entitlements to the final dividends

30 September 2016

Lycopodium Limited and Controlled Entities
Appendix 4E - Preliminary Final Report
Preliminary Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2016

		Consolidated	
	Notes	2016 \$	2015 \$
Revenue from operations	3	124,460,218	122,811,322
Employee benefits expense		(57,853,816)	(65,367,325)
Depreciation and amortisation expense	4	(1,329,095)	(1,753,905)
Project expenses		(4,370,898)	(4,630,594)
Equipment and materials		(12,080,173)	(16,875,139)
Contractors		(28,417,150)	(22,665,053)
Occupancy expense		(8,082,301)	(8,060,711)
Impairment of goodwill	6	(500,000)	-
Other expenses		(7,768,302)	(7,537,899)
Loss on disposal of asset		(1,254)	(323,251)
Finance costs		(33,324)	(57,836)
Share of net profit of associate and joint venture accounted for using the equity method	10	1,191,724	2,840,323
Profit/(Loss) before income tax		5,215,629	(1,620,068)
Income tax (expense)/benefit	5	(1,889,219)	604,655
Profit/(Loss) for the year		3,326,410	(1,015,413)
Other comprehensive (expense)/income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations	7(a)	(1,593,336)	605,183
Total comprehensive income/(expense) for the year		1,733,074	(410,230)
Profit/(Loss) for the year is attributable to:			
Owners of Lycopodium Limited		3,163,478	(918,077)
Non-controlling interests		162,932	(97,336)
		3,326,410	(1,015,413)
Total comprehensive income/(expense) for the year is attributable to:			
Owners of Lycopodium Limited		1,570,142	(312,894)
Non-controlling interests		162,932	(97,336)
		1,733,074	(410,230)
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share	13(a)	8.0	(2.3)
Diluted earnings per share	13(b)	8.0	(2.3)

The above preliminary statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Lycopodium Limited and Controlled Entities
Appendix 4E - Preliminary Final Report
Preliminary Balance Sheet
As at 30 June 2016

		Consolidated	
	Notes	2016	2015
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		41,547,757	32,440,938
Trade and other receivables		26,525,309	24,573,180
Inventories		703,686	255,211
Current tax receivables		1,008,816	4,561,762
Other current assets		1,793,028	1,708,221
Total current assets		71,578,596	63,539,312
Non-current assets			
Investments accounted for using the equity method	10	1,768,751	2,789,527
Available-for-sale financial assets		102,953	35,750
Property, plant and equipment		2,343,796	2,776,265
Intangible assets	6	7,907,733	8,858,308
Other receivables		521,898	703,291
Deferred tax assets		2,782,541	5,331,787
Total non-current assets		15,427,672	20,494,928
Total assets		87,006,268	84,034,240
LIABILITIES			
Current liabilities			
Trade and other payables		21,436,955	19,854,442
Borrowings		89,879	288,513
Current tax liabilities		508,544	89,725
Total current liabilities		22,035,378	20,232,680
Non-current liabilities			
Provisions		639,873	568,634
Total non-current liabilities		639,873	568,634
Total liabilities		22,675,251	20,801,314
Net assets		64,331,017	63,232,926
EQUITY			
Contributed equity		20,823,772	20,823,772
Reserves	7(a)	(840,944)	754,422
Retained profits	7(b)	41,285,494	38,718,003
Parent entity interest		61,268,322	60,296,197
Non-controlling interests	8	3,062,695	2,936,729
Total equity		64,331,017	63,232,926

The above preliminary balance sheet should be read in conjunction with the accompanying notes.

Lycopodium Limited and Controlled Entities
Appendix 4E - Preliminary Final Report
Preliminary Statement of Changes in Equity
For the year ended 30 June 2016

Consolidated entity	Notes	Contributed equity \$	Retained profits \$	Foreign currency translation reserve \$	Available for sale investment revaluation reserve \$	Performance rights reserve \$	Non-con- trolling interests \$	Total equity \$
Balance at 1 July 2014		18,999,317	42,390,395	(27,898)	(81,900)	1,021,535	577,904	62,879,353
(Loss)/Profit for the year		-	(918,077)	-	-	-	(97,336)	(1,015,413)
Other comprehensive income / (expense)		-	-	605,183	-	-	-	605,183
Total comprehensive income for the year		-	(918,077)	605,183	-	-	(97,336)	(410,230)
Transactions with owners in their capacity as owners:								
Contributions of equity, net of transaction costs and tax		824,455	-	-	-	-	-	824,455
Non-controlling interests on acquisition of subsidiary		1,000,000	(1,572,096)	-	-	-	(577,904)	(1,150,000)
Foreign currency translation with non-controlling interest		-	-	-	-	-	25,715	25,715
Dividends provided for or paid	9	-	(1,182,219)	-	-	-	-	(1,182,219)
Performance rights - value of rights	7	-	-	-	-	61,957	-	61,957
Performance rights - transfer on exercise	7	-	-	-	-	(824,455)	-	(824,455)
Newly consolidated operations		-	-	-	-	-	3,008,350	3,008,350
		<u>1,824,455</u>	<u>(2,754,315)</u>	<u>-</u>	<u>-</u>	<u>(762,498)</u>	<u>2,456,161</u>	<u>763,803</u>
Balance at 30 June 2015		20,823,772	38,718,003	577,285	(81,900)	259,037	2,936,729	63,232,926
Balance at 1 July 2015		20,823,772	38,718,003	577,285	(81,900)	259,037	2,936,729	63,232,926
(Loss)/Profit for the year		-	3,163,478	-	-	-	162,932	3,326,410
Other comprehensive income / (expense)		-	-	(1,593,336)	(2,030)	-	-	(1,595,366)
Total comprehensive income for the year		-	3,163,478	(1,593,336)	(2,030)	-	162,932	1,731,044
Transactions with owners in their capacity as owners:								
Foreign currency translation with non-controlling interest		-	-	-	-	-	(36,966)	(36,966)
Dividends provided for or paid	9	-	(595,987)	-	-	-	-	(595,987)
		<u>-</u>	<u>(595,987)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,966)</u>	<u>(632,953)</u>
Balance at 30 June 2016		20,823,772	41,285,494	(1,016,051)	(83,930)	259,037	3,062,695	64,331,017

The above preliminary statement of changes in equity should be read in conjunction with the accompanying notes.

Lycopodium Limited and Controlled Entities
Appendix 4E - Preliminary Final Report
Preliminary Statement of Cash Flows
For the year ended 30 June 2016

	Consolidated	
	2016	2015
Notes	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	123,120,381	127,101,357
Payments to suppliers and employees (inclusive of goods and services tax)	(119,223,061)	(125,121,138)
	3,897,320	1,980,219
Interest received	1,149,187	939,293
Income taxes received/(paid)	4,632,663	(1,445,116)
Net cash inflow from operating activities	9,679,170	1,474,396
	12	
Cash flows from investing activities		
Dividends received from joint venture	2,600,000	4,400,000
Payments for purchase of business, net of cash received	-	(4,141,003)
Payments for acquisition of non-controlling interests	-	(1,150,000)
Payments for property, plant and equipment	(548,607)	(221,335)
Proceeds from sale of property, plant and equipment	21,038	55,212
Payments for intangible assets	(9,962)	(38,236)
Payments for available-for-sale financial assets	(70,104)	(32,750)
Payments for investment in associate	(387,500)	-
Net cash inflow/(outflow) from investing activities	1,604,865	(1,128,112)
	10(b)	
Cash flows from financing activities		
Proceeds from borrowings	804,015	895,027
Repayments of borrowings	(832,573)	(817,128)
Dividends paid to company's shareholders	(595,986)	(1,182,219)
Repayments of hire purchase and lease liabilities	(193,990)	(751,727)
Proceeds from repayment of loans under the senior manager share acquisition plan	181,393	169,362
Net cash outflow from financing activities	(637,141)	(1,686,685)
	9	
Net increase/(decrease) in cash and cash equivalents	10,646,894	(1,340,401)
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	(1,540,075)	478,991
Cash and cash equivalents at end of year	41,547,757	32,440,938

The above preliminary statement of cash flows should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

(a) Basis of preparation

This preliminary financial report has been prepared in accordance with Australian Securities Exchange Listing Rules as they relate to the Appendix 4E and in accordance with the recognition and measurement requirements of the Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

As such, this preliminary financial report does not include all the notes of the type included in an annual financial report and accordingly, should be read in conjunction with the annual report for the year ended 30 June 2015 and with any public announcement made by Lycopodium Limited during the period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted in the preparation of the financial report are consistent with those of the previous financial year.

2 Segment information

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Board of Directors 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 (2015: two) are reportable in accordance with the requirements of AASB 8.

The Corporate Services segment consists of managerial and legal 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, 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.

Lycopodium Limited and Controlled Entities
Appendix 4E - Preliminary Final Report
Preliminary Selected Notes to the Financial Statements
For the year ended 30 June 2016
(continued)

2 Segment information (continued)

(b) Segment information provided to the Board of Directors

The segment information provided to the Board of Directors for the reportable segments for the year ended 30 June 2016 and 30 June 2015 are as follows:

2016	Corporate Services	Minerals	Other	Total
	\$	\$	\$	\$
Total segment revenue	6,061,290	105,360,748	33,180,491	144,602,529
Inter-segment revenue	<u>(5,365,437)</u>	<u>(6,886,352)</u>	<u>(7,890,522)</u>	<u>(20,142,311)</u>
Revenue from external customers	695,853	98,474,396	25,289,969	124,460,218
Profit / (Loss) before tax	<u>(501,787)</u>	<u>4,794,321</u>	<u>1,468,095</u>	<u>5,760,629</u>
Interest in the profit of equity accounted joint ventures	-	1,191,724	-	1,191,724
Depreciation and amortisation	(153)	(987,684)	(341,258)	(1,329,095)
Income tax benefit / (expense)	200,936	(1,289,504)	(800,651)	(1,889,219)
Total segment assets	<u>16,922,240</u>	<u>49,304,279</u>	<u>16,645,893</u>	<u>82,872,412</u>
Total assets includes:				
Investment in joint ventures	752,852	1,015,900	-	1,768,752
Additions to non-current assets (other than financial assets and deferred tax)	-	405,021	153,548	558,569
Total segment liabilities	5,032,115	14,200,393	6,637,715	25,870,223

Lycopodium Limited and Controlled Entities
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For the year ended 30 June 2016
(continued)

2 Segment information (continued)

(b) Segment information provided to the Board of Directors (continued)

2015	Corporate Services	Minerals	Other	Total
	\$	\$	\$	\$
Total segment revenue	13,159,204	105,917,216	27,182,790	146,259,210
Inter-segment revenue	<u>(12,251,193)</u>	<u>(4,048,200)</u>	<u>(7,148,495)</u>	<u>(23,447,888)</u>
Revenue from external customers	908,011	101,869,016	20,034,295	122,811,322
Profit / (Loss) before tax	<u>(346,920)</u>	<u>(5,844,746)</u>	<u>4,616,598</u>	<u>(1,575,068)</u>
Interest in the profit of equity accounted joint ventures	-	2,840,323	-	2,840,323
Depreciation and amortisation	(96,331)	(1,171,040)	(486,535)	(1,753,906)
Income tax expense	614,615	(340,978)	331,018	604,655
Total segment assets	<u>12,792,739</u>	<u>48,187,752</u>	<u>14,533,319</u>	<u>75,513,810</u>
Total assets includes:				
Investment in joint ventures	-	2,789,527	-	2,789,527
Additions to non-current assets (other than financial assets and deferred tax)	-	193,649	65,922	259,571
Total segment liabilities	2,655,777	12,595,290	4,890,135	20,141,202

(c) Other segment information

(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 consolidated statement of profit or loss and other comprehensive income.

The entity is domiciled in Australia. The result of its revenue from external customers in Australia is \$20,800,010 (2015: \$57,126,431), and the total of revenue from external customers from other countries is \$103,660,208 (2015: \$65,684,891). Segment revenues are allocated based on the country in which the customer is located.

Revenues of approximately \$36,973,772 (2015: \$42,454,871) are derived from the top 3 customers. These revenues are attributable to the Minerals segment.

(ii) Segment profit before tax

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

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

Lycopodium Limited and Controlled Entities
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Preliminary Selected Notes to the Financial Statements
For the year ended 30 June 2016
(continued)

2 Segment information (continued)

(c) Other segment information (continued)

(ii) Segment profit before tax (continued)

	Consolidated	
	2016	2015
	\$	\$
Segment (loss)/profit before tax	5,760,629	(1,575,068)
Goodwill impairment	(500,000)	-
Amortisation of customer relationships	(45,000)	(45,000)
Profit/(Loss) before income tax as per preliminary statement of profit or loss and other comprehensive income	5,215,629	(1,620,068)

(iii) Segment assets

The amounts provided to the Board of Directors with respect to total assets are measured in a manner consistent with that of the financial report. 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 preliminary balance sheet as follows:

	Consolidated	
	2016	2015
	\$	\$
Segment assets	82,872,412	75,513,810
Intersegment eliminations	(3,350,662)	504,412
Intangibles arising on consolidation	7,484,518	8,029,518
Deferred tax arising on consolidation	-	(13,500)
Total assets as per the preliminary balance sheet	87,006,268	84,034,240

(iv) Segment liabilities

The amounts provided to the Board of Directors with respect to total liabilities are measured in a manner consistent with that of the financial report. These liabilities are allocated based on the operations of the segment.

Reportable segments' liabilities are reconciled to total liabilities as per the preliminary balance sheet as follows:

	Consolidated	
	2016	2015
	\$	\$
Segment liabilities	25,870,223	20,141,202
Intersegment eliminations	(3,194,972)	660,112
Total liabilities as per the preliminary balance sheet	22,675,251	20,801,314

Lycopodium Limited and Controlled Entities
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Preliminary Selected Notes to the Financial Statements
For the year ended 30 June 2016
(continued)

3 Revenue

	Consolidated	
	2016	2015
	\$	\$
From operations		
<i>Sales revenue</i>		
Contract revenue	122,992,053	121,138,662
 <i>Other revenue</i>		
Rents and sub-lease rentals	84,070	102,770
Bank interest	1,209,245	927,383
Other revenue	174,850	642,507
	1,468,165	1,672,660
 Total revenue from operations	124,460,218	122,811,322

4 Expenses

	2016	2015
	\$	\$
Profit before income tax includes the following specific expenses:		
 <i>Depreciation</i>		
Fixtures and fittings	655,534	739,147
Leasehold improvements	121,698	174,740
Leased plant and equipment	77,907	295,296
Motor vehicles	17,056	25,587
Total depreciation	872,195	1,234,770
 <i>Amortisation</i>		
Computer software	411,900	474,135
Customer contracts	45,000	45,000
Total amortisation	456,900	519,135
 Total depreciation and amortisation	1,329,095	1,753,905
 <i>Finance costs</i>		
Interest and finance charges paid/payable	33,324	57,836
 Net loss on disposal of property, plant and equipment	1,254	323,251
 <i>Rental expense relating to operating leases</i>		
Minimum lease payments	8,082,300	7,541,941

Lycopodium Limited and Controlled Entities
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Preliminary Selected Notes to the Financial Statements
For the year ended 30 June 2016
 (continued)

5 Income tax expense/(benefit)

(a) Income tax expense/(benefit)

	Consolidated	
	2016	2015
	\$	\$
Current tax	1,517,773	175,493
Deferred tax	(33,136)	(197,069)
Adjustments for current tax of prior periods	404,581	(583,079)
	1,889,218	(604,655)
Deferred income tax included in income tax expense comprises:		
Increase in deferred tax assets	307,909	(600,912)
Decrease in deferred tax liabilities	(341,045)	403,844
	(33,136)	(197,068)

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

	Consolidated	
	2016	2015
	\$	\$
Profit/(Loss) before income tax expense	5,215,629	(1,620,068)
Tax at the Australian tax rate of 30% (2015: 30%)	1,564,689	(486,020)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Goodwill impairment	150,000	-
Share-based payment	18,615	18,587
Sundry items	287,450	129,215
	2,020,754	(338,218)
Adjustments for current tax of prior periods - under provision of prior year income tax	404,581	(583,079)
Difference in overseas tax rates	(116,586)	73,102
Previously unrecognised tax losses now recouped to reduce current tax expense	(154,238)	(91,489)
Deferred taxes not recognised	(207,776)	1,187,126
Share of net profit of joint ventures accounted for using the equity method	(57,517)	(852,097)
Income tax expense/(benefit)	1,889,218	(604,655)

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Preliminary Selected Notes to the Financial Statements
For the year ended 30 June 2016
(continued)

6 Non-current assets - Intangible assets

	Goodwill \$	Software \$	Customer contracts \$	Total \$
At 1 July 2014				
Cost	6,420,380	4,543,272	315,000	11,278,652
Accumulation amortisation and impairment	(819,842)	(3,372,509)	(225,000)	(4,417,351)
Net book amount	5,600,538	1,170,763	90,000	6,861,301
Year ended 30 June 2015				
Opening net book amount	5,600,538	1,170,763	90,000	6,861,301
Additions	2,465,026	38,236	-	2,503,262
Amortisation charge *	-	(474,135)	(45,000)	(519,135)
Transfers from property, plant and equipment	-	4,846	-	4,846
Exchange differences	-	8,034	-	8,034
Closing net book amount	8,065,564	747,744	45,000	8,858,308
Cost	8,885,406	2,043,090	315,000	11,243,496
Accumulation amortisation and impairment	(819,842)	(1,295,346)	(270,000)	(2,385,188)
Net book amount	8,065,564	747,744	45,000	8,858,308
	Goodwill \$	Software \$	Customer contracts \$	Total \$
Year ended 30 June 2016				
Opening net book amount	8,065,564	747,744	45,000	8,858,308
Additions	-	9,962	-	9,962
Amortisation charge *	-	(411,900)	(45,000)	(456,900)
Impairment loss recognised	(500,000)	-	-	(500,000)
Exchange differences	-	(3,637)	-	(3,637)
Closing net book amount	7,565,564	342,169	-	7,907,733
At 30 June 2016				
Cost	8,385,406	1,934,790	315,000	10,635,196
Accumulated amortisation	(819,842)	(1,592,621)	(315,000)	(2,727,463)
Net book amount	7,565,564	342,169	-	7,907,733

* Group amortisation of \$456,900 (2015: \$519,135) is included in depreciation and amortisation expense in the statement of comprehensive income.

6 Non-current assets - Intangible assets (continued)

(a) Impairment tests for goodwill

Goodwill is allocated to the group cash-generating units (CGUs) identified according to business segment and country of operation.

A segment-level summary of the goodwill allocation is presented below.

2016	Australia \$	Other countries \$	Total \$
Minerals	3,622,991	2,465,026	6,088,017
Process industries	263,242	-	263,242
Maintenance	1,095,048	-	1,095,048
Metallurgical	119,257	-	119,257
	5,100,538	2,465,026	7,565,564

2015	Australia \$	Other countries \$	Total \$
Minerals	3,622,991	2,465,026	6,088,017
Process industries	763,242	-	763,242
Maintenance	1,095,048	-	1,095,048
Metallurgical	119,257	-	119,257
	5,600,538	2,465,026	8,065,564

Process Industries

The forecast was adjusted in 2016 for the decline in services in the Process Industries segment due to the decline in Australia's manufacturing industry. As a result, the Board expects lower growth and declining profit margins for this segment.

Impairment testing, taking into account these latest developments, resulted in a reduction in goodwill in 2016 of \$500,000. The related goodwill impairment loss of \$500,000 (2015: nil) was included within impairment of non-financial assets.

7 Reserves and retained profits

(a) Reserves

	Consolidated	
	2016 \$	2015 \$
Available-for-sale investment revaluation reserve	(83,930)	(81,900)
Performance rights reserve	259,037	259,037
Foreign currency translation reserve	(1,016,051)	577,285
	(840,944)	754,422

Lycopodium Limited and Controlled Entities
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7 Reserves and retained profits (continued)

(a) Reserves (continued)

	2016	2015
	\$	\$
Movements:		
<i>Available-for-sale investment revaluation reserve</i>		
Balance 1 July	(81,900)	(81,900)
Revaluation - gross	(2,900)	-
Deferred tax	870	-
Balance 30 June	(83,930)	(81,900)
 <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 30 June	259,037	259,037
 <i>Foreign currency translation reserve</i>		
Balance 1 July	577,285	(27,898)
Currency translation differences arising during the year	(1,593,336)	605,183
Balance 30 June	(1,016,051)	577,285

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7 Reserves and retained profits (continued)

(b) Retained profits

	Consolidated	
	2016	2015
	\$	\$
Balance 1 July	38,718,003	42,390,395
Profit/(Loss) for the year	3,163,478	(918,077)
Dividends	(595,987)	(1,182,219)
Acquisition of non-controlling interests (i)	-	(2,150,000)
Transfer from non-controlling interests	-	577,904
Balance 30 June	<u>41,285,494</u>	<u>38,718,003</u>

(i) During the prior year, Lycopodium Limited purchased the remaining non-controlling interest of Lycopodium Americas Pty Ltd, Lycopodium Rail Pty Ltd and Orway Minerals Consultants Americas Pty Ltd.

8 Non-controlling interests

	Consolidated	
	2016	2015
	\$	\$
Interest in:		
Share capital	14,937	14,937
Reserves	23,986	2,100
Retained profits	3,023,772	3,497,596
Transfer to retained earnings	-	(577,904)
	<u>3,062,695</u>	<u>2,936,729</u>

9 Dividends

(a) Ordinary shares

	Parent entity	
	2016	2015
	\$	\$
No payments of final dividend for the year ended 30 June 2015 (2014 - 1.5 cents) Fully franked based on tax paid @ 30% (2015: 30%)	-	586,233
Interim dividend for the year ended 30 June 2016 of 1.5 cents (2015 - 1.5 cents) per fully paid share paid on 13 April 2016 (2015 - 17 April 2015) Fully franked based on tax paid @ 30% (2015: 30%)	595,986	595,986
Total dividends provided for or paid	<u>595,986</u>	<u>1,182,219</u>

9 Dividends (continued)

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

Parent entity	
2016	2015
\$	\$

In addition to the above dividends, since year end the Directors have recommended the payment of a final dividend of 4.0 cents per fully paid ordinary share (2015 - 0 cents), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 14 October 2016 out of retained earnings at 30 June 2016, but not recognised as a liability at year end, is

	1,589,295	-
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10 Investments accounted for using the equity method

Consolidated	
2016	2015
\$	\$

Investment in joint venture
Investment in associate

	1,015,900	2,789,527
	752,851	-
	1,768,751	2,789,527

(a) Investment in joint venture

The Group has one material joint venture, Pilbara EPCM Pty Ltd ("PEPL").

Name of Joint Venture	Country of Incorporation & Principal Place of Business	Principal Activities	Proportion of Ownership Interest Held by the Group	
			2016	2015
Pilbara EPCM Pty Ltd	Australia	Engineering, procurement, construction management services	50%	50%

The investment in PEPL is accounted for using the equity method in accordance with AASB 128.

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10 Investments accounted for using the equity method (continued)

(a) Investment in joint venture (continued)

Summarised financial information for PEPL is set out below:

	2016 \$	2015 \$
Current assets (a)	3,851,858	10,382,283
Non-current assets	-	-
Total assets	3,851,858	10,382,283
Current liabilities (b)	1,052,756	2,061,118
Non-current liabilities (c)	767,306	2,742,114
Total liabilities	1,820,063	4,803,232
a. Includes cash and cash equivalents	2,210,810	6,263,407
b. Includes current financial liabilities (excluding trade and other payables and provisions)	-	-
c. Includes non-current financial liabilities (excluding trade and other payables and provisions)	-	-
	2016 \$	2015 \$
Revenue	9,372,882	36,198,303
Profit for the year	1,652,743	5,680,646
Other comprehensive income for the year	-	-
Total comprehensive income for the year	1,652,743	5,680,646
Depreciation and amortisation	-	-
Interest income	106,980	199,199
Interest expense	-	-
Tax expense	689,519	1,766,556

A reconciliation of the above summarised financial information to the carrying amount of the investment in PEPL is set out below:

	2016 \$	2015 \$
Total net assets of PEPL	2,031,796	5,579,052
Proportion of ownership interest held by the Group	50%	50%
Carrying amount of the investment in PEPL	1,015,900	2,789,526

Dividends received during the year from PEPL amounted to \$2,600,000 (2015: \$4,400,000).

PEPL is a Private Company; therefore no quoted market prices are available for its shares.

10 Investments accounted for using the equity method (continued)

(b) Investment in associate

During the year, the Group acquired a 31% equity interest in ECG Engineering Pty Ltd, a start up electrical engineering consultancy based in Perth, Australia.

Summarised financial information of the Group's share in this associate:

	2016 \$	2015 \$
Profit from continuing operations	365,352	-
Other comprehensive income	-	-
Total comprehensive income	<u>365,352</u>	-
Carrying amount of the Group's interest in associate	752,851	-

11 Events occurring after the reporting period

With the exception of the dividends as noted in note 9(b), no other matter or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect:

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

12 Reconciliation of profit/(loss) after income tax to net cash inflow from operating activities

	Consolidated	
	2016 \$	2015 \$
Profit/(Loss) for the year	3,326,410	(1,015,413)
Depreciation and amortisation	1,329,095	1,753,905
Impairment of goodwill	500,000	-
Non-cash employee benefits expense - share-based payments	-	61,958
Dividend and interest income	(9,413)	(946)
Net loss on sale of non-current assets	1,254	323,251
Share of net profit of associate and joint venture accounted for using the equity method	(1,191,724)	(2,840,323)
Interest relating to financing activities	33,324	57,836
Change in operating assets and liabilities:		
(Increase)/decrease in trade debtors and other receivables	(1,952,129)	1,637,241
Increase in inventories	(448,475)	(255,211)
Decrease/(increase) in deferred tax assets	2,550,116	(638,425)
(Increase)/decrease in other operating assets	(84,808)	282,071
Increase in trade creditors	1,582,515	3,940,087
Increase/(decrease) in provision for income taxes payable	3,971,765	(1,411,346)
Increase/(decrease) in other provisions	71,240	(420,289)
Net cash inflow from operating activities	<u>9,679,170</u>	<u>1,474,396</u>

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13 Earnings per share

(a) Basic earnings per share

	Consolidated	
	2016	2015
	Cents	Cents
Basic earnings per share attributable to the ordinary equity holders of the company	8.0	(2.3)

(b) Diluted earnings per share

	Consolidated	
	2016	2015
	Cents	Cents
Diluted earnings per share attributable to the ordinary equity holders of the company	8.0	(2.3)

(c) Reconciliation of earnings used in calculating earnings per share

	Consolidated	
	2016	2015
	\$	\$
<i>Basic earnings per share</i> Profit/(Loss) attributable to the ordinary equity holders of the company used in calculating basic earnings per share	3,163,478	(918,077)
<i>Diluted earnings per share</i> Used in calculating diluted earnings per share	3,163,478	(918,077)

(d) Weighted average number of shares used as denominator

	Consolidated	
	2016	2015
	Number	Number
<i>Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share</i>	39,732,373	39,537,055
Adjustments for calculation of diluted earnings per share: Performance rights	-	303,126
<i>Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share</i>	39,732,373	39,840,181

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Supplementary Appendix 4E information
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Additional dividend/distribution information (Appendix 4E item 6)

Details of dividends/distributions declared or paid during or subsequent to the year ended 30 June 2016 are as follows:

Record date	Payment date	Type	Amount per security	Total dividend	Franked amount per security
1 April 2016	15 April 2016	Interim	1.5 cents	595,986	1.5 cents
30 September 2016	14 October 2016	Final	4.0 cents	1,589,295	4.0 cents

Audit Alert (*Appendix 4E items 15 - 17*)

This report is based on accounts which are in the process of being audited.