

Lycopodium

Interim  
Financial Report

31 DECEMBER 2022



FY23



# Corporate Directory

## Board of Directors

Michael John Caratti

*Non-Executive Chairman*

Peter De Leo

*Managing Director*

Bruno Ruggiero

*Executive Director*

Karl Anthony Cicanese

*Executive Director*

Rodney Lloyd Leonard

*Non-Executive, Independent Director*

Steven John Micheil Chadwick

*Non-Executive, Independent Director*

Louise Bower

*Non-Executive, Independent Director*

## Audit Committee

Peter De Leo

Rodney Leonard

Louise Bower

## Remuneration Committee

Michael Caratti

Steven Chadwick

Rodney Leonard

## Risk Committee

Peter De Leo

Rodney Leonard

Bruno Ruggiero

## Company Secretary

Justine Campbell

## Registered and Principal Office

Level 5, 1 Adelaide Terrace

East Perth, Western Australia 6004

+61 8 6210 5222

## Share Registry

Computershare Investor Services Pty Limited

Level 11, 172 St Georges Terrace

Perth, Western Australia 6000

+61 8 9323 2000

## Lawyers to the Company

Steinepreis Paganin

Level 4, The Read Buildings

16 Milligan Street

Perth, Western Australia 6000

+61 8 9321 4000

## Auditors

RSM Australia Partners

Level 32, Exchange Tower

2 The Esplanade

Perth, Western Australia 6000

+61 8 9261 9100

## Principal Banker

Australia and New Zealand Bank

Level 10, 77 St Georges Terrace

Perth, Western Australia 6000

## Website

[www.lycopodium.com](http://www.lycopodium.com)

Lycopodium Limited ABN 83 098 556 159

## Interim Financial Report

31 DECEMBER 2022

Lodged with the ASX under Listing Rule 4.2A.

This information should be read in conjunction with the 30 June 2022 Annual Report.





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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 should be read in conjunction with the annual report for the year ended 30 June 2022 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 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, Western Australia 6004

# Directors' Report

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or the 'Group') consisting of Lycopodium Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

## Directors

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

Michael John Caratti  
Peter De Leo  
Rodney Lloyd Leonard  
Bruno Ruggiero  
Karl Anthony Cicanese  
Steven John Micheil Chadwick  
Louise Bower (*appointed 15 August 2022*)

## 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	
	2022 \$	2021 \$	2022 \$	2021 \$
Minerals - Asia Pacific	86,619,769	52,518,053	12,175,225	22,508,407
Minerals - North America	38,965,454	19,282,176	5,185,764	991,405
Minerals - Africa	27,327,484	16,478,307	3,618,867	1,158,966
Project Services - Africa	5,826,921	2,846,486	1,577,214	856,094
Process Industries	5,555,038	4,613,210	1,527,174	416,898
Other	18,349,426	14,228,879	3,362,571	815,955
Intersegment eliminations	(23,496,520)	(8,389,618)		
Unallocated	792,162	801,821	1,287,935	(4,798,020)
<b>Total revenue / profit before income tax expense</b>	<b>159,939,734</b>	<b>102,379,314</b>	<b>28,734,750</b>	<b>21,949,705</b>
Income tax expense			(8,750,949)	(6,691,647)
Profit for the half-year			19,983,801	15,258,058
Less (profit)/loss attributable to non-controlling interests			(226,456)	6,247
<b>Profit attributable to owners of Lycopodium Ltd</b>			<b>19,757,345</b>	<b>15,264,305</b>

# Directors' Report (continued)

## (a) 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, building works, control systems, services and infrastructure to small skid-mounted pilot plants.

## (b) Project Services - Africa

The Project Services - Africa segment consists of project management, construction management and commissioning services provided to the extractive mining industry in Africa.

## (c) Process Industries

The Process Industries segment consists of engineering and related services provided to the manufacturing and renewable energy facilities throughout Australia and South East Asia.

## (d) 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 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 2023 financial year. The total amount of dividend is \$14,306,482 which represents a fully franked dividend of 36.0 cents per fully paid ordinary share.

With the exceptions of the above, no other matter or circumstance has arisen since 31 December 2022 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.

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



**Peter De Leo**  
Managing Director  
Perth

22 February 2023

# Auditor's Independence Declaration

## Auditor

RSM Australia Partners have been appointed in office in accordance with section 327 of the Corporations Act 2001.



### RSM Australia Partners

Level 32 Exchange Tower  
2 The Esplanade Perth WA 6000  
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100

F +61 (0) 8 9261 9111

[www.rsm.com.au](http://www.rsm.com.au)

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Lycopodium Limited for the half year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) Any applicable code of professional conduct in relation to the review.

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

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink, appearing to be 'James Komninos'.

James Komninos  
Partner

Perth, WA  
Dated: 22 February 2023

### THE POWER OF BEING UNDERSTOOD AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation



# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2022

	Notes	31 December 2022 \$	31 December 2021 \$
Revenue from contract with customers	3	158,637,817	101,303,343
Interest income		656,789	238,602
Other income		645,128	837,367
<b>Total income</b>		<b>159,939,734</b>	<b>102,379,312</b>
Employee benefits expense		(56,228,088)	(39,537,063)
Depreciation and amortisation expense		(3,062,076)	(2,680,367)
Project expenses		(3,904,992)	(1,784,924)
Equipment and materials		(22,838,317)	(15,675,749)
Contractors		(37,617,564)	(22,146,516)
Occupancy expense		(1,054,049)	(819,495)
Other expenses		(7,290,608)	(6,653,253)
Warranty provision reversal	8	77,471	10,924,400
Finance costs		(402,397)	(445,725)
Share of net profit/(loss) of associates and joint ventures accounted for using the equity method		1,115,637	(1,610,915)
<b>Profit before income tax expense from continuing operations</b>		<b>28,734,750</b>	<b>21,949,705</b>
Income tax expense	4	(8,750,949)	(6,691,647)
<b>Profit after income tax expense for the half-year</b>		<b>19,983,801</b>	<b>15,258,058</b>
Profit for the half-year is attributable to: Owners of Lycopodium Limited		19,757,345	15,264,305
Non-controlling interests		226,456	(6,247)
		<b>19,983,801</b>	<b>15,258,058</b>

**Other comprehensive income/(loss):**

Item that may be reclassified to profit or loss Foreign currency translation	9(b)	(1,483,685)	1,205,259
<b>Total comprehensive income for the half-year</b>		<b>18,500,116</b>	<b>16,463,317</b>

Total comprehensive income for the half-year is attributable to:

Owners of Lycopodium Limited	18,382,096	16,469,564
Non-controlling interests	118,020	(6,247)
	<b>18,500,116</b>	<b>16,463,317</b>

**Earnings per share for profit attributable to the owners of Lycopodium Limited:**

	Cents	Cents
Basic earnings per share	49.7	38.4
Diluted earnings per share	49.7	38.1



# Consolidated Statement of Financial Position

For the half-year ended 31 December 2022

	Notes	31 December 2022 \$	30 June 2022 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		94,679,058	100,946,619
Trade and other receivables		56,155,709	67,111,605
Inventories		487,868	347,627
Current tax receivables		-	-
Other current assets		9,389,239	5,518,861
<b>Total current assets</b>		<b>160,711,874</b>	<b>173,924,712</b>
<b>Non-current assets</b>			
Investments in listed equities at fair value through profit or loss		2,468,688	2,471,669
Property, plant and equipment		8,343,656	6,897,962
Right-of-use assets		12,086,335	13,687,667
Intangible assets		6,459,539	6,524,274
Other receivables		-	42,459
Deferred tax assets		19,250,479	12,621,890
Investments accounted for using the equity method	5	3,252,948	2,768,361
<b>Total non-current assets</b>		<b>51,861,645</b>	<b>45,014,282</b>
<b>Total assets</b>		<b>212,573,519</b>	<b>218,938,994</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		23,704,498	26,024,079
Contract and other liabilities	3(a)	33,412,375	43,468,918
Borrowings		2,343,112	841,470
Lease liabilities	7	3,248,281	3,426,992
Derivative liabilities		351,753	536,081
Current tax liabilities		21,523,803	18,960,637
Employee benefits		9,232,080	8,869,891
Provisions	8	3,812,663	4,087,367
<b>Total current liabilities</b>		<b>97,628,565</b>	<b>106,215,435</b>
<b>Non-current liabilities</b>			
Borrowings		343,783	683,317
Provisions		722,294	671,369
Lease liabilities	7	10,389,744	11,693,453
<b>Total non-current liabilities</b>		<b>11,455,821</b>	<b>13,048,139</b>
<b>Total liabilities</b>		<b>109,084,386</b>	<b>119,263,574</b>
<b>Net assets</b>		<b>103,489,133</b>	<b>99,675,420</b>
<b>EQUITY</b>			
Contributed equity	9(a)	18,346,212	19,344,160
Reserves	9(b)	(1,623,302)	(337,504)
Retained profits	9(c)	87,173,732	81,496,413
Equity attributable to the owners of Lycopodium Limited		103,972,306	100,503,069
Non-controlling interests	10	(483,173)	(827,649)
<b>Total equity</b>		<b>103,489,133</b>	<b>99,675,420</b>

# Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2022

	Notes	Share capital \$	Retained earnings \$	Foreign currency translation reserve \$	Performance rights reserve \$	Non-controlling interests \$	Total equity \$
<b>Balance at 1 July 2021</b>		20,854,574	67,758,811	(852,957)	623,021	(709,629)	87,673,820
Profit after income tax expense for the half-year		-	15,258,058	-	-	(6,247)	15,251,811
Other comprehensive loss for the half-year, net of tax		-	-	(1,205,259)	-	-	(1,205,259)
<b>Total comprehensive income for the half-year</b>		-	15,258,058	(1,205,259)	-	(6,247)	14,046,552
Foreign currency translation with non-controlling interest		-	-	-	-	(28,676)	(28,676)
Dividends provided for or paid	11	-	(5,961,034)	-	-	-	(5,961,034)
Purchase of share under employee share trust		(903,499)	-	-	-	-	(903,499)
Performance rights - value of rights		-	-	-	199,174	-	199,174
Exercise of performance rights		-	-	-	(62,196)	-	(62,196)
		(903,499)	(5,961,034)	-	136,978	(28,676)	(6,756,231)
<b>Balance at 31 December 2021</b>		19,951,075	77,055,835	(2,058,216)	759,999	(744,552)	94,964,141
<b>Balance at 1 July 2022</b>		19,344,160	81,496,413	(1,670,613)	1,333,109	(827,649)	99,675,420
Profit after income tax expense for the half-year		-	19,983,801	-	-	226,456	20,210,257
Other comprehensive loss for the half-year, net of tax		-	-	(1,483,685)	-	-	(1,483,685)
<b>Total comprehensive income for the half-year</b>		-	19,983,801	(1,483,685)	-	226,456	18,726,572
<i>Transactions with owners in their capacity as owners:</i>							
Foreign currency translation with non-controlling interest		-	-	-	-	118,020	118,020
Dividends provided for or paid	11	-	(14,306,482)	-	-	-	(14,306,482)
Purchase of share under employee share trust		(165,371)	-	-	-	-	(165,371)
Loan shares to senior management (net of dividend received back)		(1,350,000)	-	-	-	-	(1,350,000)
Loan shares - value of rights	9(b)	-	-	-	450,800	-	450,800
Performance rights - value of rights	9(b)	-	-	-	273,962	-	273,962
Tax effect of transfer to cash to employee share trust	9(b)	-	-	-	66,212	-	66,212
Exercise of performance rights	9(b)	593,087	-	-	(593,087)	-	-
		(922,284)	(14,306,482)	-	197,887	118,020	(14,912,859)
<b>Balance at 31 December 2022</b>		18,421,876	87,173,732	(5,875,502)	1,530,996	(483,173)	103,489,133

# Consolidated Statement of Cash Flows

For the half-year ended 31 December 2022

	31 December 2022 \$	31 December 2021 \$
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	162,677,525	96,482,919
Payments to suppliers and employees (inclusive of GST)	(136,471,652)	(92,159,277)
	26,205,873	4,323,642
Interest paid	(40,339)	(445,725)
Income taxes paid	(15,666,271)	(1,283,692)
Interest received	656,789	238,602
<b>Net cash inflow from operating activities</b>	<b>11,156,052</b>	<b>2,832,827</b>
<b>Cash flows from investing activities</b>		
Dividends received from joint ventures and associate	631,049	556,795
Repayment of loans from/(loan to) Joint ventures and associates	20,000	(8,000,000)
Payments for property, plant and equipment	(2,551,304)	(1,270,603)
Proceeds from sale of property, plant and equipment	-	-
Payments for intangible assets	(13,680)	(1,584)
<b>Net cash outflow from investing activities</b>	<b>(1,913,935)</b>	<b>(8,715,392)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	2,648,959	1,328,572
Repayments of borrowings	(1,456,451)	(302,781)
Dividends paid to company's shareholders	(14,306,482)	(5,961,034)
Reduction of lease liability	(2,132,787)	(1,446,638)
Purchase of shares by employee share trust	(365,076)	(903,499)
<b>Net cash outflow from financing activities</b>	<b>(15,611,837)</b>	<b>(7,285,380)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(6,369,720)</b>	<b>(13,167,945)</b>
Cash and cash equivalents at the beginning of the financial year	100,946,619	76,841,139
Effects of exchange rate changes on cash and cash equivalents	102,159	(48,890)
<b>Cash and cash equivalents at end of the half-year ended</b>	<b>94,679,058</b>	<b>63,624,304</b>

# Notes to the Consolidated Financial Statements

## 1. Summary of significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

This general purpose financial statements do 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 2022 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.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

### New or amended Accounting Standards and interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The critical accounting estimates and judgements are consistent with those applied and disclosed in the 30 June 2022 annual report.

## 2. Segment information

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

### (a) Description of segments

The Board considers the business from both a product and geographic perspective and has identified four operating segments of which three are reportable in accordance with the requirements of AASB 8.

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.

The Process Industries segment consists of engineering and related services provided to the manufacturing and renewable energy facilities throughout Australia and South East Asia.

The Project Services - Africa segment consists of project management, construction management and commissioning services provided to the extractive mining industry in Africa.

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.

The remaining operating segments that are not reportable consists of:

<b>Infrastructure:</b>	Asset management, engineering, architectural and project delivery services to a wide range of private and public clients across Australia.
<b>Metallurgical:</b>	Metallurgical consulting providing a range of services to the mineral processing community, primarily in the field of comminution, hydrometallurgy and mineral processing design.
<b>Project Services Asia:</b>	Provision of drafting services for offshore Lycopodium entities.

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

# Notes to the Consolidated Financial Statements

## 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 2022 and 2021 are as follows:

Half-Year 2022	Minerals			Project Services - Africa	Process Industries	Other	Total
	Asia Pacific	North America	Africa				
Total segment revenue	86,619,769	38,965,454	27,327,484	5,826,921	5,555,038	18,349,426	182,644,092
Inter-segment revenue	(373,578)	(14,960,201)	-	-	(82,221)	(8,080,520)	(23,496,520)
Revenue from external customers	<b>86,246,191</b>	<b>24,005,253</b>	<b>27,327,484</b>	<b>5,826,921</b>	<b>5,472,817</b>	<b>10,268,906</b>	<b>159,147,572</b>
Profit / (Loss) before tax	12,175,225	5,185,764	3,618,867	1,577,214	1,527,174	3,362,571	27,446,815
Depreciation and amortisation	183,609	123,661	322,286	60,809	66,526	498,588	1,255,479
Income tax benefit / (expense)	(3,650,976)	(634,926)	(887,260)	(410,727)	(424,959)	(1,027,329)	(7,036,177)
Total segment assets	<b>58,766,741</b>	<b>56,181,039</b>	<b>41,099,394</b>	<b>14,415,309</b>	<b>8,486,712</b>	<b>19,071,327</b>	<b>198,020,522</b>
Total segment liabilities	<b>30,041,158</b>	<b>48,176,198</b>	<b>25,629,748</b>	<b>11,889,182</b>	<b>5,458,931</b>	<b>6,953,17</b>	<b>128,148,387</b>

Half-Year 2021	Minerals			Project Services - Africa	Process Industries	Other	Total
	Asia Pacific	North America	Africa				
Total segment revenue	52,518,053	19,282,176	16,478,307	2,846,486	4,613,210	14,228,879	109,967,110
Inter-segment revenue	(891,593)	(1,603,661)	-	-	(557,216)	(5,337,418)	(8,389,618)
Revenue from external customers	<b>51,626,459</b>	<b>17,678,515</b>	<b>16,478,307</b>	<b>2,846,486</b>	<b>4,055,994</b>	<b>8,891,730</b>	<b>101,577,492</b>
Profit before tax	<b>22,508,407</b>	<b>991,405</b>	<b>1,158,966</b>	<b>856,094</b>	<b>416,898</b>	<b>815,954</b>	<b>26,747,725</b>
Depreciation and amortisation	282,541	186,004	314,965	60,983	94,161	464,143	1,402,797
Income tax benefit / (expense)	(6,720,048)	-	(256,867)	(236,769)	(109,632)	(228,464)	(7,551,779)

# Notes to the Consolidated Financial Statements

## 2. Segment information (continued)

### (b) 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 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:

	31 December 2022 \$	31 December 2021 \$
Reportable segment revenue	159,147,572	101,577,492
Unallocated	792,162	801,820
<b>Revenue as per statement of profit or loss and other comprehensive income</b>	<b>159,939,734</b>	<b>102,379,312</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 Consolidated Statement of Profit or Loss and other comprehensive income is provided as follows:

	31 December 2022 \$	31 December 2021 \$
Segment profit before tax	27,446,815	26,747,725
Unallocated	1,287,935	(4,798,020)
<b>Profit before income tax as per statement of profit or loss and other comprehensive income</b>	<b>28,734,750</b>	<b>21,949,705</b>

#### (ii) 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 follows:

	31 December 2022 \$	30 June 2022 \$
Reportable segment assets	198,020,522	179,340,618
Intersegment eliminations	(28,532,828)	(11,298,480)
Intangibles arising on consolidation	6,126,228	6,126,228
Unallocated	36,959,597	44,770,628
<b>Total assets as per the Consolidated Statement of Financial Position</b>	<b>212,573,519</b>	<b>218,938,944</b>

# Notes to the Consolidated Financial Statements

## 2. Segment information (continued)

### (b) Other segment information

#### (iv) Segment liabilities

Reportable segments' liabilities are reconciled to total liabilities as follows:

	31 December 2022 \$	30 June 2022 \$
Reportable segment liabilities	128,148,387	120,014,264
Intersegment eliminations	(29,009,809)	(11,304,983)
Unallocated	9,945,808	10,554,293
<b>Total liabilities as per the Consolidated Statement of Financial Position</b>	<b>109,084,386</b>	<b>119,263,574</b>

## 3. Revenue from contract with customers

Revenue from contracts with customers for the half-year ended 31 December 2022 and 2021 are as follows:

	2022			2021		
	Engineering & related services \$	Construction contracts \$	Total \$	Engineering & related services \$	Construction contracts \$	Total \$
Minerals	89,972,963	47,605,965	137,578,928	58,355,586	27,427,695	85,783,281
Project Services - Africa	5,826,921	-	5,826,921	2,846,486	-	2,846,486
Process Industries	5,555,038	-	5,555,038	4,055,994	-	4,055,994
Other	9,676,930	-	9,676,930	8,617,582	-	8,617,582
<b>Total revenue</b>	<b>111,031,852</b>	<b>47,605,965</b>	<b>158,637,817</b>	<b>73,875,648</b>	<b>27,427,695</b>	<b>101,303,343</b>

### (a) Assets and liabilities related to contracts with customers

	31 December 2022 \$	30 June 2022 \$
<b>Total contract assets</b>	-	-
Advances received for construction contract work	17,265,533	29,337,296
Deferred services income	16,146,842	14,131,622
<b>Total contract liabilities</b>	<b>33,412,375</b>	<b>43,468,918</b>

Advances received for construction contract work and deferred services income represent customer payments received in advance of performance (contract liabilities) that are expected to be recognised as revenue in the next 12 months.

# Notes to the Consolidated Financial Statements

## 4. Income tax expense

### (a) Income tax expense

	31 December 2022 \$	31 December 2021 \$
Current tax on profits for the year	13,106,138	6,323,504
Deferred tax on profits for the year	(5,736,411)	368,143
Adjustments for current tax of prior periods	1,381,222	-
	<b>8,750,949</b>	<b>6,691,647</b>

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

### (a) Investments in joint ventures and associates

	Consolidated entity	
	31 December 2022 \$	30 June 2022 \$
Investments in joint ventures	1,037,660	819,990
Investments in associates	2,215,288	1,948,371
Carrying amount at the end of the financial period	<b>3,252,948</b>	<b>2,768,361</b>

### (b) Investment in Joint Ventures

Name of Joint Venture	Country of Incorporation & Principal Place of Business	Principal Activities	Proportion of Ownership Interest Held by the Group	
			31 December 2022	31 December 2021
Mondium Pty Ltd ('Mondium')	Australia	Engineering and construction services	40%	40%
Orway IQ Pty Ltd ('OIQ') Incorporated in May 2019	Australia	Remote optimisation consulting services	50%	50%

The Group's share of the results of its principal associates:

	31 December 2022 \$	31 December 2021 \$
Profit from continuing operations	217,670	(2,093,622)
Other comprehensive income	-	-
Total comprehensive income	<b>217,670</b>	<b>(2,093,622)</b>



# Notes to the Consolidated Financial Statements

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

### c) Investment in Associates

Name of Associate	Country of Incorporation & Principal Place of Business	Principal Activities	Proportion of Ownership Interest Held by the Group	
			31 December 2022	31 December 2021
ECG Engineering Pty Ltd	Australia	Electrical engineering services	31%	31%
Kholo Marine & Minerals (Pty) Ltd Incorporated July 2019	South Africa	Engineering and consulting services	49%	49%

The Group's share of the results of its principal associates:

	31 December 2022 \$	31 December 2021 \$
Profit from continuing operations	897,966*	482,708
Other comprehensive income	-	-
Total comprehensive income	897,966	482,708

\*From the profit from continuing operations, \$631,049 was received as dividends during the period ended 31 December 2022.

## 6. Fair value measurement of financial instruments

The following table details the group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement being:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The group considers all investments to be Level 1 investments.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>31 December 2022</b>				
<b>Financial assets / (liabilities)</b>				
Listed Securities	2,468,688	-	-	2,468,688
Derivative Liabilities	-	(351,753)	-	(351,753)
Net fair value	2,468,688	(351,753)	-	2,116,935
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>30 June 2022</b>				
<b>Financial assets / (liabilities)</b>				
Listed Securities	2,471,669	-	-	2,471,669
Derivative Liabilities	-	(536,081)	-	(536,081)
Net fair value	2,471,669	(536,081)	-	1,935,588

There were no transfers between Level 1 and Level 2 during the financial half-year.

# Notes to the Consolidated Financial Statements

## 7. Lease Liabilities

	31 December 2022 \$	30 June 2022 \$
Lease liabilities pertaining to leased properties		
Current	3,248,281	3,426,992
Non-current	10,389,744	11,693,453

## 8. Current liabilities - Provisions

	31 December 2022 \$	30 June 2022 \$
Service and equipment warranties	3,812,663	4,087,367

### (a) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

Consolidated entity	Service and equipment warranties \$	Total \$
Carrying amount at 1 July 2022	4,087,367	4,087,367
Provision reversed during the period	(77,471)	(77,471)
Charged/(credited) to profit or loss	-	-
Foreign exchanges difference	(197,233)	(197,233)
<b>Carrying amount at 31 December 2022</b>	<b>3,812,663</b>	<b>3,812,663</b>

The Group recognises service and equipment warranty provisions in accordance with its current policy. The amount provided takes into account the percentage completion of the project, forecast to complete costs plus any close-out obligations and potential contractual liabilities during the warranty period.

# Notes to the Consolidated Financial Statements

## 9. Contributed equity

### (a) Share capital

	31 December 2022 Shares	30 June 2022 Shares	31 December 2022 \$	30 June 2022 \$
Ordinary shares				
Fully paid	39,740,226	39,740,226	20,854,574	20,854,574
Less: Treasury shares (Employee Share Trust)	(63,824)	(153,921)	(180,871)	(608,586)
Less: Loan funded shares to senior management	(350,000)	(150,000)	(2,251,827)	(901,828)
Balance at the end of the period	39,326,402	39,436,305	18,421,876	19,344,160

### (b) Reserves

	31 December 2022 \$	30 June 2022 \$
Performance rights reserve	1,530,996	1,333,109
Foreign currency translation reserve	(3,124,298)	(1,670,613)
	(1,623,302)	(337,504)

  

	31 December 2022 \$	30 June 2022 \$
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#### Movements:

##### Performance rights reserve

	31 December 2022 \$	30 June 2022 \$
Opening Balance	1,333,109	623,021
Performance rights plan expense	273,962	487,419
Loan funded shares	450,800	220,500
Transfer to share capital - exercise of rights	(593,087)	(281,107)
Tax effect of transfer to cash to employee share trust	66,212	283,276
Balance at the end of the period	1,530,996	1,333,109

##### Foreign currency translation reserve

	31 December 2022 \$	30 June 2022 \$
Opening Balance	(1,670,613)	(852,957)
Currency translation differences arising during the year	(1,483,685)	(817,656)
Balance at the end of the period	(3,154,298)	(1,670,613)

# Notes to the Consolidated Financial Statements

## 9. Contributed equity (continued)

### (c) Retained earnings

	31 December 2022 \$	30 June 2022 \$
Balance 1 July	81,496,413	67,758,814
Net profit for the period	19,983,801	26,851,874
Dividends paid or payable	(14,306,482)	(13,114,275)
Balance at the end of the period	87,173,732	81,496,413

## 10. Non-controlling interests

	31 December 2022 \$	30 June 2022 \$
Interest in:		
Share capital	13,264	13,264
Reserves	4,003	4,003
Non-controlling interest on acquisition	(288,240)	(288,240)
Retained earnings	(212,200)	(556,676)
	(483,173)	(827,649)

## 11. Dividends

### (a) Ordinary shares

	31 December 2022 \$	31 December 2021 \$
Final dividend for the year ended 30 June 2022 of 36.0 cents (2021: 15.0 cents) per fully paid share paid on 7 October 2022 (2021: 8 October 2021)		
Fully franked based on tax paid @ 30% (2021: 30%)	14,306,482	5,961,034

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

	31 December 2022 \$	31 December 2021 \$
Since half-year end the Directors have recommended the payment of an interim dividend of 36.0 cents per fully paid ordinary share (2021: 18.0 cents), fully franked based on tax paid at 30% (2021: 30%). The aggregate amount of the proposed dividend expected to be paid on 6 April 2023 out of Group retained earnings at 31 December 2022, but not recognised as a liability at period end	14,306,482	7,153,241

# Notes to the Consolidated Financial Statements

## 12. 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 2023 financial year. The total amount of dividend is \$14,306,482 which represents a fully franked dividend of 36.0 cents per fully paid ordinary share.

With the exceptions of the above, no other matter or circumstance that has arisen since 31 December 2022 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.

# Directors' Declaration

In the Directors' opinion:

- (a) the attached financial statements and notes comply with the Corporations Act 2001, Australia Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- (b) the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- (c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



**Peter De Leo**  
Managing Director  
Perth  
22 February 2023

# Independent Auditor's Review Report



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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of LYCOPODIUM LIMITED

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the accompanying half-year financial report of Lycopodium Limited which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes to the consolidated financial statements comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 2022 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*.

#### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Lycopodium Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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# Independent Auditor's Review Report



## *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 internal 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 for the Review of the Financial Report*

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 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 31 December 2022 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*.

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.

A handwritten signature in black ink, appearing to read 'James Komninos'.

James Komninos  
Partner

A handwritten version of the RSM logo in black ink.

RSM AUSTRALIA PARTNERS

Perth, WA  
Dated: 22 February 2023



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