

ASX RELEASE

23 February 2011

FIRST HALF 2010/2011 FINANCIAL YEAR RESULTS

The Directors of Lycopodium are pleased to announce a better than expected result for the first half of the 2010/2011 financial year, with the company reporting \$80.1 million of revenue and a net profit after tax of \$8.2 million. Commensurate with these results, the full year forecast for 2010/2011 has been upgraded to \$155 million of revenue and a net profit after tax of \$15.8 million.

The financial results are provided in the attached Appendix 4D report. Additionally we have attached a segment report in the format presented in prior years for comparative purposes.

The Directors have resolved to increase the interim dividend to 10 cents per share fully franked payable on 15 April 2011 with a record date of 1 April 2011.

The first half of 2010/2011 reflects the delivery of a historically disproportionate number of major feasibility studies, but with the prospect of select projects continuing into the execution phase. As previously announced two of these major studies have further progressed; a Limited Notice to Proceed has been received for the Akyem Project in Ghana for Newmont and a Letter of Intent has been received for the Tropicana Project in Western Australia from the Tropicana Joint Venture, comprising AngloGold Ashanti (70% and manager) and Independence Group NL (30%).

For further information:



Rod Leonard
Managing Director
Lycopodium Limited

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**Lycopodium Ltd
Segment reporting
HYE 31 December 2010**

	Segment revenues		Segment results	
	Dec-10	Dec-09	Dec-10	Dec-09
EPCM	32,474,575	8,588,647	6,363,083	2,923,071
Design & construct (lump sum)	180,410	1,327,844	51,095	287,665
Study services	31,630,306	12,007,798	4,333,857	2,586,989
Project services	14,840,835	29,456,542	3,491,880	6,147,814
	<u>79,126,125</u>	<u>51,380,831</u>	<u>14,239,914</u>	<u>11,945,539</u>
Unallocated revenue	1,017,967	829,921	0	0
	<u>80,144,092</u>	<u>52,210,752</u>	<u>14,239,914</u>	<u>11,945,539</u>
Unallocated revenue less unallocated expenses			<u>(1,625,967)</u>	<u>(5,837,937)</u>
Profit before income tax expense			12,613,948	6,107,602
Income tax expense			<u>(4,336,010)</u>	<u>(1,938,882)</u>
Profit for the half-year			8,277,938	4,168,720
Less: profit attributable to minority interest			0	0
Profit attributable to members of Lycopodium Ltd			<u>8,277,938</u>	<u>4,168,720</u>

Lycopodium Limited

ABN 83 098 556 159

Interim report 31 December 2010

Lycopodium Limited
ASX Half-year information - 31 December 2010

Lodged with the ASX under Listing Rule 4.2A.
This information should be read in conjunction with the
30 June 2010 Annual report

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Lycopodium Limited
For the half-year ended 31 December 2010

Results for Announcement to the Market

				\$
Revenue from ordinary activities <i>(Appendix 4D item 2.1)</i>	up	53.5 %	to	80,144,092
Profit / (loss) from ordinary activities after tax attributable to members <i>(Appendix 4D item 2.2)</i>	up	98.6 %	to	8,277,938
Net profit / (loss) for the period attributable to members <i>for the period attributable to members</i>	up	98.6 %	to	8,277,938

Dividends / distributions <i>(Appendix 4D item 2.4)</i>	Amount per security	Franked amount per security
Final dividend <i>(Prior year)</i>	22.0	22.0
Interim dividend recommended but not provided for	10.0	10.0

Key Ratios	2010	2009
	December	December
Net tangible assets per ordinary share (cents)	99	71

Record date for determining entitlements to the interim dividend

1 April 2011

The Directors have recommended the payment of the interim dividend of 10 cents per fully paid ordinary share, fully franked based on a tax paid at 30% to be paid on 15 April 2011.

Lycopodium Limited 83 098 556 159
Interim financial report - 31 December 2010

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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 2010 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 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 2010.

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

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	
	2010 \$	2009 \$	2010 \$	2009 \$
Corporate Services	1,372,671	1,618,066	(970,961)	469,624
Minerals	71,089,747	50,458,526	12,223,254	5,088,801
Other	13,979,276	9,334,032	1,330,008	545,635
Intersegment eliminations	(6,297,602)	(9,199,872)	-	-
Unallocated revenue less unallocated expenses	-	-	31,647	3,542
Income tax expense	-	-	(4,336,010)	(1,938,882)
Total segment revenue/result	80,144,092	52,210,752	8,277,938	4,168,720

- (a) *Corporate Services*
 The Corporate Services segment consists of managerial and legal 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 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.
- (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

There were no significant changes in the state of affairs of the Group during the half-year ended 31 December 2010.

Matters subsequent to the end of the financial period

There is no matter or circumstance that has arisen since 31 December 2010 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 the 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 5.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

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



Rodney Lloyd Leonard
Managing Director

Perth
23 February 2011



PricewaterhouseCoopers
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Auditor's Independence Declaration

As lead auditor for the review of Lycopodium Limited for the half-year ended 31 December 2010, I declare that, to the best of my knowledge and belief, there have been:

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

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

Partner
PricewaterhouseCoopers



Auditor's Independence Declaration

As lead auditor for the review of Lycopodium Limited for the half year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in black ink, appearing to be 'P. Dreyer', written in a cursive style.

Pierre Dreyer
Partner
PricewaterhouseCoopers

Perth
23 February 2011

Lycopodium Limited
Statement of comprehensive income
For the half-year ended 31 December 2010

		Half-year	
	Notes	2010 \$	2009 \$
Revenue from operations		80,144,092	52,210,752
Other income	3	-	909,497
Employee benefits expense		(38,884,178)	(28,689,566)
Depreciation and amortisation expense		(636,039)	(846,283)
Other project expenses		(1,850,223)	(901,436)
Equipment and materials used		(88,242)	(261,218)
Contractors		(19,862,373)	(11,092,834)
Administration and management costs		(6,059,828)	(5,112,712)
Loss on disposal of asset		(26,230)	-
Finance costs		(123,031)	(134,640)
Share of net profit of associates accounted for using the equity method		-	<u>26,042</u>
Profit before income tax		12,613,948	6,107,602
Income tax expense		<u>(4,336,010)</u>	<u>(1,938,882)</u>
Profit for the half-year		<u>8,277,938</u>	<u>4,168,720</u>
Other comprehensive income			
Changes in the fair value of available-for-sale financial assets	5	14,000	10,000
Exchange differences on translation of foreign operations	5	(17,169)	(1,384)
Income tax relating to components of other comprehensive income		<u>(4,200)</u>	<u>(3,000)</u>
Other comprehensive income for the half-year, net of tax		<u>(7,369)</u>	<u>5,616</u>
Total comprehensive income for the half-year		<u>8,270,569</u>	<u>4,174,336</u>
Profit for the half-year is attributable to:			
Owners of Lycopodium Limited		<u>8,277,938</u>	<u>4,168,720</u>
		<u>8,277,938</u>	<u>4,168,720</u>
Total comprehensive income for the half-year is attributable to:			
Owners of Lycopodium Limited		<u>8,270,569</u>	<u>4,174,336</u>
		<u>8,270,569</u>	<u>4,174,336</u>
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share		21.4	10.8
Diluted earnings per share		21.3	10.8

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Lycopodium Limited
Statement of financial position
As at 31 December 2010

	31 December 2010	30 June 2010
Notes	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	24,001,426	23,395,487
Trade and other receivables	28,903,473	27,665,269
Current tax receivables	-	1,374,991
Other current assets	<u>2,421,264</u>	<u>1,415,739</u>
Total current assets	<u>55,326,163</u>	<u>53,851,486</u>
Non-current assets		
Available-for-sale financial assets	47,000	33,000
Property, plant and equipment	2,719,391	3,147,532
Intangible assets	6,168,733	6,018,211
Other receivables	1,724,866	1,858,515
Deferred tax assets	<u>3,126,590</u>	<u>2,152,651</u>
Total non-current assets	<u>13,786,580</u>	<u>13,209,909</u>
Total assets	<u>69,112,743</u>	<u>67,061,395</u>
LIABILITIES		
Current liabilities		
Trade and other payables	16,476,289	18,994,066
Borrowings	1,141,034	782,003
Current tax liabilities	3,665,962	-
Provisions	<u>900,000</u>	<u>475,000</u>
Total current liabilities	<u>22,183,285</u>	<u>20,251,069</u>
Non-current liabilities		
Borrowings	1,332,417	1,473,918
Provisions	<u>836,078</u>	<u>616,973</u>
Total non-current liabilities	<u>2,168,495</u>	<u>2,090,891</u>
Total liabilities	<u>24,351,780</u>	<u>22,341,960</u>
Net assets	<u>44,760,963</u>	<u>44,719,435</u>
EQUITY		
Contributed equity	4 18,730,297	18,730,297
Reserves	5(a) 133,211	(134,501)
Retained earnings	5(b) <u>25,897,455</u>	<u>26,123,639</u>
Total equity	<u>44,760,963</u>	<u>44,719,435</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

Lycopodium Limited
Statement of changes in equity
For the half-year ended 31 December 2010

	Attributable to owners of Lycopodium Limited						Total equity \$
	Contributed equity \$	Retained earnings \$	Foreign currency translation reserve \$	Available for sale investment revaluation reserve \$	Director performance reserve \$	Non-controlling interests \$	
Balance at 1 July 2009	17,656,497	21,622,524	(353,825)	(49,000)	244,682	606,422	39,727,300
Total comprehensive income for the half-year	-	4,168,720	(1,384)	7,000	-	-	4,174,336
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs	1,073,800	-	-	-	-	-	1,073,800
Non-controlling interests on acquisition of subsidiary	-	(1,893,578)	-	-	-	(606,422)	(2,500,000)
Dividends provided for or paid	-	(7,731,020)	-	-	-	-	(7,731,020)
Director performance rights - value of rights	-	-	-	-	102,529	-	102,529
Director performance rights - transfer on exercise	1,073,800	(9,624,598)	-	-	(73,800)	-	(73,800)
	18,730,297	16,166,646	(355,209)	(42,000)	273,411	-	34,773,145
Balance at 31 December 2009							
Balance at 1 July 2010	18,730,297	26,123,639	(347,012)	(60,900)	273,411	-	44,719,435
Total comprehensive income for the half-year	-	8,277,938	(17,169)	9,800	-	-	8,270,569
Transactions with owners in their capacity as owners:							
Dividends provided for or paid	-	(8,504,122)	-	-	-	-	(8,504,122)
Director performance rights - value of rights	-	-	-	-	275,081	-	275,081
	18,730,297	25,897,455	(364,181)	(51,100)	548,492	-	44,760,963

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

Lycopodium Limited
Cash flow statement
For the half-year ended 31 December 2010

		Half-year	
	Notes	2010 \$	2009 \$
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		81,242,869	52,175,658
Payments to suppliers and employees (inclusive of goods and services tax)		<u>(71,529,484)</u>	<u>(47,375,868)</u>
		9,713,385	4,799,790
Interest received		673,280	332,852
Interest paid		(2,220)	-
Income tax refund from prior period adjustments		4,486,344	-
Income taxes paid		<u>(4,264,859)</u>	<u>(2,323,697)</u>
Net cash inflow from operating activities		<u>10,605,930</u>	<u>2,808,945</u>
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	8	(400,000)	(870,132)
Payment for acquisition of minority interest		-	(1,500,000)
Payments for property, plant and equipment		(115,591)	(63,253)
Proceeds from sale of property, plant and equipment		3,006	6,908
Payments for intangible assets		<u>(74,279)</u>	<u>(170,691)</u>
Net cash outflow from investing activities		<u>(586,864)</u>	<u>(2,597,168)</u>
Cash flows from financing activities			
Repayment of hire purchase and lease liabilities		(535,125)	(535,905)
Repayment of borrowings		(441,506)	(483,713)
Dividends paid to company's shareholders		(8,504,122)	(7,731,020)
Proceeds from repayment of loans under the senior manager share acquisition plan		<u>133,649</u>	-
Net cash outflow from financing activities		<u>(9,347,104)</u>	<u>(8,750,638)</u>
Net increase / (decrease) in cash and cash equivalents		671,962	(8,538,861)
Cash and cash equivalents at the beginning of the half-year		23,395,487	26,362,861
Effects of exchange rate changes on cash and cash equivalents		<u>(66,023)</u>	<u>47,972</u>
Cash and cash equivalents at end of the half-year		<u>24,001,426</u>	<u>17,871,972</u>

The above cash flow statement should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

This general purpose financial report for the interim half year reporting period ended 31 December 2010 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

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 2010 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 of half-year financial report

The principal accounting policies adopted in the preparation of the financial report are consistent with those of the previous financial year and corresponding interim reporting period.

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 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 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) Segment information provided to the Board of Directors

The segment information provided to the Board of Directors for the reportable segments for the half-year ended 31 December 2010 and 2009 are as follows:

(c) Segment information provided to the Board of Directors

2010	Corporate Services	Minerals	Other	Total
	\$	\$	\$	\$
Total segment revenue	1,372,671	71,089,747	13,979,276	86,441,694
Inter-segment revenue	<u>(1,197,161)</u>	<u>(1,570,513)</u>	<u>(3,529,928)</u>	<u>(6,297,602)</u>
Revenue from external customers	<u>175,510</u>	<u>69,519,234</u>	<u>10,449,348</u>	<u>80,144,092</u>
Profit / (loss) before tax	<u>(970,961)</u>	<u>12,223,254</u>	<u>1,330,008</u>	<u>12,582,301</u>
Total segment assets	<u>10,951,056</u>	<u>38,744,385</u>	<u>13,956,668</u>	<u>63,652,109</u>
2009	Corporate Services	Minerals	Other	Total
	\$	\$	\$	\$
Total segment revenue	1,618,066	50,458,526	9,334,032	61,410,624
Inter-segment revenue	<u>(1,430,036)</u>	<u>(5,491,566)</u>	<u>(2,278,270)</u>	<u>(9,199,872)</u>
Revenue from external customers	<u>188,030</u>	<u>44,966,960</u>	<u>7,055,762</u>	<u>52,210,752</u>
Profit before tax	<u>469,624</u>	<u>5,088,801</u>	<u>545,635</u>	<u>6,104,060</u>
Total segment assets	<u>7,944,323</u>	<u>34,653,953</u>	<u>9,166,529</u>	<u>51,764,805</u>

(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 comprehensive income.

Segment revenue reconciles to revenue from operations as per the statement of comprehensive income as follows:

	Half-year	
	2010	2009
	\$	\$
Reportable segment revenue	86,441,694	61,410,624
Intersegment eliminations	<u>(6,297,602)</u>	<u>(9,199,872)</u>
Revenue as per statement of comprehensive income	<u>80,144,092</u>	<u>52,210,752</u>

2 Segment information (continued)

(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 comprehensive income is provided as follows:

	Half-year	
	2010	2009
	\$	\$
Reportable segment profit before tax	12,582,301	6,104,060
Share of net profit of associate accounted for using the equity method	-	26,042
Amortisation of customer relationships	(22,500)	(22,500)
Other	54,147	-
Profit before income tax as per statement of comprehensive income	<u>12,613,948</u>	<u>6,107,602</u>

3 Other income

	Half-year	
	2010	2009
	\$	\$
Net gain on disposal of property, plant and equipment	-	281
Fair value uplift on investment in associate on step-up acquisition	-	909,216
	<u>-</u>	<u>909,497</u>

4 Contributed equity

	31 December 2010 Shares	30 June 2010 Shares	31 December 2010 \$	30 June 2010 \$
(a) Share capital				
Ordinary shares				
Fully paid	<u>38,655,103</u>	<u>38,655,103</u>	<u>18,730,297</u>	<u>18,730,297</u>

(b) Movements in ordinary share capital:

Date	Details	Number of shares	Issue price	\$
1 July 2009	Opening balance	37,840,000		17,656,497
1 July 2009	Exercise of director performance rights	100,000	\$0.73	73,800
20 July 2009	Issue of shares - part consideration for acquisition of 25% of the issued capital of Lycopodium Minerals QLD Pty Ltd	<u>715,103</u>	\$1.39	<u>1,000,000</u>
31 December 2009	Closing balance	<u>38,655,103</u>		<u>18,730,297</u>
1 July 2010	Opening balance	38,655,103		18,730,297
	No movements during the half-year	-		-
31 December 2010	Closing balance	<u>38,655,103</u>		<u>18,730,297</u>

5 Reserves and retained earnings

	31 December 2010 \$	30 June 2010 \$
(a) Reserves		
Director performance rights reserve	548,492	273,411
Available-for-sale investments revaluation reserve	(51,100)	(60,900)
Foreign currency translation reserve	<u>(364,181)</u>	<u>(347,012)</u>
	<u>133,211</u>	<u>(134,501)</u>
	31 December 2010 \$	30 June 2010 \$
Movements:		
<i>Director performance rights reserve</i>		
Balance 1 July	273,411	244,682
Director performance rights plan expense	275,081	102,529
Transfer to issued capital (rights exercised)	-	(73,800)
Balance 31 December / 30 June	<u>548,492</u>	<u>273,411</u>
	31 December 2010 \$	30 June 2010 \$
Movements:		
<i>Available-for-sale investments revaluation reserve</i>		
Balance 1 July	(60,900)	(49,000)
Revaluation - gross	14,000	(17,000)
Deferred tax	(4,200)	5,100
Balance 31 December / 30 June	<u>(51,100)</u>	<u>(60,900)</u>
	31 December 2010 \$	30 June 2010 \$
Movements:		
<i>Foreign currency translation reserve</i>		
Balance 1 July	(347,012)	(353,825)
Currency translation differences arising during the half year / year	(17,169)	6,813
Balance 31 December / 30 June	<u>(364,181)</u>	<u>(347,012)</u>
(b) Retained earnings		
Movements in retained profits were as follows:		
	31 December 2010 \$	30 June 2010 \$
Balance 1 July	26,123,639	21,622,524
Profit for the half-year / year	8,277,938	16,058,468
Dividends provided for or paid	(8,504,122)	(9,663,775)
Transfer from minority interest (note 6)	-	606,422
Acquisition of minority interest	-	(2,500,000)
Balance 31 December / 30 June	<u>25,897,455</u>	<u>26,123,639</u>

6 Minority interest

	31 December 2010 \$	30 June 2010 \$
Interest in:		
Share capital	-	35
Retained profits	-	606,387
Transfer to retained profits	<u>-</u>	<u>(606,422)</u>
	<u>-</u>	<u>-</u>

The minority interest was transferred to retained profits following the acquisition of the remaining 25% minority interest in Lycopodium Minerals Qld Pty Ltd in the prior half-year.

7 Dividends

	Half-year	
	2010 \$	2009 \$
(a) Ordinary shares		
Dividends provided for or paid during the half-year	<u>8,504,122</u>	<u>7,731,021</u>
(b) Dividends not recognised at the end of the half-year		
In addition to the above dividends, since the end of the half-year the directors have recommended the payment of an interim dividend of 10 cents per fully paid ordinary share (2009 - 5 cents), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 15 April 2011 out of Group retained profits at 31 December 2010, but not recognised as a liability at year end, is	<u>3,865,510</u>	<u>1,932,755</u>

8 Contingencies

Contingent liabilities

The consolidated entity had contingent liabilities at 31 December 2010 in respect of:

Earn Out

The earn out right by the vendors of Sherwood Utilities Pty Ltd as disclosed in the annual report for the year ended 30 June 2010 has now been settled. A payment of \$400,000 was made which has been expensed in the income statement of the consolidated entity for the half year ended 31 December 2010.

Guarantees

Guarantees are given in respect of rental bond for \$836,194 (2009 - \$723,344).

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

No material losses are anticipated in respect of any of the above contingent liabilities.

9 Events occurring after the reporting period

There is no matter or circumstance that has arisen since 31 December 2010 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 6 to 15 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 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.



Rodney Lloyd Leonard
Managing Director

Perth
23 February 2011



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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Lycopodium Limited, which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Lycopodium Limited Group (the consolidated entity). The consolidated entity comprises both Lycopodium Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control 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 half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim 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 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 2010 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.

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. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. 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.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.



Independent auditor's review report to the members of Lycopodium Limited (continued)

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of the company for the half-year ended 31 December 2010 included on Lycopodium Limited's web site. The company's directors are responsible for the integrity of the Lycopodium Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

Independence

In conducting our review, we have 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 2010 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*.

PricewaterhouseCoopers

Pierre Dreyer
Partner

Perth
23 February 2011