



# Interim Financial Report

**31 DECEMBER 2020**

Lycopodium Limited  
ABN 83 098 556 159





# CORPORATE DIRECTORY

## Board of Directors

**Michael John Caratti**  
*Non-Executive Chairman*

**Peter De Leo**  
*Managing Director*

**Rodney Lloyd Leonard**  
*Non-Executive Director*

**Robert Joseph Osmetti**  
*Non-Executive Director*

**Bruno Ruggiero**  
*Executive Director*

**Karl Anthony Cicanese**  
*(Appointed 23 November 2020)*  
*Executive Director*

**Peter Anthony Dawson**  
*(Resigned 28 July 2020)*  
*Executive Director*

**Lawrence William Marshall**  
*Non-Executive, Independent Director*

**Steven John Micheil Chadwick**  
*Non-Executive, Independent Director*

## Audit Committee

**Peter De Leo**  
**Rodney Leonard**  
**Lawrence William Marshall**

## Remuneration Committee

**Michael John Caratti**  
**Lawrence William Marshall**  
**Steven Chadwick**

## Risk Committee

**Peter De Leo**  
**Rodney Leonard**  
**Bruno Ruggiero**  
**Lawrence Marshall**

## Company Secretary

**Justine Campbell**

## Registered and Principal Office

Level 5, 1 Adelaide Terrace  
East Perth, Western Australia 6004  
+61 (0)8 6210 5222

## Share Registry

**Computershare Investor Services Pty Limited**  
Level 11, 172 St Georges Terrace  
Perth, Western Australia 6000  
+61 (0)8 9323 2000

## Lawyers to the Company

**Clyde & Co.**  
Level 28, 197 St Georges Terrace  
Perth, Western Australia 6000  
+61 (0)8 6145 1700

## Auditors

**RSM Australia Partners**  
Level 32, Exchange Tower  
2 The Esplanade  
Perth, Western Australia 6000  
+61 (0)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 2020

Lodged with the ASX under Listing Rule 4.2A.  
This information should be read in conjunction with the  
30 June 2020 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 2020 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

Your Directors present their report on the consolidated entity consisting of Lycopodium Limited and the entities it controlled at the end of, or during, the half-year ended ended 31 December 2020

## 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

Bruno Ruggiero

Lawrence William Marshall

Steven John Micheil Chadwick

Mr Karl Anthony Cicanese was appointed as an Executive Director on 23 November 2020 and continues in office at the date of this report.

Mr Peter Anthony Dawson resigned as an Executive Director on 28 July 2020.

## 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	
	2020 \$	2019 \$	2020 \$	2019 \$
Minerals - Asia Pacific	36,793,452	72,012,146	5,445,650	10,860,278
Minerals - North America	11,469,909	18,615,588	882,755	(743,989)
Minerals - Africa	14,343,589	19,046,768	(256,650)	(196,734)
Project Services - Africa	209,044	5,320,939	(18,735)	3,440,528
Process Industries	3,276,267	2,625,878	120,568	(15,150)
Other	12,516,325	14,488,872	1,994,527	877,712
Intersegment eliminations	(14,175,859)	(34,570,551)		
Unallocated	6,609,875	12,747,242	(84,906)	(1,590,573)
<b>Total revenue / profit before income tax expense</b>	<b>71,042,602</b>	<b>110,286,882</b>	<b>8,083,209</b>	<b>12,632,072</b>
Income tax expense			(1,847,737)	(3,768,665)
Profit for the half-year			6,235,472	8,863,407
Less (profit)/loss attributable to non-controlling interests			84,419	108,847
<b>Profit attributable to owners of Lycopodium Ltd</b>			<b>6,319,891</b>	<b>8,972,254</b>

### (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.

# DIRECTORS' REPORT (continued)

## Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company 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 2021 financial year. The total amount of dividend is \$3,974,022 which represents a fully franked dividend of 10.0 cents per fully paid ordinary share.

With the exceptions of the above, no other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect:

- (a) the Company's operations in future financial periods, or
- (b) the results of those operations in future financial periods, or
- (c) the Company'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 6. This report is made in accordance with a resolution of Directors.



**Peter De Leo**

*Managing Director*

Perth

Date: 24 February 2021

# 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

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## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Lycopodium Limited for the half year ended 31 December 2020, 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.

RSM AUSTRALIA PARTNERS

Perth, WA  
Dated: 24 February 2021

James Komninos  
Partner

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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 2020

	Notes	31 December 2020 \$	31 December 2019 \$
Revenue from contracts with customers		68,238,755	108,597,280
Interest income		358,841	747,670
Other income		2,445,006	941,932
<b>Total income</b>	3	<b>71,042,602</b>	<b>110,286,882</b>
Employee benefits expense		(29,088,542)	(34,113,400)
Depreciation and amortisation expense		(2,431,783)	(4,044,629)
Project expenses		(1,120,881)	(4,578,486)
Equipment and materials		(11,914,811)	(35,490,566)
Contractors		(12,348,647)	(16,651,983)
Occupancy expense		(861,340)	(541,707)
Other expenses		(6,306,086)	(5,108,647)
Warranty provision reversal/(expenses)	7	(779,324)	2,300,000
Finance costs		(422,715)	(347,580)
Share of net profit of associates and joint ventures accounted for using the equity method		2,314,735	922,188
<b>Profit before income tax</b>		<b>8,083,208</b>	<b>12,632,072</b>
Income tax expense	4	(1,847,737)	(3,768,665)
<b>Profit for the half-year</b>		<b>6,235,471</b>	<b>8,863,407</b>
Profit attributable to:			
Owners of Lycopodium Limited		6,319,890	8,972,254
Non-controlling interests		(84,419)	(108,847)
<b>Profit for the half-year</b>		<b>6,235,471</b>	<b>8,863,407</b>
<b>Other comprehensive income/(loss):</b>			
<i>Item that may be reclassified to profit or loss</i>			
Foreign currency translation	8(b)	(198,534)	222,800
<b>Total comprehensive income for the half-year</b>		<b>6,036,937</b>	<b>9,086,207</b>
Total comprehensive income for the half-year is attributable to:			
Owners of Lycopodium Limited		6,121,356	9,195,054
Non-controlling interests		(84,419)	(108,847)
		<b>6,036,937</b>	<b>9,086,207</b>
<b>Earnings per share for profit attributable to the ordinary equity holders of the Company:</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		15.4	22.6
Diluted earnings per share		15.3	22.5

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



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	31 December 2020 \$	30 June 2020 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		84,450,088	102,888,489
Trade and other receivables		27,506,421	26,916,009
Inventories		2,101,957	1,105,323
Current tax receivables		1,971,240	868,107
Other current assets		3,415,438	2,515,188
<b>Total current assets</b>		<b>119,445,144</b>	<b>134,293,116</b>
<b>Non-current assets</b>			
Investments in listed equities at fair value through profit or loss		1,247,929	886,377
Property, plant and equipment		2,841,194	3,193,156
Right-of-use assets		14,638,644	3,000,988
Intangible assets		6,804,329	6,838,730
Other receivables		135,842	145,092
Deferred tax assets		4,388,758	3,761,661
Investments accounted for using the equity method	5	5,269,180	3,530,923
<b>Total non-current assets</b>		<b>35,325,876</b>	<b>21,356,927</b>
<b>Total assets</b>		<b>154,771,020</b>	<b>155,650,043</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		18,279,433	23,211,501
Contract and other liabilities	3(a)	32,869,922	47,657,403
Borrowings		227,788	304,157
Lease liabilities		2,745,276	1,564,378
Current tax liabilities		2,766,203	833,745
Provisions	7	3,097,449	2,318,125
<b>Total current liabilities</b>		<b>59,986,071</b>	<b>75,889,309</b>
<b>Non-current liabilities</b>			
Borrowings		129,413	164,255
Provisions		132,102	128,135
Lease liabilities		12,382,049	1,625,723
<b>Total non-current liabilities</b>		<b>12,643,564</b>	<b>1,918,113</b>
<b>Total liabilities</b>		<b>72,629,635</b>	<b>77,807,422</b>
<b>Net assets</b>		<b>82,141,385</b>	<b>77,842,621</b>
<b>EQUITY</b>			
Contributed equity	8(a)	20,854,574	20,823,772
Reserves	8(b)	(1,901,428)	(1,846,849)
Retained profits	8(c)	63,853,276	59,520,395
Parent entity interest		82,806,422	78,497,318
Non-controlling interests	9	(665,037)	(654,697)
<b>Total equity</b>		<b>82,141,385</b>	<b>77,842,621</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2020

	NOTES	Share capital \$	Retained earnings \$	Foreign currency translation reserve \$	Performance rights reserve \$	Non-controlling interests \$	Total equity \$
<b>Balance at 1 July 2019</b>		20,823,772	59,636,154	(602,928)	-	(439,098)	79,417,900
Profit for the half-year		-	8,972,254	-	-	(108,847)	8,863,407
Other comprehensive loss		-	-	222,800	-	-	222,800
<b>Total comprehensive income for the half-year</b>		-	<b>8,972,254</b>	<b>222,800</b>	-	<b>(108,847)</b>	<b>9,086,207</b>
<b>Transactions with owners in their capacity as owners:</b>							
Foreign currency translation with non-controlling interest		-	-	-	-	457	457
Dividends provided for or paid	10	-	(5,959,856)	-	-	-	(5,959,856)
Performance rights - value of rights		-	-	-	65,610	-	65,610
		-	(5,959,856)	-	65,610	457	(5,893,789)
<b>Balance at 31 December 2019</b>		<b>20,823,772</b>	<b>62,648,552</b>	<b>(380,128)</b>	<b>65,610</b>	<b>(547,488)</b>	<b>82,610,318</b>
<b>Balance at 1 July 2020</b>		<b>20,823,772</b>	<b>59,520,397</b>	<b>(2,062,155)</b>	<b>215,306</b>	<b>(654,697)</b>	<b>77,842,623</b>
Profit for the half-year		-	6,319,890	-	-	(84,418)	6,235,472
Other comprehensive loss		-	-	(198,534)	-	74,078	(124,456)
<b>Total comprehensive income for the half-year</b>		-	<b>6,319,890</b>	<b>(198,534)</b>	-	<b>(10,340)</b>	<b>6,111,016</b>
<b>Transactions with owners in their capacity as owners:</b>							
Dividends provided for or paid	10	-	(1,987,011)	-	-	-	(1,987,011)
Performance rights - value of rights		-	-	-	174,757	-	174,757
Exercise of performance rights	8	30,802	-	-	(30,802)	-	-
		30,802	(1,987,011)	-	143,955	-	(1,812,254)
<b>Balance at 31 December 2020</b>		<b>20,854,574</b>	<b>63,853,276</b>	<b>(2,260,689)</b>	<b>359,261</b>	<b>(665,037)</b>	<b>82,141,385</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2020

	31 December 2020 \$	31 December 2019 \$
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	55,682,901	174,351,361
Payments to suppliers and employees (inclusive of GST)	(70,067,053)	(98,975,404)
	(14,384,152)	75,375,957
Interest paid	(53,782)	(313,814)
Income taxes paid	(1,645,508)	(1,240,084)
Interest received	368,528	775,034
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(15,714,914)</b>	<b>74,597,093</b>
<b>Cash flows from investing activities</b>		
Dividends received from joint ventures and associate	576,477	417,971
Payments for property, plant and equipment	(208,252)	(366,461)
Proceeds from sale of property, plant and equipment	18,198	-
Payments for intangible assets	(160,371)	(129,415)
<b>Net cash inflow/(outflow) from investing activities</b>	<b>226,052</b>	<b>(77,905)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	2,197,273	2,150,280
Repayments of borrowings	(1,043,935)	(754,823)
Dividends paid to company's shareholders	(1,987,011)	(5,959,856)
Reduction of lease liability	(1,926,582)	(3,261,335)
Loans repaid/(advanced) to joint ventures and associates	-	(14,597,341)
Proceeds from repayment of loans under the senior manager share acquisition plan	9,250	56,732
<b>Net cash outflow from financing activities</b>	<b>(2,751,005)</b>	<b>(22,366,343)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(18,239,867)</b>	<b>52,152,845</b>
Cash and cash equivalents at the beginning of the financial year	102,888,489	60,451,048
Effects of exchange rate changes on cash and cash equivalents	(198,534)	222,800
<b>Cash and cash equivalents at end of the half-year ended</b>	<b>84,450,088</b>	<b>112,826,693</b>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

## 1. Summary of significant accounting policies

This condensed consolidated interim financial report for the half year reporting period ended 31 December 2020 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 2020 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

#### (i) New or amended Accounting Standards and interpretations adopted

The Company 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 following Accounting Standards and Interpretations are most relevant to the Company:

#### (ii) Critical accounting estimates and judgements

The critical accounting estimates and judgements are consistent with those applied and disclosed in the 30 June 2020 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 (2019: 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 (continued)

31 December 2020

## (b) Other segment information

The segment information provided to the Board of Directors for the reportable segments for the half-year ended 31 December 2020 and 2019 are as follows:

Half-year 2020	Minerals			Project Services - Africa	Process Industries	Other	Total
	Asia Pacific	North America	Africa				
Total segment revenue	36,793,452	11,469,909	14,343,589	209,044	3,276,267	12,516,325	78,608,586
Inter-segment revenue	(770,676)	(3,705,931)	-	(162,213)	(106,485)	(3,153,146)	(7,898,451)
Revenue from external customers	36,022,776	7,763,978	14,343,589	46,831	3,169,782	9,363,179	70,710,135

Profit / (Loss) before tax	5,445,650	882,755	(256,650)	(18,735)	120,568	1,994,527	8,168,115
Interest in the profit of equity accounted joint ventures	2,314,735	-	-	-	-	-	2,314,735
Depreciation and amortisation	477,576	177,485	326,587	-	116,578	488,905	1,587,131
Income tax benefit / (expense)	(1,458,189)	(249,431)	(37,411)	-	16,910	(589,038)	(2,317,159)
Total segment assets	71,397,370	8,822,740	14,030,137	3,559,612	4,753,781	12,345,319	114,908,959

Half-year 2019	Minerals			Project Services - Africa	Process Industries	Other	Total
	Asia Pacific	North America	Africa				
Total segment revenue	72,012,146	18,615,588	19,046,768	5,320,939	2,625,878	14,488,871	132,110,190
Inter-segment revenue	(3,904,640)	(13,240,529)	-	-	(813,333)	(4,156,300)	(22,114,802)
Revenue from external customers	68,107,506	5,375,059	19,046,768	5,320,939	1,812,545	10,332,571	109,995,388

Profit / (Loss) before tax	10,860,278	(743,989)	(196,734)	3,440,528	(15,150)	877,712	14,222,645
Interest in the profit of equity accounted joint ventures	922,188	-	-	-	-	-	922,188
Depreciation and amortisation	2,643,029	180,301	410,460	-	119,498	686,633	4,039,921
Income tax benefit / (expense)	(3,754,619)	382,300	63,862	(940,753)	3,715	(201,553)	(4,447,048)



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2020

## (b) Other 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:

	31 December 2020 \$	31 December 2019 \$
Reportable segment revenue	70,710,135	109,995,388
Unallocated	332,467	291,494
<b>Revenue as per statement of profit or loss and other comprehensive income</b>	<b>71,042,602</b>	<b>110,286,882</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 2020 \$	31 December 2019 \$
Segment profit before tax	8,093,235	14,222,645
Unallocated	(10,027)	(1,590,573)
<b>Profit before income tax as per statement of profit or loss and other comprehensive income</b>	<b>8,083,208</b>	<b>12,632,072</b>

### (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 follows:

	31 December 2020 \$	30 June 2020 \$
Reportable segment assets	116,261,445	125,354,087
Intersegment eliminations	(7,328,713)	(4,594,393)
Intangibles arising on consolidation	6,126,228	6,126,228
Unallocated	38,405,421	28,764,121
<b>Total assets as per the Consolidated Statement of Financial Position</b>	<b>153,464,381</b>	<b>155,650,043</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2020

## 3. Revenue

Revenue from contracts with customers for the half-year ended 31 December 2020 and 2019 are as follows:

	2020			2019		
	Engineering & related services \$	Construction contracts \$	Total \$	Engineering & related services \$	Construction contracts \$	Total \$
Minerals	42,240,770	15,889,573	58,130,343	48,666,794	43,862,539	92,529,333
Project Services -						
Africa	46,832	-	46,832	5,320,939	-	5,320,939
Process Industries	3,169,781	-	3,169,781	1,812,545	-	1,812,545
Other	9,695,646	-	9,695,646	10,624,065	-	10,624,065
<b>Total revenue</b>	<b>55,153,029</b>	<b>15,889,573</b>	<b>71,042,602</b>	<b>66,424,343</b>	<b>43,862,539</b>	<b>110,286,882</b>

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

	31 December 2020 \$	30 June 2020 \$
<b>Total contract assets</b>	-	-
Advances received for construction contract work	28,764,995	42,402,611
Deferred services income	4,104,927	5,254,792
<b>Total contract liabilities</b>	<b>32,869,922</b>	<b>47,657,403</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 financial years ending June 2021 and June 2022.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2020

## 4. Income tax expense

### (a) Income tax expense

	31 December 2020 \$	31 December 2019 \$
Current tax on profits for the year	3,171,132	2,552,332
Deferred tax on profits for the year	(1,181,276)	1,125,728
Adjustments for current tax of prior periods	(142,119)	90,605
	<b>1,847,737</b>	<b>3,768,665</b>

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

	31 December 2020 \$	31 December 2019 \$
Profit before income tax expense	8,083,208	12,632,072
Tax at the Australian tax rate of 30% (2019: 30%)	2,424,962	3,789,622
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payment	52,428	19,683
Sundry items	27,909	115,527
	<b>2,505,299</b>	<b>3,924,832</b>
Adjustments for current tax of prior periods - under/(over) provision of prior year income tax	(142,119)	90,605
Difference in overseas tax rates	(29,410)	(45,044)
Deferred taxes not recognised	116,710	60,448
Share of net profit accounted for using the equity method	(993,568)	(262,176)
Foreign tax incurred	390,825	-
Income tax expense	<b>1,847,737</b>	<b>3,768,665</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2020

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

### (a) Movements in carrying amounts

	Consolidated entity	
	31 December 2020 \$	30 June 2020 \$
Carrying amount at the beginning of the financial year	3,530,923	1,392,465
Share of profits after income tax	1,738,257	2,138,458
Carrying amount at the end of the financial period	5,269,180	3,530,923

### (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 2020	31 December 2019
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 Company's share of the results of its principal joint ventures:

	31 December 2020 \$	31 December 2019 \$
Profit from continuing operations	1,727,946	357,021
Other comprehensive income	-	-
Total comprehensive income	1,727,946	357,021

### (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 2020	31 December 2019
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 Company's share of the results of its principal associates:

	31 December 2020 \$	31 December 2019 \$
Profit from continuing operations	586,789	565,167
Other comprehensive income	-	-
Total comprehensive income	586,789	565,167



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2020

## 6. Fair value measurement of financial instruments

The group's assets and liabilities are 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:

- (a) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities
- (b) 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
- (c) 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.

## 7. Current liabilities - Provisions

	31 December 2020 \$	30 June 2020 \$
Service and equipment warranties	3,097,449	2,318,125

### (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 2020	2,318,125	2,318,125
Charged/(credited) to profit or loss	-	-
Provisions recognised	779,324	779,324
Carrying amount at 31 December 2020	3,097,449	3,097,449

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.

## 8. Contributed equity

### (a) Share capital

	31 December 2020 Shares	30 June 2020 Shares	31 December 2020 \$	30 June 2020 \$
Ordinary shares				
Fully paid	39,740,226	39,732,373	20,854,578	20,823,772

On 6 July 2020, 7,853 ordinary shares at issue price of \$30,806 were issued as a result of performance rights being exercised.

The average issue price of ordinary shares fully paid is \$0.52.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2020

## 8. Contributed equity (continued)

### (b) Reserves

	31 December 2020 \$	30 June 2020 \$
Performance rights reserve	359,261	215,306
Foreign currency translation reserve	(2,260,689)	(2,062,155)
	(1,901,428)	(1,846,849)

#### Movements:

##### *Performance rights reserve*

Opening Balance	215,306	-
Transfer to share capital - exercise of rights	(30,802)	-
Performance rights plan expense	174,757	215,306
Balance at the end of the period	359,261	215,306

##### *Foreign currency translation reserve*

Opening Balance	(2,062,155)	(602,928)
Currency translation differences arising during the year	(198,534)	(1,459,227)
Balance at the end of the period	(2,260,689)	(2,062,155)

### (c) Retained earnings

	31 December 2020 \$	30 June 2020 \$
Balance 1 July	59,520,397	59,636,154
Net profit for the half-year / year	6,319,890	11,803,953
Dividends paid or payable	(1,987,011)	(11,919,712)
Balance at the end of the period	63,853,276	59,520,395

## 9. Non-controlling interests

	31 December 2020 \$	30 June 2020 \$
<b>Interest in:</b>		
Share capital	13,264	13,264
Reserves	4,003	4,003
Retained earnings	(682,304)	(671,964)
	(665,037)	(654,697)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2020

## 10. Dividends

### (a) Ordinary shares

	31 December 2020 \$	31 December 2019 \$
Final dividend for the year ended 30 June 2020 of 5.0 cents (2019: 15.0 cents) per fully paid share paid on 9 October 2020 (2019: 11 October 2019)		
Fully franked based on tax paid @ 30% (2019: 30%)	1,987,011	5,959,856

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

	31 December 2020 \$	31 December 2019 \$
Since half-year end the Directors have recommended the payment of an interim dividend of 10.0 cents per fully paid ordinary share (2019: 15.0 cents), fully franked based on tax paid at 30% (2019: 30%). The aggregate amount of the proposed dividend expected to be paid on 9 April 2021 out of Group retained earnings at 31 December 2020, but not recognised as a liability at period end, is	3,974,022	5,959,856

## 11. Events occurring after the reporting period

Since half-year end the directors have recommended the payment of an interim dividend on ordinary shares in respect of the 2021 financial year. The total amount of dividend is \$3,974,022 which represents a fully franked dividend of 10.0 cents per fully paid ordinary share.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the consolidated entity up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

With the exceptions of the above, no other matter or circumstance that has arisen since 31 December 2020 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 financial statements and notes set out on pages 7 to 19 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 2020 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  
24 February 2021





# INDEPENDENT AUDITOR'S REVIEW REPORT OF LYCOPODIUM LIMITED



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## 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 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes 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.

#### *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 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*

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 at 31 December 2020 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. 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.

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# INDEPENDENT AUDITOR'S REVIEW REPORT OF LYCOPODIUM LIMITED (continued)



## *Independence*

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

## *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 2020 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*.

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

RSM AUSTRALIA PARTNERS

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

Perth Western Australia  
Dated: 24 February 2021

James Komninos  
Partner



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