

Lycopodium Limited

ABN 83 098 556 159

Interim Financial Report 31 December 2016

Lycopodium Limited ABN 83 098 556 159
ASX Half-year information - 31 December 2016

Lodged with the ASX under Listing Rule 4.2A.
This information should be read in conjunction with the
30 June 2016 Annual report

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Results for announcement to the market

				\$
Revenue from ordinary activities (Appendix 4D item 2.1)	Up	67.1%	to	102,035,926
Profit from ordinary activities after tax attributable to members (Appendix 4D item 2.2)	Up	850.5%	to	5,270,706
Net profit for the period attributable to members	Up	850.5%	to	5,270,706

	cents	cents
Dividends / distributions (Appendix 4D item 2.4)	Amount per security	Franked amount per security
Final dividend (Prior year)	4.0	4.0
Interim dividend recommended but not provided for	9.0	9.0

Key ratios	2016	2015
	December	December
Net tangible assets per ordinary shares (cents)	153	134

Record date for determining entitlements to the interim dividend is 31 March 2017.

The Directors have recommended the payment of the interim dividend of 9.0 cents per fully paid ordinary share, fully franked based on a tax paid at 30% to be paid on 13 April 2017.

Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the consolidated financial statements for the half-year ended 31 December 2016.

Changes in controlled entities

No changes to control over any material entities during the half year ended 31 December 2016.

Lycopodium Limited ABN 83 098 556 159
Interim Financial Report - 31 December 2016

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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 2016 and any public announcements made by Lycopodium Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

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

Its registered office and principal place of business is:

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

Directors' Report

Your Directors present their report on the consolidated entity ("the group") consisting of Lycopodium Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2016.

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

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	
	2016	2015	2016	2015
	\$	\$	\$	\$
Corporate Services	4,297,474	1,681,694	381,726	(71,391)
Minerals	94,959,401	50,442,012	5,533,905	1,030,821
Other	19,568,349	16,505,431	1,751,398	483,833
Intersegment eliminations	(16,789,298)	(7,560,545)		
Unallocated revenue less unallocated expenses			(259,212)	(22,500)
Total revenue / profit before income tax expense	102,035,926	61,068,592	7,407,817	1,420,763
Income tax expense			(2,147,756)	(763,676)
Profit for the half-year			5,260,061	657,087
Profit / (Loss) attributable to non-controlling interests			10,645	(102,569)
Profit attributable to owners of Lycopodium Ltd			5,270,706	554,518

(a) *Corporate Services*

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

(b) *Minerals*

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

(c) *Other*

All other operating segments of the group are aggregated on the basis of them being individually immaterial for the purpose of reporting.

Significant changes in the state of affairs

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 2017 financial year. The total amount of dividend is \$3,575,914 which represents a fully franked dividend of 9.0 cents per fully paid ordinary share.

With the exceptions of the above, no other matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect:

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

Auditor's independence declaration

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

Auditor

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

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



Peter De Leo
Managing Director

Perth
23 February 2017



Grant Thornton

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Lycopodium Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M J Hillgrove
Partner - Audit & Assurance

Perth, 23 February 2017

Grant Thornton Audit Pty Ltd ACN 130 913 594
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Lycopodium Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2016

		Half-year	
	Notes	2016	2015
		\$	\$
Revenue from operations		102,035,926	61,068,592
Employee benefits expense		(29,556,001)	(29,310,535)
Depreciation and amortisation expense		(581,664)	(722,847)
Project expenses		(2,942,343)	(2,251,877)
Equipment and materials used		(32,695,654)	(6,431,679)
Contractors		(22,189,871)	(14,346,547)
Occupancy expense		(3,818,310)	(4,217,389)
Profit / (Loss) on disposal of asset		929	(204)
Other expenses		(2,991,961)	(2,839,985)
Impairment of goodwill	3	(263,242)	-
Finance costs		(40,590)	(40,292)
Share of net profit of associate and joint ventures accounted for using the equity method		<u>450,598</u>	513,526
Profit before income tax		7,407,817	1,420,763
Income tax expense	4	<u>(2,147,756)</u>	(763,676)
Profit for the half-year		5,260,061	657,087
Other comprehensive income/(loss)			
<i>Items that may be reclassified to profit or loss</i>			
Changes in the fair value of available-for-sale financial assets	7(a)	21	(2,700)
Exchange differences on translation of foreign operations	7(a)	452,797	(1,832,013)
Income tax relating to components of other comprehensive income		(9)	810
Other comprehensive income/(loss) for the half-year, net of tax		<u>452,809</u>	(1,833,903)
Total comprehensive income/(loss) for the half-year		<u>5,712,870</u>	(1,176,816)
Profit for the half-year is attributable to:			
Owners of Lycopodium Limited		5,270,706	554,518
Non-controlling interests		<u>(10,645)</u>	102,569
		<u>5,260,061</u>	657,087
Total comprehensive income/(loss) for the half-year is attributable to:			
Owners of Lycopodium Limited		5,723,515	(1,279,385)
Non-controlling interests		<u>(10,645)</u>	102,569
		<u>5,712,870</u>	(1,176,816)
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share		13.3	1.4
Diluted earnings per share		13.3	1.4

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

Lycopodium Limited
Consolidated Balance Sheet
As at 31 December 2016

	31 December 2016	30 June 2016
Notes	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	83,871,961	41,547,757
Trade and other receivables	45,329,369	26,525,309
Inventories	547,291	703,686
Current tax receivables	247,653	1,008,816
Other current assets	2,539,648	1,793,028
Total current assets	132,535,922	71,578,596
Non-current assets		
Available-for-sale financial assets	102,983	102,953
Property, plant and equipment	2,887,639	2,343,796
Intangible assets	7,499,991	7,907,733
Other receivables	509,998	521,898
Deferred tax assets	2,065,605	2,782,541
Investments accounted for using the equity method	5 1,910,556	1,768,751
Total non-current assets	14,976,772	15,427,672
Total assets	147,512,694	87,006,268
LIABILITIES		
Current liabilities		
Trade and other payables	76,001,037	21,436,955
Borrowings	1,047,370	89,879
Derivative financial instruments	218,673	-
Current tax liabilities	962,690	508,544
Total current liabilities	78,229,770	22,035,378
Non-current liabilities		
Borrowings	473,986	-
Provisions	571,546	639,873
Total non-current liabilities	1,045,532	639,873
Total liabilities	79,275,302	22,675,251
Net assets	68,237,392	64,331,017
EQUITY		
Contributed equity	6 20,823,772	20,823,772
Reserves	7(a) (647,163)	(840,944)
Retained profits	7(b) 44,966,905	41,285,494
Parent entity interest	65,143,514	61,268,322
Non-controlling interests	8 3,093,878	3,062,695
Total equity	68,237,392	64,331,017

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

Lycopodium Limited
Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2016

	Notes	Contributed equity \$	Retained earnings \$	Foreign currency translation reserve \$	Available for sale investment revaluation reserve \$	Performance rights reserve \$	Non-controlling interests \$	Total equity \$
Balance at 1 July 2015		20,823,772	38,718,003	577,285	(81,900)	259,037	2,936,729	63,232,926
Profit for the half-year		-	554,518	-	-	-	102,569	657,087
Other comprehensive loss		-	-	(1,832,012)	(1,890)	-	-	(1,833,902)
Total comprehensive income for the half-year		-	554,518	(1,832,012)	(1,890)	-	102,569	(1,176,815)
Transactions with owners in their capacity as owners:								
Foreign currency translation with non-controlling interest		-	-	-	-	-	(23,950)	(23,950)
Balance at 31 December 2015		20,823,772	39,272,521	(1,254,727)	(83,790)	259,037	3,015,348	62,032,161
Balance at 1 July 2016		20,823,772	41,285,494	(1,016,051)	(83,930)	259,037	3,062,695	64,331,017
Profit for the half-year	9	-	5,270,706	-	-	-	(10,645)	5,260,061
Other comprehensive income		-	-	452,797	21	-	-	452,818
Total comprehensive income for the half-year		-	5,270,706	452,797	21	-	(10,645)	5,712,879
Transactions with owners in their capacity as owners:								
Foreign currency translation with non-controlling interest		-	-	-	-	-	41,828	41,828
Dividends provided for or paid	7	-	(1,589,295)	-	-	-	-	(1,589,295)
Performance rights - expired		-	-	-	-	(259,037)	-	(259,037)
		-	(1,589,295)	-	-	(259,037)	41,828	(1,806,504)
Balance at 31 December 2016		20,823,772	44,966,905	(563,254)	(83,909)	-	3,093,878	68,237,392

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

Lycopodium Limited
Consolidated Statement of Cash Flows
For the half-year ended 31 December 2016

	Half-year	
Notes	2016 \$	2015 \$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	125,137,622	63,200,526
Payments to suppliers and employees (inclusive of goods and services tax)	(82,599,379)	(63,955,400)
Interest received	623,686	505,236
Interest paid	(16,309)	(27,672)
Income taxes (paid)/received	(215,561)	2,911,846
Net cash inflow from operating activities	<u>42,930,059</u>	<u>2,634,536</u>
Cash flows from investing activities		
Dividends received from joint ventures and associate	308,793	1,000,000
Payments for property, plant and equipment	(1,002,423)	(33,469)
Payments for available-for-sale financial assets	-	(70,104)
Proceeds from sale of property, plant and equipment	6,559	-
Payments for intangible assets	(32,766)	(14,000)
Payments for investment in associate	-	(387,500)
Net cash (outflow)/inflow from investing activities	<u>(719,837)</u>	<u>494,927</u>
Cash flows from financing activities		
Proceeds from borrowings	2,025,868	804,015
Repayments of borrowings	(618,632)	(420,121)
Dividends paid to company's shareholders	(1,589,295)	-
Repayments of hire purchase and lease liabilities	-	(144,396)
Proceeds from repayment of loans under the senior manager share acquisition plan	11,900	22,116
Net cash (outflow)/inflow from financing activities	<u>(170,159)</u>	<u>261,614</u>
Net increase in cash and cash equivalents	42,040,063	3,391,077
Cash and cash equivalents at the beginning of the financial year	41,547,757	32,440,938
Effects of exchange rate changes on cash and cash equivalents	284,141	(1,832,013)
Cash and cash equivalents at end of period	<u>83,871,961</u>	<u>34,000,002</u>

During the half-year, \$1,002,423 (2015: \$33,469) of property, plant and equipment was acquired, of which \$794,557 was financed through finance lease (2015: Nil).

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

1 Summary of significant accounting policies

This condensed consolidated interim financial report for the half year reporting period ended 31 December 2016 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by Lycopodium Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(a) Basis of preparation

New and amended standards adopted by the Group

The accounting policies adopted in the preparation of the interim financial reports are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2016. A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Impact of standards issued but not yet applied by the Group

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

Critical accounting estimates and judgements

The critical accounting estimates and judgements are consistent with those applied and disclosed in the 30 June 2016 annual report.

2 Segment information

(a) Description of segments

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

The Board considers the business from both a product and geographic perspective and has identified nine operating segments of which two (2015: two) are reportable in accordance with the requirements of AASB 8.

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

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

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

2 Segment information (continued)

(b) Other segment information

The segment information provided to the Board of Directors for the reportable segments for the half-year ended 31 December 2016 and 2015 are as follows:

Half-year 2016	Corporate Services	Minerals	Other	Total
	\$	\$	\$	\$
Total segment revenue	4,297,474	94,959,401	19,568,349	118,825,224
Inter-segment revenue	(4,041,600)	(3,236,830)	(9,510,868)	(16,789,298)
Revenue from external customers	255,874	91,722,571	10,057,481	102,035,926
Profit / (loss) before tax	381,726	5,533,905	1,755,428	7,671,059
Total segment assets	17,294,227	107,332,324	21,743,887	146,370,438
Half-year 2015	Corporate Services	Minerals	Other	Total
	\$	\$	\$	\$
Total segment revenue	1,681,694	50,442,012	16,505,432	68,629,138
Inter-segment revenue	(1,166,055)	(2,659,008)	(3,735,483)	(7,560,546)
Revenue from external customers	515,639	47,783,004	12,769,949	61,068,592
Profit / (loss) before tax	(71,391)	1,030,821	483,833	1,443,263
Total segment assets - as at 30 June 2016	16,922,240	49,304,279	16,645,893	82,872,412

2 Segment information (continued)

(i) Segment revenue

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

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

	Half-year	
	2016	2015
	\$	\$
Reportable segment revenue	118,825,224	68,629,138
Intersegment eliminations	(16,789,298)	(7,560,546)
Revenue as per statement of profit or loss and other comprehensive income	102,035,926	61,068,592

(ii) Segment profit before tax

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

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

	Half-year	
	2016	2015
	\$	\$
Reportable segment profit before tax	7,671,059	1,443,263
Goodwill impairment	(263,242)	-
Amortisation of customer relationships	-	(22,500)
Profit before income tax as per statement of profit or loss and other comprehensive income	7,407,817	1,420,763

2 Segment information (continued)

(iii) Segment assets

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

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

	31 December 2016 \$	30 June 2016 \$
Reportable segment assets	146,370,438	82,872,412
Intersegment eliminations	(6,079,020)	(3,350,662)
Intangibles arising on consolidation	7,221,276	7,484,518
Total assets as per the Consolidated Balance Sheet	147,512,694	87,006,268

3 Impairment of goodwill

(a) Impairment charge

A further reduction in goodwill of \$263,242 was recognised during the period, on top of the \$500,000 already recognised in the 2016 financial year as a result of the soft market conditions in that sector. This represents the full write-down of goodwill relating to the Process Industries cash-generating unit.

4 Income tax expense

(a) Income tax expense

	Half-year	
	2016	2015
	\$	\$
Current tax	2,024,075	290,528
Deferred tax	156,439	80,227
Adjustments for current tax of prior periods	(32,758)	392,921
	<u>2,147,756</u>	<u>763,676</u>

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

	Half-year	
	2016	2015
	\$	\$
Profit before income tax expense	7,407,817	1,420,763
Tax at the Australian tax rate of 30% (2015: 30%)	2,222,345	426,229
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Goodwill impairment	78,973	-
Sundry items	307,059	429,816
	<u>2,608,377</u>	<u>856,045</u>
Adjustments for current tax of prior periods - under/(over) provision of prior year income tax	(32,758)	392,921
Difference in overseas tax rates	(79,576)	(28,611)
Previously unrecognised tax losses now recouped to reduce current tax expense	(466,812)	(68,789)
Previously recognised tax losses now utilised	526,302	-
Deferred taxes not recognised	(272,598)	(233,832)
Share of net profit accounted for using the equity method	(135,179)	(154,058)
Income tax expense	<u>2,147,756</u>	<u>763,676</u>

(c) Amounts recognised directly in equity

	Half-year	
	2016	2015
	\$	\$
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss and other comprehensive income but directly debited or credited to equity:		
Current tax - credited directly to equity	<u>9</u>	<u>(810)</u>

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

	31 December 2016 \$	30 June 2016 \$
Investment in joint ventures	874,377	1,015,900
Investment in associate	1,036,179	752,851
	1,910,556	1,768,751

(a) Details of associates and joint ventures entities

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit/(loss) after income tax expense	
	31 December 2016 %	31 December 2015 %	31 December 2016 \$	31 December 2015 \$
Pilbara EPCM Pty Ltd	50	50	108,478	426,559
ECG Engineering Pty Ltd	31	31	342,120	86,967
Mondium Pty Ltd	40	-	-	-
Total			450,598	513,526

6 Contributed equity

(a) Share capital

	31 December 2016 Shares	30 June 2016 Shares	31 December 2016 \$	30 June 2016 \$
Ordinary shares Fully paid	39,732,373	39,732,373	20,823,772	20,823,772

(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue price \$
1 July 2015	Opening balance	39,732,373	20,823,772
	No movements during the year	-	-
30 June 2016	Closing balance	<u>39,732,373</u>	<u>20,823,772</u>
1 July 2016	Opening balance	39,732,373	20,823,772
	No movements during the year	-	-
31 December 2016	Closing balance	<u>39,732,373</u>	<u>20,823,772</u>

7 Reserves

(a) Reserves

	31 December 2016 \$	30 June 2016 \$
Available-for-sale investment revaluation reserve	(83,909)	(83,930)
Performance rights reserve	-	259,037
Foreign currency translation reserve	(563,254)	(1,016,051)
	<u>(647,163)</u>	<u>(840,944)</u>

	31 December 2016 \$	30 June 2016 \$
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Movements:

Available-for-sale investment revaluation reserve

Balance 1 July	(83,930)	(81,900)
Revaluation - gross	30	(2,900)
Deferred tax	(9)	870
Balance 31 December / 30 June	<u>(83,909)</u>	<u>(83,930)</u>

Performance rights reserve

Balance 1 July	259,037	259,037
Expiry of performance rights	(259,037)	-
Balance 31 December / 30 June	<u>-</u>	<u>259,037</u>

Foreign currency translation reserve

Balance 1 July	(1,016,051)	577,285
Currency translation differences arising during the year	452,797	(1,593,336)
Balance 31 December / 30 June	<u>(563,254)</u>	<u>(1,016,051)</u>

7 Reserves (continued)

(b) Retained earnings

Movements in retained earnings were as follows:

	31 December 2016 \$	30 June 2016 \$
Balance 1 July	41,285,494	38,718,003
Net profit for the half-year / year	5,270,706	3,163,478
Dividends paid or payable	(1,589,295)	(595,987)
Balance 31 December / 30 June	<u>44,966,905</u>	<u>41,285,494</u>

8 Non-controlling interests

	31 December 2016 \$	30 June 2016 \$
Interest in:		
Share capital	14,937	14,937
Reserves	19,490	23,986
Retained earnings	3,059,451	3,023,772
	<u>3,093,878</u>	<u>3,062,695</u>

9 Dividends

(a) Ordinary shares

	Half-year 31 December 2016 \$	31 December 2015 \$
Final dividend for the year ended 30 June 2016 of 4.0 cents (2015: 0 cents) per fully paid share paid on 14 October 2016		
Fully franked based on tax paid @ 30% (2015: 30%)	<u>1,589,295</u>	-

9 Dividends (continued)

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

	Half-year 31 December 2016 \$	31 December 2015 \$
Since half-year end the Directors have recommended the payment of an interim dividend of 9.0 cents per fully paid ordinary share (2015: 1.5 cents), fully franked based on tax paid at 30% (2015: 30%). The aggregate amount of the proposed dividend expected to be paid on 13 April 2017 out of Group retained earnings at 31 December 2016, but not recognised as a liability at period end, is	<u>3,575,914</u>	<u>595,986</u>

10 Contingencies

(a) Contingent liabilities

(i) Guarantees

Guarantees are given in respect of rental bonds of \$1,935,610 (2015: \$1,664,122) and performance bonds of USD8,951,430 (2015: Nil).

The performance bonds are issued to various clients for satisfactory contract performance.

No material losses are anticipated in respect of any of the above contingent liabilities (2015: Nil).

11 Related party transactions

(a) Transactions with other related parties

The following transactions occurred with related parties:

	Half-year 31 December 2016 \$	31 December 2015 \$
<i>Sales of goods and services</i>		
Sales to joint venture	337,340	651,315
<i>Purchases of goods and services</i>		
Purchases from joint ventures and associate	2,188,083	252,124

11 Related party transactions (continued)

(b) Loans to/from related parties

	31 December 2016 \$	30 June 2016 \$
<i>Loans to associate</i>		
Beginning of the year	387,500	-
Loan advanced	-	387,500
End of period	<u>387,500</u>	<u>387,500</u>

(c) Terms and conditions

Purchases and sales of goods and services with the joint ventures are made at cost.

Purchases and sales of goods and services with the associate are made at arms-length.

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 2017 financial year. The total amount of dividend is \$3,575,914 which represents a fully franked dividend of 9.0 cents per fully paid ordinary share.

With the exceptions of the above, no other matter or circumstance that has arisen since 31 December 2016 that has significantly affected or may significantly affect:

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

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 8 to 21 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting*, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Peter De Leo
Managing Director

Perth
23 February 2017

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF LYCOPodium LIMITED

We have reviewed the accompanying half-year financial report of Lycopodium Limited (the "Company"), which comprises the consolidated financial statements being the consolidated balance sheet as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Lycopodium Limited consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Lycopodium Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M J Hillgrove
Partner - Audit & Assurance

Perth, 23 February 2017