Lycopodium

Annual Financial Report

2009

Contents

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 year ended 30 June 2009.

Directors

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

Michael John Caratti
Lawrence William Marshall
Rodney Lloyd Leonard
Robert Joseph Osmetti
Bruno Ruggiero
Peter De Leo

Mark Bambury Ward was a director from the beginning of the financial year until his resignation on 1 July 2009.

Principal Activities

The principal activities of the consolidated entity during the financial year consisted of engineering consulting in the mining, metallurgical and manufacturing industries. There were no significant changes in the nature of the consolidated entity's principal activities during the financial year.

Dividends - Lycopodium Limited

Dividends paid to members during the financial year were as follows:

	2009	2008
	$	$
Final fully franked dividend for the year ended 30 June 2008 of 20.0 cents (2007 - 12.5 cents) per fully paid share paid on 17 October 2008 (2007 - 15 October 2007)	**7,568,000**	4,722,500
Interim fully franked dividend for the year ended 30 June 2009 of 5.0 cents (2008 - 5.0 cents) per fully paid share paid 15 April 2009 (2008 - 15 April 2008)	**1,892,000**	1,892,000
	9,460,000	6,614,500

In addition to the above dividends, since the end of the financial year the directors have recommended the payment of a final ordinary dividend of $7,731,021 (20.0 cents per fully paid share fully franked) based on shareholdings as at the date of this report, to be paid on 16 October 2009 out of group retained profits at 30 June 2009.

Review of operations

Although the 2008/09 financial year has been a difficult and challenging period, the company can report the delivery of a solid result. The adoption of past strategies has insulated the company from the more immediate effects of the global financial crisis, and will underpin operations moving forward in uncertain times.

Lycopodium's core strategy is to concentrate on the delivery of EPCM consulting services. This has enabled the company to develop a world class capability in the delivery of large mineral processing projects for leading multi-national mining companies. The scale of these projects means that the duration of projects can be 2 to 3 years therefore the immediate impacts of an event such as a sharp fall in commodity prices tends to be cushioned. Additionally, these leading multi-national mining companies tend not to be as adversely impacted as the general community by credit shortages and take a longer term view when committing to new projects.

Review of Operations (continued)

Full year results
During the past financial year ended 30 June 2009, Lycopodium continued to grow with revenue increasing to $146.8 million from $120.5 million in the previous financial year, a 21.8% increase. Net profit after tax and minority interest increased by 13.7% from $12.4 million in the previous financial year to $14.1 million; however this result includes an after tax capital profit of $2.1 million arising from the sale of the company's previous office facilities.

The reduced profit margin reflects the tighter operating conditions experienced during the year as well as costs associated with downsizing the company as the demand for services decreased in the latter part of the year. Personnel numbers grew from 650 at the beginning of the year to a peak of 740 in November 2008, declining to 480 at 30 June 2009.

Basic earnings per share increased from 33.0 cents for the previous financial year to 37.4 cents and in accordance with the company's dividend policy the Directors have resolved to pay a final dividend of 20 cents fully franked. The total dividend for the year is therefore 25 cents fully franked which is unchanged from the previous year.

Outlook
The market for Lycopodium's services in 2009/10 remains unsettled. Recent metal price increases have provided hope of a material increase in activity following the low activity in the second half of 2008/09. However there will be a time lag as companies will want to see a sustained increase in demand for their product before committing to new projects.

Lycopodium is targeting revenue of $110 million, 25% less than the result for the 2008/09 financial year, and an after tax profit of $8.0 million, 45% less than the comparable operating result for the 2008/09 financial year.

This forecast is in line with the results for the second half of 2008/09 financial year.

Board changes
On 1 July 2009 Mark Ward resigned as the Managing Director. Mark joined the company as an Associate Director on 1 November 2007, was appointed a Director on 4 April 2008 and, following the retirement of Laurie Marshall, was appointed Managing Director on 1 July 2008. The Board of Directors thanks Mark for his valued contribution during his time with the company.

Following Mark's resignation, Laurie Marshall re-assumed the role of Managing Director in order to ensure that there would be an efficient transition of the role. It is intended that a new appointment will be made to the position of Managing Director in the near future.

Corporate overview
During the past financial year the company has renamed its operating subsidiaries to better reflect the areas they work in and simplify the presentation to clients.

Lycopodium's operations are now performed through five wholly owned subsidiaries being Lycopodium Minerals Pty Ltd (formerly Lycopodium Engineering Pty Ltd), Lycopodium Process Industries Pty Ltd (formerly Process Design and Fabrication Pty Ltd), Lycopodium Minerals QLD Pty Ltd (formerly Lycopodium Engineering QLD Pty Ltd), Orway Mineral Consultants (WA) Pty Ltd, and Sherwood Utilities Pty Ltd.

Subsequent to 30 June 2009 Lycopodium acquired all the remaining shares in Lycopodium Minerals QLD Pty Ltd (previously 75% owned) and Sherwood Utilities Pty Ltd (previously 40% owned).

Lycopodium Minerals Pty Ltd, Lycopodium Minerals QLD Pty Ltd and Orway Mineral Consultants (WA) Pty Ltd provide services to the minerals processing industry. Lycopodium Process Industries Pty Ltd provides services to a wide range of manufacturing industries including chemical, pharmaceutical, food, automotive and bio-fuels. Sherwood Utilities Pty Ltd provides specialist maintenance and reliability engineering services to the minerals processing, mining, oil and gas and petrochemical industries.

Review of Operations (continued)

Operational highlights
As reflected in the increased revenue, Lycopodium continued to experience a high level of activity during the 2008/09 year.

Lycopodium remained active in the Western Australian iron ore sector with Stage 2 of Rio Tinto's Hope Downs project successfully commissioned during the year and a number of expansion studies for Rio Tinto also completed or progressed.

The company assisted Hancock Prospecting on the early study work for the Roy Hill project and is currently providing design services, field engineering and commissioning services for the upgrade of Fortescue Metals' Cloudbreak iron ore plant.

Activity in the Western Australian nickel and gold sectors was also high with a number of projects and studies completed for BHP Billiton's Nickel West operations including the Mt Keith Operation Talc Redesign project and completion of AngloGold Ashanti's Tropicana Prefeasibility Study.

Internationally, Lycopodium completed or progressed a number of projects located in Tanzania, Ghana, the Democratic Republic of Congo, the Philippines, Papua New Guinea and the Dominican Republic. Barrick's Buzwagi gold project in Tanzania, Red Back Mining's Chirano Expansion project in Ghana and CGA Mining's Masbate gold project in the Philippines were all completed and successfully commissioned during the past financial year. First Quantum Minerals' Kolwezi copper/cobalt project in the Democratic Republic of Congo continued with commissioning scheduled to commence in the December 2009 quarter. Lihir Gold's MOPU project in Papua New Guinea and EnviroGold's Las Lagunas gold tailings project in the Dominican Republic were awarded and progressed.

Lycopodium maintained its presence in the industrial sector with completion of Orica Australia's Hypochlorite Plant in Western Australia and Fisherman's Landing Caustic Terminal in Queensland. Thales Australia's Acid Storage Design project concept study at Mulwala in New South Wales and Solvay Interox's Hydrogen Peroxide Plant Upgrade project at Botany in New South Wales were awarded and progressed during the past year. Additionally a number of projects and studies were progressed or completed for long term clients including Yakult Australia and GlaxoSmithKline.

During recent years Lycopodium has identified opportunities in the infrastructure sector where leverage could be gained from extensive capability in developing the infrastructure associated with the mineral and industrial process plants. A strategy was implemented to pursue these opportunities and, with award of the EPCM services for Wizard Power's Whyalla Solar Storage Project in South Australia, the first of these projects has been secured.

Through Orway Mineral Consultants, Lycopodium continues to focus on providing comminution circuit design and optimisation services across a wide range of commodities, with the gold and uranium sectors being particularly buoyant. With lower commodity prices, the focus of this work has shifted as clients look to increase production and reduce costs in existing plants rather than optimising the design of new plants.

The Lycopodium subsidiary, Sherwood Utilities, continues to expand its business in the provision of reliability and maintenance engineering services to long term as well as new clients in the oil & gas and mining & minerals sectors. Staff numbers have increased by 30% to cope with this additional workload in the 2010 period.

Acknowledgement
Lycopodium is a service organisation and the Board of Directors acknowledges that the company's ability to continue to deliver world class services to clients and to maintain and enhance the company's performance and capability is dependant on the commitment and support of its personnel. The Directors sincerely thank all personnel for their highly-valued contribution.

Review of Operations (continued)

A summary of consolidated revenues and results by significant industry segments is set out below:

	Segment revenues		Segment results	
	2009	2008	**2009**	2008
	$	$	**$**	$
EPCM	**72,849,440**	74,817,031	**11,666,321**	17,178,820
Design & construct (lump sum)	**1,654,157**	11,704,849	**343,367**	865,240
Study services	**35,181,000**	26,278,720	**4,176,787**	5,374,262
Project services	**34,431,369**	5,854,979	**5,478,699**	1,419,626
	144,115,966	118,655,579	**21,665,174**	24,837,948
Unallocated revenue	**2,719,681**	1,922,837	**-**	-
	146,835,647	120,578,416	**21,665,174**	24,837,948
Unallocated revenue less unallocated expenses			**(1,462,432)**	(7,173,396)
Profit before income tax expense			**20,202,742**	17,664,552
Income tax expense			**(5,425,487)**	(5,187,734)
Profit for the year			**14,777,255**	12,476,818
Less: Profit attributable to minority interest			**(606,837)**	450
Profit attributable to members of Lycopodium Ltd			**14,170,418**	12,477,268

Comments on the operations and the results of those operations are set out below:

(a) ***Engineering, Procurement and Construction Management (EPCM)***
This industry segment comprises assignments for delivery of the full suite of project delivery services comprising project management, all disciplines of engineering, drafting, procurement, construction management and commissioning. EPCM services are provided on either an hourly rate or fixed fee basis.

(b) ***Design and Construct (Lump Sum)***
This industry segment comprises the delivery of turn key projects comprising EPCM services together with supply and installation of the plant and equipment. Turn key projects are provided on a fixed lump sum basis.

(c) ***Study Services***
This industry segment comprises the delivery of the services required to prepare project studies. These project studies range from concept studies through to definitive feasibility studies and require delivery of a wide range of services comprising study management, all disciplines of engineering, drafting, procurement, estimating, financial modelling and secretarial. Study services are provided on either an hourly rate or fixed fee basis.

(d) ***Project Services***
This industry segment comprises the delivery of selected project services required to assist others with the delivery of a project. These project services range from providing superintendent services through to preparation of complete design packages and therefore comprise selected EPCM services. Project services are provided on either an hourly rate or fixed fee basis.

Significant changes in the state of affairs

Significant changes in the state of affairs of the consolidated entity during the financial year were as follows:

Issue of 1,450,000 performance rights to Executive Directors of Lycopodium Limited.

Matters subsequent to the end of the financial year

Since year end the directors have recommended the payment of a final dividend on ordinary shares in respect of the 2009 financial year. The total amount of the dividend is $7,731,021, which represents a fully franked dividend of 20.0 cents per fully paid ordinary share.

On 13 July 2009, Lycopodium Limited completed the acquisition of all the minority interests' shares in its subsidiary Lycopodium Minerals QLD Pty Ltd pursuant to the exercise of an existing option, for a total consideration of $3,500,000.

On 19 August 2009 Lycopodium Limited entered into an agreement to purchase the remaining 60% shares in its associate Sherwood Utilities Pty Ltd pursuant to the exercise of an existing option, for a maximum total consideration of $2,145,000.

In August 2009, the Tanzanian Revenue Authority ('TRA') served notice on Lycopodium Minerals Pty Ltd and its subsidiary Lycopodium Tanzania Ltd, that it was of the view that these companies had not paid the appropriate level of PAYE taxes on expatriate employees engaged by these companies on the Buzwagi Project being undertaken in Tanzania for Pangea Minerals Limited, a subsidiary of Barrick Gold Corporation, and that the appropriate amount of withholding tax had not been deducted from Lycopodium Minerals Pty Ltd's associated invoices.

In addition, the TRA also served notice on Pangea Minerals Limited to refrain from making any further payments to Lycopodium Minerals Pty Ltd until further notice. As at the date of this report the amount being withheld by the client in conformance with this request and for work performed to 30 June 2009, is in the order of $5.4M.

It is the company's view that employee PAYE taxes remitted by Lycopodium Tanzania Pty Ltd and withholding taxes deducted from Lycopodium Minerals Pty Ltd's invoices have met all in-country Tanzanian taxation liabilities. In the meantime the company is seeking legal advice on the ability of the TRA to instruct Pangea Minerals Limited to withhold payments that are acknowledged by them as being due and payable. Lycopodium has fully cooperated with the TRA and continues to provide information in response to ongoing requests from the TRA in an attempt to resolve the matter expeditiously.

With the exceptions of the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect:

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

Likely developments and expected results of operations

The consolidated entity will continue to provide engineering consultancy services as detailed above.

Further information on the likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

The consolidated entity's operations are not subject to significant environmental regulation under a law of the Commonwealth or of a State or Territory in respect of its consulting activities.

Information on directors

None of the directors have held directorships in other listed companies in the last three years.

Michael John Caratti BE (Elec) (Hons). Chairman Executive Director. Age 59.

Experience and expertise
Former Managing Director of Lycopodium Minerals Pty Ltd, Mr Caratti has over 30 years experience in the mineral processing industry and has had a major role in the development of the consolidated entity's risk management and quality control programmes.

Special responsibilities
Chairman of the Board.
Chairman of the Corporate Governance Committee.

Interests in shares and options
9,205,696 ordinary shares of Lycopodium Limited.

Lawrence William Marshall B.Bus (Acc) CPA. Managing Director. Age 56.

Experience and expertise
Mr Marshall in his role as the former Chief Executive Officer of Lycopodium Minerals Pty Ltd and with over 30 years experience has played a major role in the development of the consolidated entity's information, accounting and management and risk management systems. Mr Marshall retired as Managing Director of Lycopodium Limited effective 1 July 2008, but has resumed the role from 1 July 2009 following the resignation of his replacement. This arrangement will continue for the short term while the Board considers a permanent appointment. Mr Marshall is a non-executive director of Lycopodium Minerals QLD Pty Ltd and Lycopodium Process Industries Pty Ltd.

Special responsibilities
Chairman of the Audit Committee.
Member of the Corporate Governance Committee.

Interests in shares and options
2,142,332 ordinary shares of Lycopodium Limited.

Rodney Lloyd Leonard BE (Hons), MSc, MAusIMM. Executive Director. Age 48.

Experience and expertise
Mr Leonard has in excess of 20 years experience in the mineral processing industry and is an executive director of Lycopodium Minerals Pty Ltd and a non-executive director of Orway Mineral Consultants (WA) Pty Ltd.

Special responsibilities
Member of the Corporate Governance Committee.

Interests in shares and options
2,812,332 ordinary shares of Lycopodium Limited.

250,000 performance rights over ordinary shares of Lycopodium Limited

Robert Osmetti BE (Civ), MIEAust, CPEng. Executive Director. Age 53.

Experience and expertise
Mr Osmetti has approximately 30 years experience in the project management and construction of minerals, oil refining and manufacturing projects. Mr Osmetti is a non-executive director of Lycopodium Process Industries Pty Ltd.

Special responsibilities
Member of the Corporate Governance Committee.

Interests in shares and options
3,142,332 ordinary shares of Lycopodium Limited.

250,000 performance rights over ordinary shares of Lycopodium Limited

Information on directors (continued)

Bruno Ruggiero BE (Mech), Grad Dip Min Sc, MIEAust, MAusIMM. Executive Director. Age 45.

Experience and expertise
Mr Ruggiero has over 20 years experience in the minerals industry. His role is varied in that he fills senior positions in the areas of Study, Project and Design Management on a project by project basis. He is an executive director of Lycopodium Minerals Pty Ltd.

Special responsibilities
Member of the Corporate Governance Committee.

Interests in shares and options
3,167,332 ordinary shares in Lycopodium Limited.

250,000 performance rights over ordinary shares of Lycopodium Limited

Peter De Leo BE (Civ) CPEng FIEAust. Executive Director. Age 43.

Experience and expertise
Mr De Leo has some 20 years experience in the construction and engineering fields and is the Managing Director of Lycopodium Minerals Pty Ltd.

Special responsibilities
Member of the Corporate Governance Committee.
Member of the Audit Committee.

Interests in shares and options
875,871 ordinary shares of Lycopodium Limited.

350,000 performance rights over ordinary shares of Lycopodium Limited

Company secretary

The company secretary is Keith John Bakker B.Bus (Acc), FCPA. Age 56.
Keith has in excess of 30 years experience in senior finance and company secretarial roles within the airline, human resource consulting and mining services sectors. He is the Chief Financial Officer of Lycopodium Limited.

Meetings of directors

The number of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2009, and the number of meetings attended by each director were:

			Meetings of committees			
	Full meetings of directors		Audit		Other+	
	A	B	A	B	A	B
Michael Caratti	13	17	*	*	1	1
Lawrence Marshall	14	17	2	2	1	1
Rodney Leonard	14	17	*	*	1	1
Robert Osmetti	15	17	*	*	1	1
Bruno Ruggiero	17	17	*	*	1	1
Peter De Leo	15	17	2	2	1	1
Mark Ward	17	17	2	2	1	1

A = Number of meetings attended
B = Number of meetings held during the time the director held office or was a member of the committee during the year
* = Not a member of the relevant committee
+ = Represents the Corporate Governance, Nomination and Remuneration Committees for which the full board acts

Remuneration report

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

A Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders. The framework provides a mix of fixed and equity remuneration.

Remuneration, other than the vesting criteria for the performance rights issued during the year, is not dependent upon the achievement of performance conditions.

Non-executive directors
There were no non-executive directors serving on the board during the financial year.

Directors' fees
No directors' fees were payable for the year ended 30 June 2009.

Executive pay
The executive remuneration and reward framework has three components:

- fixed annual remuneration, including superannuation, and
- service bonus, and
- equity.

Fixed annual remuneration is structured as a total employment cost package which is delivered as a combination of salary and prescribed non financial benefits partly at the executive's discretion. Fixed annual remuneration is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

1,450,000 performance rights were granted to certain executive directors during the reporting period. These rights were granted for nil consideration and are exercisable upon certain performance hurdles and vesting conditions being achieved.

A service bonus may be provided to certain senior salaried employees payable annually, at the discretion of the company, commencing from an employee's third anniversary date. The service bonus was introduced in the prior reporting period, effective from 1 July 2007 and has been suspended indefinitely effective from 30 June 2009.

Remuneration report (continued)

B Details of remuneration

Amounts of remuneration
Details of the remuneration of the directors and the key management personnel (as defined in AASB 124 *Related Party Disclosures)* of Lycopodium Limited and the consolidated entity are set out in the following tables.

2009	Short-term employee benefits			Post-employment benefits	Share-based payments	
Name	Cash salary and fees	Service bonus	Non monetary benefits	Super-annuation	Performance Rights	Total
	$	$	$	$	$	$
Executive directors						
Michael John Caratti	39,956	-	3,732	100,000	-	143,688
Lawrence William Marshall	277,811	-	3,732	100,000	-	381,543
Rodney Lloyd Leonard	466,667	55,000	3,732	50,000	40,326	615,725
Robert Joseph Osmetti	414,699	50,000	5,644	68,634	40,326	579,303
Bruno Ruggiero	433,333	50,000	3,732	50,000	40,326	577,391
Peter De Leo	460,588	55,000	3,732	37,745	61,852	618,917
Mark Bambury Ward	600,000	-	3,732	50,000	61,852	715,584
Other key management personnel (consolidated entity)						
Doug Rogers	180,000	33,000	53,732	100,000	-	366,732
David Taylor	216,922	34,000	53,732	100,000	-	404,654
Lou Giura	306,255	32,000	3,732	13,745	-	355,732
Dr Greg O'Neil	140,000	24,000	3,732	100,000	-	267,732
Keith Bakker	193,700	30,000	6,882	100,000	-	330,582
Preben Savik*	201,338	10,528	3,732	14,117	-	229,715
Steven Zaninovich**	265,377	26,500	3,732	13,745	-	309,354
Clive Catlow	128,232	-	21,768	100,000	-	250,000
Glenn Robertson	236,255	-	-	13,745	-	250,000
Pankaj Bali (From 1/7/2008 to 13/3/2009)	145,402	-	-	20,265	-	165,667
Claude Sapienza***	279,554	26,500	22,032	13,745	-	341,831
Jonathan Morey***	131,040	-	25,200	11,662	-	167,902
Francois Steyn****	88,150	-	-	5,727	-	93,877
Ian Yovich	225,680	-	55,153	100,000	-	380,833
Brian Putland	232,840	20,640	5,135	20,560	-	279,175
Leigh Siddall	216,849	19,728	22,485	13,817	-	272,879
Total key management personnel compensation (Consolidated entity)	**5,880,648**	**466,896**	**309,083**	**1,197,507**	**244,682**	**8,098,816**

* Preben Savik was appointed a director of Lycopodium Minerals Pty Ltd on 1 July 2008.
** Steven Zaninovich was appointed a director of Orway Mineral Consultants (WA) Pty Ltd on 1 July 2008.
*** Claude Sapienza and Jonathan Morey were appointed directors of Lycopodium Process Industries Pty Ltd on 1 July 2008.
**** Francois Steyn was appointed a director of Lycopodium Process Industries Pty Ltd on 1 February 2009. Amounts shown above do not include Mr Steyn's remuneration before his appointment as director as he did not meet the definition of a key management person before this time.

Other than the performance rights, no element of the above remuneration is conditional upon meeting key performance indicators.

Remuneration report (continued)

B Details of remuneration (continued)
Amounts of Remuneration (continued)

2008	Short-term employee benefits			Post-employment benefits	Share-based payments	
Name	Cash salary and fees	Service bonus	Non monetary benefits	Super-annuation	Performance Rights***	Total
	$	$	$	$	$	$
Executive directors						
Michael John Caratti	142,250	-	4,000	100,000	-	246,250
Lawrence William Marshall	324,488	-	10,198	89,314	-	424,000
Rodney Lloyd Leonard	389,262	-	4,257	36,000	-	429,519
Robert Joseph Osmetti	370,675	-	4,000	49,325	-	424,000
Bruno Ruggiero	357,903	-	4,000	47,525	-	409,428
Peter De Leo	371,107	-	16,893	36,000	-	424,000
Mark Bambury Ward*	239,897	-	4,121	39,744	-	283,762
Other key management personnel (consolidated entity)						
Doug Rogers	217,635	27,500	19,185	74,891	-	339,211
David Taylor	194,314	27,500	52,611	83,539	-	357,964
Lou Giura	276,454	30,000	4,000	13,129	-	323,583
Dr Greg O'Neil	118,995	20,642	10,768	89,519	-	239,924
Keith Bakker	162,000	22,000	36,167	51,500	-	271,667
Clive Catlow	167,544	-	23,064	53,971	-	244,579
Glenn Robertson	185,844	-	-	60,128	-	245,972
Pankaj Bali	149,286	-	-	28,129	-	177,415
Ian Yovich**	175,671	-	9,480	90,731	-	275,882
Brian Putland	198,829	-	4,000	16,432	-	219,261
Leigh Siddall	174,688	-	21,350	14,307	-	210,345
Total key management personnel compensation (consolidated entity)	**4,216,842**	**127,642**	**228,094**	**974,184**	**-**	**5,546,762**

* Mr Ward was appointed a director on 4 April 2008. Before this appointment he was a key management person. Amounts shown above include all Mr Ward's remuneration during the reporting period, whether as a director or as a key management person. Amounts received in his position as a director amounted to $88,537, made up of cash salary of $70,367, non-monetary benefits of $1,000, and superannuation of $14,170.

** Ian Yovich was appointed a director of Lycopodium Minerals QLD Pty Ltd on 21 August 2007. Amounts shown above represent his remuneration after this appointment.

*** Performance rights were only issued during the financial year ended 30 June 2009.

No element of the above remuneration is conditional upon meeting key performance indicators.

Remuneration report (continued)

C Service agreements

Remuneration and other terms of employment for the directors and other key management personnel are formalised in employment contracts. Each contract deals with fixed annual remuneration. Other major provisions of the agreements relating to remuneration are set out below.

All employment contracts with directors and executives may be terminated by either party with one month's notice, with the exception of the contract with Mark Ward which provided for three month's notice by either party. None of the directors or executives are provided with termination benefits.

Michael Caratti, *Chairman*
- Fixed hourly rate, inclusive of superannuation, for the year beginning 1 July 2008 of $308 was reviewed by the Remuneration Committee on 1 May 2009 and reduced to $246.

Lawrence Marshall, *Managing Director*
- Fixed hourly rate, inclusive of superannuation, for the year beginning 1 July 2008 of $308 was reviewed by the Remuneration Committee on 1 May 2009 and reduced to $246.

Rodney Leonard, *Executive Director*
- The contract has no fixed term.
- Fixed annual remuneration, inclusive of superannuation, for the year beginning 1 July 2008 of $550,000, reduced to $500,000 on 1 March 2009 and was reviewed by the Remuneration Committee on 1 May 2009 and reduced to $400,000.

Robert Osmetti, *Executive Director*
- The contract has no fixed term.
- Fixed annual remuneration, inclusive of superannuation, for the year beginning 1 July 2008 of $500,000 and was reviewed by the Remuneration Committee on 1 May 2009 and reduced to $400,000.

Bruno Ruggiero, *Executive Director*
- The contract has no fixed term.
- Fixed annual remuneration, inclusive of superannuation, for the year beginning 1 July 2008 of $500,000 and was reviewed by the Remuneration Committee on 1 May 2009 and reduced to $400,000.

Peter De Leo, *Executive Director*
- The contract has no fixed term.
- Fixed annual remuneration, inclusive of superannuation, for the year beginning 1 July 2008 of $500,000 increased to $550,000 on 1 March 2009 and was reviewed by the Remuneration Committee on 1 May 2009 and reduced to $440,000.

Mark Ward, *Executive Director*
- The contract has no fixed term.
- Fixed annual remuneration, inclusive of superannuation, for the year ended 30 June 2009 of $650,000.

Doug Rogers, *Manager of Process - Lycopodium Minerals Pty Ltd*
- The contract has no fixed term.
- Fixed annual remuneration, inclusive of superannuation, for the year beginning 1 July 2008 of $330,000 was reviewed per company policy on 1 December 2008 with no change and is to be reviewed by the Remuneration Committee annually from 1 December.

David Taylor, *Manager of Engineering - Lycopodium Minerals Pty Ltd*
- The contract has no fixed term.
- Fixed annual remuneration, inclusive of superannuation, for the year beginning 1 July 2008 of $340,000, was reviewed per company policy on 1 December 2008 with no change and is to be reviewed by the Remuneration Committee annually from 1 December.

Remuneration report (continued)

C Service agreements (continued)

Lou Giura, *Manager of Projects - Lycopodium Minerals Pty Ltd*
- The contract has no fixed term.
- Fixed annual remuneration, inclusive of superannuation, for the year beginning 1 July 2008 of $320,000, was reviewed per company policy on 1 December 2008 with no change and is to be reviewed by the Remuneration Committee annually from 1 December.

Dr Greg O'Neil, *Director - Lycopodium Minerals Pty Ltd*
- The contract has no fixed term.
- Fixed annual remuneration, inclusive of superannuation, for the year beginning 1 July 2008 of $240,000, was reviewed per company policy on 1 December 2008 with no change and is to be reviewed by the Remuneration Committee annually from 1 December.

Preben Savik, *Director - Lycopodium Minerals Pty Ltd*
- Preben Savik was appointed director of Lycopodium Minerals Pty Ltd on 1 July 2008. The contract has no fixed term.
- Fixed annual remuneration, inclusive of superannuation, for the year beginning 1 July 2008 of $211,000, was reviewed per company policy on 1 December 2008 to $218,000 and is to be reviewed by the Remuneration Committee annually from 1 December.

Clive Catlow, *Director - Lycopodium Process Industries Pty Ltd*
- Contract was terminated on 30 June 2009.
- Fixed annual remuneration, inclusive of superannuation, for the year beginning 1 July 2008 of $250,000 was reviewed on 1 December 2008 with no change.

Glenn Robertson, *Director - Lycopodium Process Industries Pty Ltd*
- The contract has no fixed term.
- Fixed annual remuneration, inclusive of superannuation, for the year beginning 1 July 2008 of $250,000, was reviewed per company policy on 1 December 2008 with no change and is to be reviewed by the Remuneration Committee annually from 1 December.

Pankaj Bali, *Manager (NSW) and (QLD) - Lycopodium Process Industries Pty Ltd*
- Contract was terminated on 13 March 2009.
- Fixed annual remuneration, inclusive of superannuation, for the year beginning 1 July 2008 of $180,500 was reviewed on 1 December 2008 with no change, as per company policy.

Claude Sapienza, *Director - Lycopodium Process Industries Pty Ltd*
- Claude Sapienza was appointed director of Lycopodium Process Industries Pty Ltd on 1 July 2008. The contract has no fixed term.
- Fixed annual remuneration, inclusive of superannuation, for the year beginning 1 July 2008 of $265,000, was reviewed per company policy on 1 December 2008 with no change and is to be reviewed by the Remuneration Committee annually from 1 December.

Jonathan Morey, *Director - Lycopodium Process Industries Pty Ltd*
- Jonathan Morey was appointed director of Lycopodium Process Industries Pty Ltd on 1 July 2008. The contract has no fixed term.
- Fixed annual remuneration, inclusive of superannuation, for the year beginning 1 July 2008 of $168,036, was reviewed per company policy on 1 December 2008 with no change and is to be reviewed by the Remuneration Committee annually from 1 December.

Francois Steyn, *Managing Director - Lycopodium Process Industries Pty Ltd*
- Francois Steyn was appointed director of Lycopodium Process Industries Pty Ltd on 1 February 2009 and Managing Director on 1 July 2009. The contract has no fixed term.
- Fixed annual remuneration, inclusive of superannuation, for the year ended 30 June 2009 of $225,000 to be reviewed by the Remuneration Committee annually from 1 December.

Remuneration report (continued)

C Service agreements (continued)

Ian Yovich, *Managing Director - Lycopodium Minerals QLD Pty Ltd*

- The contract has no fixed term.
- Fixed annual remuneration, inclusive of superannuation, for the year beginning 1 July 2008 of $375,000 to be reviewed by the Remuneration Committee annually from 1 July.

Brian Putland, *Managing Director - Orway Mineral Consultants (WA) Pty Ltd*

- The contract has no fixed term.
- Fixed annual remuneration, inclusive of superannuation, for the year beginning 1 July 2008 of $240,000, plus allowance for site work, was reviewed on 1 January 2009 as per company policy to $258,000. It is to be reviewed by the Remuneration Committee annually from 1 December.

Leigh Siddall, *Director - Orway Mineral Consultants (WA) Pty Ltd*

- The contract has no fixed term.
- Fixed annual remuneration, inclusive of superannuation, for the year beginning 1 July 2008 of $220,000, plus allowance for site work, was reviewed on 1 January 2009 as per company policy to $236,400. It is to be reviewed by the Remuneration Committee annually from 1 December.

Steven Zaninovich, *Director - Orway Mineral Consultants (WA) Pty Ltd*

- Steven Zaninovich was appointed director of Orway Mineral Consultants (WA) Pty Ltd on 1 July 2008. The contract has no fixed term.
- Fixed annual remuneration, inclusive of superannuation, for the year beginning 1 July 2008 of $265,000, was reviewed per company policy on 1 December 2008 with no change and is to be reviewed by the Remuneration Committee annually from 1 December.

Keith Bakker, *Chief Financial Officer*

- The contract has no fixed term.
- Fixed annual remuneration, inclusive of superannuation, for the year beginning 1 July 2008 of $300,000 was reviewed as per company policy on 1 December 2008 with no change and is to be reviewed by the Remuneration Committee annually from 1 December.

D Share-based compensation

Performance Rights

Performance rights were granted to certain executive directors as disclosed in the Notice of Annual General Meeting dated 16 October 2008. The rights were designed to give incentive to the executive directors to provide dedicated and ongoing commitment and effort to the company and aligning the interest of both employees and shareholders.

Vesting of the rights is subject to meeting the following performance hurdles:

Tranche	Vesting date and Performance hurdle
Tranche 1	1 July 2011 if EPS for 30 June 2009 exceeds EPS for 30 June 2008 by 10%
Tranche 2	1 July 2012 if EPS for 30 June 2010 exceeds EPS for 30 June 2009 by 10%
Tranche 3	1 July 2013 if EPS for 30 June 2011 exceeds EPS for 30 June 2010 by 10%
Tranche 4	1 July 2014 if EPS for 30 June 2012 exceeds EPS for 30 June 2011 by 10%
Tranche 5	1 July 2015 if EPS for 30 June 2013 exceeds EPS for 30 June 2012 by 10%

The rights are granted under the plan for no consideration.

Remuneration report (continued)

D Share-based compensation (continued)
Performance Rights (continued)

The terms and conditions of each grant of rights affecting remuneration in the previous, this or future reporting periods are as follows:

Grant date	Date vested and exercisable	Expiry date	Exercise price	Value per option at grant date
24 December 2008	30 June 2011	30 June 2016	$ -	$0.74
24 December 2008	30 June 2012	30 June 2016	$ -	$0.74
24 December 2008	30 June 2013	30 June 2016	$ -	$0.74
24 December 2008	30 June 2014	30 June 2016	$ -	$0.74
24 December 2008	30 June 2015	30 June 2016	$ -	$0.74

Rights granted under the plan carry no dividend or voting rights.

Details of rights over ordinary shares in the company provided as remuneration to each director of Lycopodium Limited and each of the key management personnel of the parent entity and the consolidated entity are set out below. When exercisable, each right is convertible into one ordinary share of Lycopodium Limited. Further information on the rights is set out in note 42 to the financial statements.

Name	Number of rights granted during the year		Number of rights vested during the year	
	2009	2008	2009	2008
Directors of Lycopodium Limited				
Mark Bambury Ward	**350,000**	-	**-**	-
Peter De Leo	**350,000**	-	**-**	-
Robert Joseph Osmetti	**250,000**	-	**-**	-
Bruno Ruggiero	**250,000**	-	**-**	-
Rodney Lloyd Leonard	**250,000**	-	**-**	-

The assessed fair value at grant date of rights granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a Binomial Tree option pricing model that takes into account the exercise price, the term of the rights, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the rights.

The model inputs used for rights granted during the year ended 30 June 2009 included:
(a) exercise price: $0.0
(b) grant date: 27 November 2008
(c) expiry date: 30 June 2016
(d) share price at grant date: $1.95
(e) expected price volatility of Lycopodium's shares: 45.6%
(f) expected dividend yield: 12.8%
(g) risk free interest rate: 5.25%

Shares provided on exercise of rights

No rights over ordinary shares in the company were exercised during this or the previous financial year by any director of Lycopodium Limited or other key management personnel of the consolidated entity.

Loans to directors and executives

Information on loans to directors and executives, including amounts, interest rates and repayment terms are set out in note 31 to the financial statements.

Shares under option

There are no unissued ordinary shares of Lycopodium Limited under option at the date of this report.

Insurance of officers

During the financial year, Lycopodium Limited took out insurance cover for the directors, secretaries and senior officers of the company and its controlled entities.

The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated entity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company.

The directors have not included specific details of the premium paid as such disclosure is prohibited under the terms of the contract.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001.*

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the consolidated entity are important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out below.

The board of directors has considered the position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

Non-audit services (continued)

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated	
	2009	2008
	$	$
1. Audit services		
PricewaterhouseCoopers Australian firm:		
Audit and review of financial reports	**389,797**	243,293
Related practices of PricewaterhouseCoopers Australian firm	**15,727**	18,566
Fees paid to Grant Thornton for the audit or review of financial reports of Lycopodium Tanzania Limited	**11,763**	-
Total remuneration for audit services	**417,287**	261,859
2. Non-audit services		
Taxation services		
PricewaterhouseCoopers Australian firm:		
Tax compliance services	**27,800**	69,000
Related practices of PricewaterhouseCoopers Australian firm		
Tax compliance services	**-**	5,778
Total remuneration for taxation services	**27,800**	**74,778**
Other Advisory services		
Fees paid to PricewaterhouseCoopers	**15,764**	28,196
Total remuneration for other services	**15,764**	**28,196**
Total remuneration for non-audit services	**43,564**	**102,974**

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 17.

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

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

Lawrence William Marshall
Managing Director

Perth
25 September 2009

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Auditor's Independence Declaration

As lead auditor for the audit of Lycopodium Limited for the year ended 30 June 2009, 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 audit and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Pierre Dreyer
Partner
PricewaterhouseCoopers

Perth
25 September 2009

The Board of Directors of Lycopodium Limited is responsible for the overall corporate governance of the company. The Board has implemented the Recommendations of the ASX Corporate Governance Council to the extent considered appropriate for the size and nature of the company's current operations.

Lycopodium Limited's practices are consistent with the Second Edition of the ASX Corporate Governance Council's Principles and Recommendations ('Principles') with any exceptions noted.

Principle 1
Lay solid foundations for management and oversight

The Board's primary role is the protection and enhancement of medium to long term shareholder value. In order to fulfil this role, the Board is responsible for the overall corporate governance of the company including its strategic direction, establishing goals for management and monitoring the achievement of these goals. Management of the day-to-day business of the company is conducted by or under the supervision of the Board, and by those other officers and employees to whom the management function is properly delegated by the Board.

The Statement of Board and Management functions is contained within the Corporate Governance Charter which is published on the company's website, www.lycopodium.com.au.

Senior executives are subject to formal performance review on an annual basis. The focus of the review is to establish key accountabilities and objectives and monitor actual performance against these. The performance of senior executives was not formally assessed during the financial year but will be undertaken during the current year.

Principle 2
Structure the board to add value

The skills, experience and expertise relevant to the position held by each Director in office at the date of this report are included in the Directors' Report.

The Directors in office and the term in office held by each Director at the date of this report are as follows:

Name	Position	Term in Office
Mr Michael Caratti	Executive Chairman	4 years, 9 months
Mr Lawrence Marshall	Managing Director (from 1 July 2009)	4 years, 9 months
Mr Rodney Leonard	Executive Director	4 years, 9 months
Mr Robert Osmetti	Executive Director	4 years, 9 months
Mr Bruno Ruggiero	Executive Director	4 years, 9 months
Mr Peter De Leo	Executive Director	2 years, 8 months

Directors are considered to be independent when they are independent of management, are not a substantial shareholder and are free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

In accordance with the definition of independence above, none of the six Directors in office at the date of this report were independent. The Board considers that its structure has been, and continues to be, appropriate in the context of the company's current operations. The Board considers that each of the non-independent Directors possess skills and experience required for managing and developing the company and believes any additional information or advice can be more appropriately and economically obtained from independent external expert consultants. Furthermore, the Board considers that in the current phase of the company's growth, the company's shareholders are better served by Directors who have a vested interest in the company. The composition of the Board will be reviewed in time as the Company evolves and the appointment of independent Directors will be considered.

The company has a chairperson who is not an independent Director. His role within the company is part-time and his activities are confined to that of being a Chairperson. The Board considers that at this stage in the growth of the Company, an independent chairperson would not add sufficient expertise to the Board to justify the associated cost. The Board intends to reconsider the independence of the Chairperson as the company's operations evolve and may appoint an independent Chairperson when appropriate.

The role of the Nomination Committee is carried out by the full Board. This arrangement is considered appropriate given the importance of the task of appointing Directors. Furthermore, the Board does not believe that any efficiencies or enhancements to the selection process would be achieved by the creation of a separate Nomination Committee at this time although the matter will be reconsidered as the company's operations evolve.

The company provides the capacity for any Director to obtain separate professional advice on any matter relevant to the Director's duties at the company's expense. Before the engagement is made, the Director is required to obtain the Chairman of the Board's approval. Approval will not be unreasonably denied and the Director will be expected to provide the Board with a copy of that advice.

The performance of the Board, Board Committees and individual Directors is reviewed regularly by the Board as a whole. No formal review was undertaken during the reporting period although the matter is the subject of ongoing assessment and changes to the Board during the reporting period reflect this.

Principle 3
Promote ethical and responsible decision making

The Board has adopted a Corporate Code of Conduct which all Directors, executives and employees of the company are required to comply with in carrying out their duties and responsibilities, to guide compliance with legal and other obligations and to maintain confidence in the company's integrity.

The Board has adopted a Code of Conduct for Dealing in the Securities of the Company. The purpose of this code is to provide guidance to Directors and employees, and their associates, when dealing in the company's securities. The policy provides that Directors and employees:

- Must not deal in any security of the company whilst in possession of inside information
- Should never engage in short term trading of any securities of the company, and
- Should advise the Company Secretary, or in his absence, a Director, of any purchase or sale of securities of the company within 2 business days.

The Corporate Code of conduct and the Code of Conduct for Dealing in the Securities of the company are both published on the company's website.

Principle 4
Safeguard integrity in financial reporting

The Board has established an Audit Committee which operates under a charter approved by the Board. The Board has delegated to this Committee the responsibility for assurance regarding its financial reporting, internal controls, reporting structure and external audit responsibilities.

The Committee's members are:

- Mr Lawrence Marshall - Chairman
- Mr Mark Ward
- Mr Peter De Leo

The qualifications, experience and tenure of these Directors is set out in the Directors' Report. The number of meetings and details of attendance are also set out in the Directors' Report.

The Audit Committee does not include any non-executive Directors nor a majority of independent Directors. The Committee is chaired by a qualified accountant and the other members have extensive experience in senior management positions within the industry.

Principle 5
Make timely and balanced disclosure

The Company has established written policies and procedures to ensure compliance with ASX listing Rule disclosure requirements which are published on the Company's website. All ASX announcements are handled by the Managing Director or Company Secretary.

Principle 6
Respect the rights of shareholders

The Board is committed to ensuring that shareholders are informed of all major developments affecting the company's state of affairs. Shareholder communication is conducted in accordance with the company's Continuous Disclosure Policy and Shareholder Communication Policy both of which are published on the Company's website.

The Board encourages full participation of the shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the company's strategy and goals. The external auditor attends the AGM and is available to answer any questions with regard to the conduct of the audit and the auditor's report.

Principle 7
Recognise and manage risk

The Board has adopted a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the company's objectives and activities are aligned with these risks and opportunities. The Board believes that it is crucial for all Directors to be a part of this process and as such the Board has not established a separate risk management committee. The day to day responsibilities for risk management and internal controls rest with the Managing Director. The Managing Director is required to report on risk management and internal controls, using an exception reporting basis, to the full Board as part of the monthly report.

The company has an internal control framework covering all areas of identified risk within the company's operations and has documented these as policies in order to centralise the controls. These controls are reviewed as the operations of the company evolve.

Areas of risk covered by this framework include:

- tenders and proposals
- client contract negotiation
- financial control and reporting
- commercial/corporate control and reporting
- operational control and reporting
- human resource management
- procurement, purchasing and supplier contract negotiation.

The Managing Director and Chief Financial Officer have provided written assurance that, to the best of their knowledge, the company's risk management and internal compliance and control system is operating efficiently and effectively in all material aspects.

Principle 8
Remunerate fairly and responsibly

The role of the Remuneration Committee is carried out by the full Board. Details of the number of meetings of the Remuneration Committee held during the year and attendees at these meetings, are set out in the Directors' Report.

The company has adopted a Remuneration Committee Charter with the expected outcomes which include:

- Retention and motivation of key executives
- Attraction of high quality executives, and
- Performance incentives that allow executives to share in the success of the Company.

A copy of the Remuneration Committee Charter is available on the company's website.

Details of remuneration received by Directors and key executives in the reporting period are disclosed in the Remuneration Report which is contained within the Directors' Report.

	Notes	Consolidated 2009 $	Consolidated 2008 $	Parent entity 2009 $	Parent entity 2008 $
Revenue from operations	5	**146,835,647**	120,578,416	**21,402,228**	7,456,893
Other income	6	**2,900,166**	72,124	**2,925,360**	-
Employee benefits expense		**(64,927,703)**	(49,099,820)	**(2,686,471)**	(1,828,576)
Depreciation and amortisation expense	7	**(1,841,544)**	(1,485,445)	**(827,282)**	(572,856)
Project expenses		**(6,904,017)**	(5,102,515)	**-**	-
Equipment and materials used		**(626,000)**	(423,101)	**-**	-
Contractors		**(44,206,915)**	(35,813,701)	**(34,444)**	(30,795)
Administration and management costs		**(10,745,710)**	(10,880,248)	**(627,135)**	(490,399)
Loss on disposal of asset		**-**	(6,665)	**-**	-
Finance costs	7	**(374,678)**	(225,376)	**(239,910)**	(148,175)
Share of net profits of associates accounted for using the equity method		**93,496**	50,883	**-**	-
Profit before income tax		**20,202,742**	**17,664,552**	**19,912,346**	**4,386,092**
Income tax expense	8	**(5,425,487)**	(5,187,734)	**(252,974)**	(5,138)
Profit for the year		**14,777,255**	**12,476,818**	**19,659,372**	**4,380,954**
Profit is attributable to:					
Equity holders of Lycopodium Limited		**14,170,418**	12,477,268	**19,659,372**	4,380,954
Profit (loss) attributable to minority interest		**606,837**	(450)	**-**	
		14,777,255	**12,476,818**	**19,659,372**	**4,380,954**

	Notes	Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share	41	**37.4**	33.0
Diluted earnings per share	41	**37.3**	32.9

The above income statements should be read in conjunction with the accompanying notes.

Balance Sheets - As at 30 June 2009

		Consolidated		Parent entity	
		2009	2008	**2009**	2008
	Notes	$	$	$	$
ASSETS					
Current assets					
Cash and cash equivalents	9	**26,362,861**	9,987,106	**16,703,060**	3,715,336
Trade and other receivables	10	**24,100,564**	31,342,277	**517,348**	1,502,805
Other current assets	12	**1,415,308**	1,314,998	**78,077**	77,561
Non-current assets classified as held for sale	11	**-**	2,078,180	-	2,078,180
Total current assets		**51,878,733**	44,722,561	**17,298,485**	7,373,882
Non-current assets					
Investments accounted for using the equity method	13	**440,344**	346,848	**200,000**	200,000
Available-for-sale financial assets	14	**50,000**	99,000	**-**	-
Other financial assets	15	**-**	-	**11,650,204**	11,650,194
Property, plant and equipment	16	**3,548,705**	3,788,669	**1,552,501**	1,872,140
Deferred tax assets	18	**2,921,830**	2,514,477	**51,371**	165,334
Intangible assets	19	**5,063,182**	5,484,053	**317,526**	793,747
Total non-current assets		**12,024,061**	12,233,047	**13,771,602**	14,681,415
Total assets		**63,902,794**	56,955,608	**31,070,087**	22,055,297
LIABILITIES					
Current liabilities					
Trade and other payables	20	**16,344,344**	14,561,054	**798,858**	716,318
Borrowings	21	**837,249**	2,113,375	**285,016**	1,660,236
Current tax liabilities	23	**2,849,913**	3,196,357	**139,012**	-
Provisions	22	**1,757,267**	396,000	**-**	-
Total current liabilities		**21,788,773**	20,266,786	**1,222,886**	2,376,554
Non-current liabilities					
Borrowings	24	**1,931,273**	2,500,372	**1,385,956**	1,670,972
Provisions	26	**455,448**	338,750	**19,055**	9,635
Total non-current liabilities		**2,386,721**	2,839,122	**1,405,011**	1,680,607
Total liabilities		**24,175,494**	**23,105,908**	**2,627,897**	**4,057,161**
Net assets		**39,727,300**	**33,849,700**	**28,442,190**	**17,998,136**
EQUITY					
Contributed equity	27	**17,656,497**	17,656,497	**17,656,497**	17,656,497
Reserves	28(a)	**(158,143)**	(718,488)	**244,682**	-
Retained profits	28(b)	**21,622,524**	16,912,106	**10,541,011**	341,639
Parent entity interest		**39,120,878**	33,850,115	**28,442,190**	17,998,136
Minority interest	29	**606,422**	(415)	**-**	-
Total equity		**39,727,300**	**33,849,700**	**28,442,190**	**17,998,136**

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

		Consolidated		Parent entity	
		2009	2008	**2009**	2008
	Notes	**$**	$	**$**	$
Total equity at the beginning of the financial year		**33,849,700**	28,306,868	**17,998,136**	20,121,682
Changes in the fair value of available-for-sale financial assets, net of tax	28	**(34,300)**	(14,700)	**-**	-
Exchange differences on translation of foreign operations	28	**349,963**	(414,821)	**-**	-
Net income (loss) recognised directly in equity		**315,663**	(429,521)	**-**	-
Profit for the year		**14,777,255**	12,476,818	**19,659,372**	4,380,954
Total recognised income and expense for the year		**15,092,918**	12,047,297	**19,659,372**	4,380,954
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs	27	**-**	110,000	**-**	110,000
Dividends provided for or paid	30	**(9,460,000)**	(6,614,500)	**(9,460,000)**	(6,614,500)
Director performance share reserve	28	**244,682**	-	**244,682**	-
Minority interest on acquisition of subsidiary		**-**	35	**-**	-
		(9,215,318)	(6,504,465)	**(9,215,318)**	(6,504,500)
Total equity at the end of the financial year		**39,727,300**	33,849,700	**28,442,190**	17,998,136
Total recognised income and expense for the year is attributable to:					
Equity holders of Lycopodium Limited		**14,486,496**	12,047,747	**19,659,372**	4,380,954
Minority interest		**606,422**	(450)	**-**	-
		15,092,918	12,047,297	**19,659,372**	4,380,954

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

Cash Flow Statements - For the year ended 30 June 2009

	Notes	Consolidated 2009 $	Consolidated 2008 $	Parent entity 2009 $	Parent entity 2008 $
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		**163,250,285**	117,699,999	**2,735,467**	2,024,361
Payments to suppliers and employees (inclusive of goods and services tax)		**(133,845,811)**	(108,254,982)	**(2,962,642)**	(2,162,007)
		29,404,474	9,445,017	**(227,175)**	(137,646)
Dividends received		**-**	-	**18,600,000**	4,700,000
Interest received		**668,168**	752,620	**302,927**	377,090
Interest paid		**(104,495)**	(175,564)	**(77,507)**	(116,810)
Income taxes paid		**(6,170,948)**	(4,628,524)	**-**	-
Net cash inflow from operating activities	39	**23,797,199**	5,393,549	**18,598,245**	4,822,634
Cash flows from investing activities					
Payments for property, plant and equipment		**(564,716)**	(383,683)	**(10,117)**	(3,181)
Proceeds from sale of property, plant and equipment		**4,982,958**	38,415	**4,982,958**	16,472
Payments for intangible assets		**(159,979)**	(252,320)	**(723)**	(205,422)
Payments for purchase of subsidiary		**-**	-	**-**	(105)
Proceeds from sale of intangible assets		**-**	72	**-**	-
Net cash (outflow) inflow from investing activities		**4,258,263**	(597,516)	**4,972,118**	(192,236)
Cash flows from financing activities					
Proceeds from issues of shares and other equity securities		**-**	110,035	**-**	110,000
Repayment of hire purchase and lease liabilities		**(1,072,098)**	(585,190)	**(422,639)**	(100,002)
Repayment of borrowings		**(1,400,000)**	(782,092)	**(1,400,000)**	(782,092)
Provision of loans to related parties		**-**	-	**-**	(700,000)
Repayment of loans by related parties		**-**	-	**700,000**	715,256
Repayment of loans to related parties		**-**	-	**-**	(2,958)
Dividends paid to company's shareholders	30	**(9,460,000)**	(6,614,500)	**(9,460,000)**	(6,614,500)
Net cash (outflow) from financing activities		**(11,932,098)**	(7,871,747)	**(10,582,639)**	(7,374,296)
Net increase (decrease) in cash and cash equivalents		**16,123,364**	(3,075,714)	**12,987,724**	(2,743,898)
Cash and cash equivalents at the beginning of the financial year		**9,987,106**	13,405,517	**3,715,336**	6,459,234
Effects of exchange rate changes on cash and cash equivalents		**252,391**	(342,697)	**-**	-
Cash and cash equivalents at end of year	9	**26,362,861**	9,987,106	**16,703,060**	3,715,336
Non-cash financing and investing activities	40				

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

Contents of the notes to the financial statements

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Lycopodium Limited as an individual entity and the consolidated entity consisting of Lycopodium Limited and its subsidiaries.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001.*

Compliance with IFRSs
Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of Lycopodium Limited complies with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

Critical accounting estimates
The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Lycopodium Limited ("company" or "parent entity") as at 30 June 2009 and the results of all subsidiaries for the year then ended. Lycopodium Limited and its subsidiaries together are referred to in this financial report as the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the consolidated entity controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the consolidated entity (refer to note 1(h)).

The consolidated entity applies a policy of treating transactions with minority interests as transactions with parties external to the consolidated entity. Disposals to minority interests result in gains and losses for the consolidated entity that are recorded in the income statement.

Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the subsidiary.

Intercompany transactions, balances and unrealised gains on transactions between companies in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Lycopodium Limited.

1 Summary of significant accounting policies (continued)

(ii) Associates

Associates are all entities over which the consolidated entity has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The consolidated entity's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (refer to note 37).

The consolidated entity's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's income statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the consolidated entity and its associates are eliminated to the extent of the consolidated entity's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

(c) Segment reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the consolidated entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(iii) Consolidated entities

The results and financial position of all the consolidated entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component of equity.

1 Summary of significant accounting policies (continued)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the income statement, as part of the gain or loss on sale where applicable.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The consolidated entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the consolidated entity's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The consolidated entity bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) *Rendering of services*
Revenue from services is recognised by reference to the stage of completion of a contract in progress at balance date or at the time of completion of the contract and billing to the customer.

Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract which is determined by a set quotation with the customer.

When the contract outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

(ii) *Rental revenue*
Rental revenue is accounted for on a straight-line basis over the lease term as this matches the profile of the manner in which rental is earned. Contingent rental income is recognised as income in the periods in which it is earned.

(iii) *Interest income*
Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the consolidated entity reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(iv) *Dividends*
Dividends are recognised as revenue when the right to receive payment is established.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

1 Summary of significant accounting policies (continued)

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Lycopodium Limited and its wholly-owned Australian controlled entities have not implemented the tax consolidation legislation.

(g) Leases

Leases of property, plant and equipment where the consolidated entity, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases (note 16). Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the consolidated entity as lessee are classified as operating leases (note 34). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(h) Business combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the consolidated entity's share of the identifiable net assets acquired is recorded as goodwill (refer to note 1(p)). If the cost of acquisition is less than the consolidated entity's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

1 Summary of significant accounting policies (continued)

(i) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the income statement within 'administration and management costs'. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against 'administration and management costs' in the income statement.

(l) Inventories

Contract work in progress
Contract work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under other liabilities.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the consolidated entity's contract activities in general.

1 Summary of significant accounting policies (continued)

(m) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets, investment property and non-current biological assets that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet.

(n) Investments and other financial assets

Classification

The consolidated entity classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet (note 10).

(ii) *Available-for-sale financial assets*

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the consolidated entity commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method.

Available-for-sale financial assets are subsequently carried at fair value.

Details on how the fair value of financial instruments is determined are disclosed in note 2.

1 Summary of significant accounting policies (continued)

Impairment
The consolidated entity assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

(o) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Depreciation on plant and equipment is calculated using the straight line or diminishing value method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

-	Plant and equipment	3-10 years
-	Vehicles	5-7 years
-	Furniture, fittings and equipment	3-8 years
-	Leasehold improvements	3-6 years
-	Leased plant and equipment	3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(p) Intangible assets

(i) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the consolidated entity's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the consolidated entity's investment in each subsidiary or associate.

(ii) Software
Intangible assets also comprise capitalised computer software. Computer software has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of the computer software over their estimated useful lives, being 3 years.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

1 Summary of significant accounting policies (continued)

(r) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(s) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(t) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the consolidated entity has a present legal or constructive obligation as a result of past events. It is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(u) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations

Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1 Summary of significant accounting policies (continued)

(iv) *Share-based payments*

During the financial year ended 30 June 2009, share-based compensation benefits were provided to certain executive directors via the Performance Rights Plan. Information relating to this scheme is set out in note 42.

The fair value of rights granted under the Performance Rights Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Binomial Tree option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

(v) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(w) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(x) Earnings per share

(i) *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(y) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

1 Summary of significant accounting policies (continued)

(z) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The consolidated entity's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8*

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 may result in a change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on the financial performance. The information being reported will be based on what the key decision-makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The consolidated entity intends to apply the revised standard from 1 July 2009. Application of AASB 8 may result in different segments, segment results and different type of information being reported in the segment note of the financial report. However, at this stage, it is not expected to affect any of the amounts recognised in the financial statements.

(ii) Revised AASB 101 *Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101*

A revised AASB 101 was issued in September 2007 is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The consolidated entity intends to apply the revised standard from 1 July 2009.

(iii) Revised AASB 3 *Business Combinations,* AASB 127 *Consolidated and Separate Financial Statements* and AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127* (effective 1 July 2009)

The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs must be expensed. This is different to the Group's current policy which is set out in note 1(h) above.

The revised AASB 127 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses, see note 1(b)(i). The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. This is consistent with the Group's current accounting policy if significant influence is not retained.

The Group will apply the revised standards prospectively to all business combinations and transactions with non-controlling interests from 1 July 2009.

2 Financial risk management

The consolidated entity manages its exposure to key financial risks, including interest rate and currency risk in accordance with the consolidated entity's financial risk management policy. The objective of the policy is to support the delivery of the consolidated entity's financial targets whilst protecting future financial security.

The main risks arising from the consolidated entity's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The consolidated entity uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rates and foreign exchange. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, and liquidity risk is monitored through the development of future rolling cash flow forecasts.

The primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified above.

(i) *Fair value estimation*

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the consolidated entity is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair value due to their short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cashflows at the current market interest rate that is available to the consolidated entity for similar financial instruments.

(ii) *Summary of financial instruments*

The consolidated entity and the parent entity hold the following financial instruments:

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Financial assets				
Cash and cash equivalents	**26,362,861**	9,987,106	**16,703,060**	3,715,336
Trade and other receivables	**24,100,564**	31,342,277	**517,348**	1,502,805
Other current assets	**1,415,308**	1,314,998	**78,077**	77,561
Available-for-sale financial assets	**50,000**	99,000	**-**	-
Other financial assets	**-**	-	**11,650,20**	11,650,194
	51,928,733	42,743,381	**28,948,68**	16,945,896
Financial liabilities				
Trade and other payables	**16,344,344**	14,561,054	**798,848**	716,318
Borrowings	**2,768,522**	4,613,747	**1,670,972**	3,331,208
	19,112,866	19,174,801	**2,469,820**	4,047,526

(a) Market risk

(i) *Foreign exchange risk*

The consolidated entity operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar (USD), Ghanaian Cedi (GHS) and Philippine Peso (PHP).

Foreign exchange risk arises when future commercial transactions and recognised financial assets and financial liabilities are denominated in a currency that is not the entity's functional currency. The Board considers the consolidated entity's foreign exchange risk to be minimal and as such does not hedge itself against this exposure nor has a specified risk management policy for foreign exchange risk.

The parent entity is not exposed to foreign exchange risk.

2 Financial risk management (continued)

The consolidated entity's exposure to foreign currency risk at the reporting date was as follows:

	30 June 2009			30 June 2008		
	USD	**GHS**	**PHP**	USD	GHS	PHP
	$	**$**	**$**	$	$	$
Cash and cash equivalents	**311,593**	**8,934**	**117,194**	159,126	56,454	47,760
Trade and other receivables	**-**	**8,058**	**-**	19,175	10,834	-
Other current assets	**10,240**	**-**	**152,119**	-	-	119,980
Trade and other payables	**(22,342)**	**(13,258)**	**(120,983)**	(6,240)	16,871	(14,455)
Net exposure	**299,491**	**3,734**	**148,330**	172,061	84,159	153,285

Group sensitivity
Based on the financial instruments held at 30 June 2009, had the Australian dollar weakened/strengthened by 10% against the US dollar with all other variables held constant, the consolidated entity's post-tax profit and equity for the year would have been $29,949 lower/$29,949 higher (2008 - $17,206 lower/$17,206 higher), mainly as a result of foreign exchange gains/losses on translation of US dollar denominated financial instruments as detailed in the above table. Profit is more sensitive to movements in the Australian dollar/US dollar exchange rates in 2009 than 2008 because of the increased amount of US dollar denominated cash and cash equivalents.

Based on the financial instruments held at 30 June 2009, had the Australian dollar weakened/strengthened by 10% against the Ghanaian Cedi with all other variables held constant, the consolidated entity's post-tax profit and equity for the year would have been $373 lower/$373 higher (2008 - $8,416 lower/$8,416 higher), mainly as a result of foreign exchange gains/losses on translation of Ghanaian Cedi denominated financial instruments as detailed in the above table. Profit is more sensitive to movements in the Australian dollar/Ghanaian Cedi exchange rates in 2008 than 2009 because of the increased amount of Ghanaian Cedi denominated receivables and cash and cash equivalents in 2008.

Based on the financial instruments held at 30 June 2009, had the Australian dollar weakened/strengthened by 10% against the Philippine Peso with all other variables held constant, the consolidated entity's post-tax profit and equity for the year would have been $14,833 lower/$14,833 higher (2008 - $15,329 lower/$15,329 higher), mainly as a result of foreign exchange gains/losses on translation of Philippine Peso denominated financial instruments as detailed in the above table. Profit is more sensitive to movements in the Australian dollar/Philippine Peso exchange rates in 2008 than 2009 because of the increased amount of Philippine Peso denominated trade and other payables in 2008.

(ii) *Price risk*
The consolidated entity is exposed to equity securities price risk with the exposure, however, being minimal. Equity securities price risk arises from investments in equity securities. The equity investments are publicly traded on the ASX. The price risk for the listed securities is immaterial in terms of a possible impact on profit and loss or total equity and as such a sensitivity analysis has not been completed. The consolidated entity does not have a risk management policy surrounding price risk in place as the Board considers the risk minimal.

Neither the consolidated entity nor the parent entity are exposed to commodity price risk.

(iii) *Cash flow and fair value interest rate risk*
The company and the consolidated entity are exposed to interest rate risk arising mainly from borrowings and cash balances held. The risk is considered minimal as the consolidated and parent entity's borrowings are minimal. The consolidated entity does not enter into any specific swaps or hedges to cover any interest rate volatility and does not have a risk management policy surrounding cash flow and interest rate risk as the Board considers these risks to be minimal.

2 Financial risk management (continued)

An analysis by maturities is provided in (c) below.

Group sensitivity
At 30 June 2009, if interest rates had changed by -/+50 basis points from the year end rates with all other variables held constant, post-tax profit and equity for the year would have been $100,636 lower/higher (2008: -/+50 basis points: $5,578 lower/higher), as a result of lower/higher interest income from cash and cash equivalents.

Parent entity sensitivity
At 30 June 2009, if interest rates had changed by -/+50 basis points from the year end rates with all other variables held constant, post-tax profit and equity for the year would have been $83,040 lower/higher (2008: -/+50 basis points: $1,100 lower/higher), as a result of lower/higher interest income from cash and cash equivalents.

(b) Credit risk

Credit risk arises from the financial assets of the consolidated entity, which comprise cash and cash equivalents and trade and other receivables. The consolidated entity's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

The consolidated entity trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the consolidated entity's policy to securitise its trade and other receivables. All receivables at balance date that are neither past due nor impaired comply with the consolidated entity's policy on credit quality. The consolidated entity holds cash and cash equivalents with reputable creditworthy financial institutions.

It is the consolidated entity's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation.

In addition, receivable balances are monitored on an ongoing basis with the result that the consolidated entity's exposure to bad debts is minimised.

Credit risk further arises in relation to guarantees given to certain parties (see note 34 for details). Such guarantees are only provided in exceptional circumstances.

There are no significant concentrations of credit risk within the consolidated entity.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. The consolidated entity manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements
The consolidated entity and the parent entity had access to the following undrawn borrowing facilities at the reporting date:

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Insurance premium funding facility	**-**	750,000	**-**	-
Leasing facility	**1,000,000**	374,373	**-**	-
	1,000,000	1,124,373	**-**	-

2 Financial risk management (continued)

Maturities of financial liabilities

The following tables detail the company's and the consolidated entity's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the consolidated or parent entity can be required to pay. The table includes both interest and principal cash flows. The consolidated and parent entity had no derivative financial instruments.

Consolidated entity - At 30 June 2009	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
	$	$	$	$	$	$
Non-derivatives						
Non-interest bearing	16,344,344	-	-	-	16,344,344	16,344,344
Finance lease liability and hire purchase	1,057,439	809,963	1,416,716	-	3,284,118	2,768,522
Total non-derivatives	17,401,783	809,963	1,416,716	-	19,628,462	19,112,866
Consolidated entity - At 30 June 2008						
Non-derivatives						
Non-interest bearing	14,561,054	-	-	-	14,561,054	14,561,054
Finance lease liability and hire purchase	775,151	798,959	1,536,206	390,127	3,500,443	3,213,747
Fixed rate bank loan	1,516,200	-	-	-	1,516,200	1,400,000
Total non-derivatives	**16,852,405**	**798,959**	**1,536,206**	**390,127**	**19,577,697**	**19,174,801**
Parent - At 30 June 2009						
Non-derivatives						
Non-interest bearing	798,858	-	-	-	798,858	798,858
Finance lease liability and hire purchase	422,640	422,640	1,216,112	-	2,061,392	1,670,972
Total non-derivatives	1,221,498	422,640	1,216,112	-	2,860,250	2,469,830
Parent - At 30 June 2008						
Non-derivatives						
Non-interest bearing	716,318	-	-	-	716,318	716,318
Finance lease liability and hire purchase	283,996	311,038	1,122,368	390,127	2,107,529	1,931,208
Fixed rate bank loan	1,516,200	-	-	-	1,516,200	1,400,000
Total non-derivatives	2,516,514	311,038	1,122,368	390,127	4,340,047	4,047,526

3 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The consolidated entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) *Estimated impairment of goodwill*
The consolidated entity tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(p). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to note 19 for details of these assumptions and the potential impact of changes to the assumptions.

(ii) *Service warranties*
In accordance with the accounting policy stated in note 1(t), the Group has recognised warranty provisions at the end of the financial year in respect of potential claims for rectification work on some of its EPCM contracts. The amounts provided take into account contractual exposure and estimates based on industry and historical trends.

4 Segment information

(a) Description of segments

Business segments
The consolidated entity is organised into the following divisions by product and service type.

Engineering, Procurement and Construction Management (EPCM)
This industry segment comprises assignments for delivery of the full suite of project delivery services comprising project management, all disciplines of engineering, drafting, procurement, construction management and commissioning. EPCM services are provided on either an hourly rates or fixed fee basis.

Design and Construct (Lump Sum)
This industry segment comprises the delivery of turn key projects comprising EPCM services together with supply and installation of the plant and equipment. Turn key projects are provided on a fixed lump sum basis.

Study Services
This industry segment comprises the delivery of the services required to prepare project studies. These project studies range from concept studies through to definitive feasibility studies and require delivery of a wide range of services comprising study management, all disciplines of engineering, drafting, procurement, estimating, financial modelling and secretarial. Study services are provided on either an hourly rate or fixed fee basis.

Project Services
This industry segment comprises the delivery of selected project services required to assist others with the delivery of a project. These project services range from providing superintendent services through to preparation of complete design packages and therefore comprise selected EPCM services. Project services are provided on either an hourly rate or fixed fee basis.

Geographical segments
The consolidated entity operates in two main geographical areas:

Australia
The home country of the parent entity and four of its subsidiaries.

Africa
Comprises operations carried on in Africa.

4 Segment information (continued)

(b) Primary reporting format - business segments

2009	EPCM	Design and Construct (Lump Sum)	Study Services	Project Services	Consolidated
	$	$	$	$	$
Segment revenue					
Sales to external customers	72,849,440	1,654,157	35,181,000	34,431,369	144,115,966
Unallocated revenue					2,719,681
Consolidated revenue					**146,835,647**
Segment result					
Segment result	**11,666,321**	**343,367**	**4,176,787**	**5,478,699**	**21,665,174**
Unallocated revenue less unallocated expenses					(1,462,432)
Profit before income tax					20,202,742
Income tax expense					(5,425,487)
Profit for the year					**14,777,255**
Segment assets and liabilities					
Segment assets	**15,547,867**	**368,314**	**3,070,358**	**8,403,537**	**27,390,076**
Unallocated assets					36,512,718
Total assets					**63,902,794**
Segment liabilities	**6,011,435**	**173,822**	**2,737,704**	**2,598,874**	**11,521,835**
Unallocated liabilities					12,653,659
Total liabilities					**24,175,494**
Other segment information					
Investments in associates and joint venture partnership	-	-	-	440,344	440,344
Share of net profits of associates and joint venture partnership	-	-	-	93,496	93,496
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	477,011	14,422	123,673	364,079	979,185
Unallocated					98,235
Total acquisitions					**1,077,420**
Depreciation and amortisation expense	463,404	16,575	180,687	271,220	931,886
Unallocated					909,658
Total depreciation and amortisation					**1,841,544**

4 Segment information (continued)

(b) Primary reporting format - business segments (continued)

2008	EPCM	Design and Construct (Lump Sum)	Study Services	Project Services	Consolidated
	$	$	$	$	$
Segment revenue					
Sales to external customers	74,817,031	11,704,849	26,278,720	5,854,979	118,655,579
Unallocated revenue					1,922,837
Consolidated revenue					**120,578,416**
Segment result					
Segment result	**17,178,820**	**865,240**	**5,374,262**	**1,419,626**	**24,837,948**
Unallocated revenue less unallocated expenses					(7,173,396)
Profit before income tax					17,664,552
Income tax expense					(5,187,734)
Profit for the year					**12,476,818**
Segment assets and liabilities					
Segment assets	**22,072,194**	**2,546,900**	**6,334,102**	**2,433,981**	**33,387,177**
Unallocated assets					23,568,431
Total assets					**56,955,608**
Segment liabilities	**5,198,232**	**1,257,368**	**1,193,293**	**521,570**	**8,170,463**
Unallocated liabilities					14,935,445
Total liabilities					**23,105,908**
Other segment information					
Investments in associates and joint venture partnership	-	-		346,848	346,848
Share of net profits of associates and joint venture partnership	-	-	-	50,883	50,883
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	1,088,184	72,970	306,002	49,637	1,516,793
Unallocated					2,118,566
Total acquisitions					**3,635,359**
Depreciation and amortisation expense	612,696	56,718	199,109	35,433	903,956
Unallocated					581,489
Total depreciation and amortisation					**1,485,445**

4 Segment information (continued)

(c) Secondary reporting format - geographical segments

	Segment revenues from sales to external customers		Segment assets		Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	
	2009	2008	**2009**	2008	**2009**	2008
	$	$	**$**	$	**$**	$
Australia	**84,023,906**	66,124,923	**15,673,449**	18,309,450	**616,533**	1,993,622
Africa	**53,429,999**	52,741,731	**9,966,597**	14,603,753	**392,048**	1,590,128
Other countries	**9,381,742**	1,711,762	**1,750,030**	473,974	**68,839**	51,609
	146,835,647	120,578,416	**27,390,076**	33,387,177	**1,077,420**	3,635,359
Unallocated assets			**36,512,718**	23,568,431		
Total assets			**63,902,794**	56,955,608		

(i) *Inter-segment transfers*
Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an "arms-length" basis and are eliminated on consolidation.

5 Revenue

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
From operations				
Contract revenue	**145,929,840**	119,515,997	**380,723**	657,687
Other revenue				
Rents and sub-lease rentals	**173,161**	192,977	**86,918**	192,977
Dividends	**-**	-	**18,600,000**	4,700,000
Interest from related parties	**-**	-	**27,266**	22,093
Bank interest	**693,933**	752,620	**275,661**	347,133
Other revenue	**38,713**	116,822	**423,332**	53,853
Management fees	**-**	-	**1,608,328**	1,483,150
	905,807	1,062,419	**21,021,505**	6,799,206
	146,835,647	120,578,416	**21,402,228**	7,456,893

6 Other income

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Net gain on disposal of property, plant and equipment (note (a))	**2,900,166**	-	**2,925,360**	-
Foreign exchange gains (net)	**-**	72,124	**-**	-
	2,900,166	72,124	**2,925,360**	-

(a) Net gain on disposal of property, plant and equipment

The consolidated net gain on disposal of property, plant and equipment in 2009 includes a gain of $2,925,360 on sale of freehold land and building.

7 Expenses

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Profit before income tax includes the following specific expenses:				
Depreciation				
Buildings	**29,297**	39,207	**29,297**	39,207
Plant and equipment	**373,003**	432,993	**7,935**	6,877
Motor Vehicles	**21,834**	14,854	**-**	-
Total depreciation	**424,134**	487,054	**37,232**	46,084
Amortisation				
Leasehold improvements	**428,502**	95,096	**313,106**	40,896
Leased plant and equipment	**415,810**	228,203	**-**	1,776
Computer software	**573,098**	675,092	**476,944**	484,100
Total amortisation	**1,417,410**	998,391	**790,050**	526,772
Total depreciation and amortisation	**1,841,544**	1,485,445	**827,282**	572,856
Finance costs				
Interest and finance charges paid/payable	**374,678**	225,376	**239,910**	148,175
Net loss on disposal of property, plant and equipment	**-**	6,665	**-**	-
Rental expense relating to operating leases				
Minimum lease payments	**4,404,748**	2,106,306	**-**	-

8 Income tax expense

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
(a) Income tax expense				
Current tax	**6,359,819**	6,133,173	**139,012**	-
Deferred tax	**(392,653)**	(679,218)	**113,962**	5,138
Adjustments for current tax of prior periods - research and development concessions	**(541,679)**	(266,221)	**-**	-
	5,425,487	5,187,734	**252,974**	5,138
Deferred income tax (revenue) expense included in income tax expense comprises:				
Decrease (increase) in deferred tax assets (note 18)	**(396,751)**	(573,288)	**102,581**	6,521
(Decrease) increase in deferred tax liabilities (note 25)	**4,098**	(105,930)	**11,381**	(1,383)
	(392,653)	(679,218)	**113,962**	5,138
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit before income tax expense	**20,202,742**	17,664,552	**19,912,346**	4,386,092
Tax at the Australian tax rate of 30% (2008 - 30%)	**6,060,823**	5,299,366	**5,973,704**	1,315,828
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Non deductible depreciation and amortisation	**5,860**	8,703	**-**	8,703
Share based payment	**73,405**	-	**73,405**	-
Sundry items	**62,510**	202,719	**9,733**	55,874
Exchange differences on translation	**(4,270)**	-	**-**	-
Research and development concessions	**-**	(91,566)	**-**	-
Tax offset for franked dividends	**-**	-	**(5,580,000)**	(1,410,000)
	6,198,328	5,419,222	**476,842**	(29,595)
Adjustments for current tax of prior periods - research and development concessions	**(541,679)**	(266,221)	**-**	-
Difference in overseas tax rates	**10,614**	-	**-**	-
Previously unrecognised tax losses now recouped to reduce current tax expense	**(223,868)**	-	**(223,868)**	-
Deferred tax asset not recognised arising from converted excess franking credits	**-**	34,733	**-**	34,733
Deferred tax asset not previously recognised now recognised	**(17,908)**	-	**-**	-
Total income tax expense	**5,425,487**	5,187,734	**252,974**	5,138
(c) Amounts recognised directly in equity				
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity				
Net deferred tax - debited (credited) directly to equity (notes 18 and 25)	**(14,700)**	(6,300)	**-**	-
(d) Tax losses				
Unused tax losses for which no deferred tax asset has been recognised	**-**	746,229	**-**	746,229
Potential tax benefit @ 30%	**-**	223,869	**-**	223,869

All unused tax losses were incurred by Australian entities.

(e) Tax consolidation legislation

Lycopodium Limited and its wholly owned Australian controlled entities have decided not to implement the tax consolidation legislation (see note 1).

9 Current assets – Cash and cash equivalents

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Cash at bank and in hand	**6,293,340**	2,261,935	**497,889**	317,850
Deposits at call	**20,069,521**	7,725,171	**16,205,171**	3,397,486
	26,362,861	9,987,106	**16,703,060**	3,715,336

(a) Risk exposure

The consolidated entity's and the parent entity's exposure to interest rate risk is discussed in note 2.

10 Current assets – Trade and other receivables

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Trade receivables	**23,313,029**	30,583,333	**476,702**	683,867
Provision for impairment of receivables	**(808,576)**	(1,400,157)	**-**	-
Trade receivable retention	**406,843**	1,206,317	**-**	
	22,911,296	30,389,493	**476,702**	683,867
Related party receivables	**31,270**	31,270	**-**	782,402
Provision for impairment of receivables	**(31,270)**	(31,270)	**-**	-
	-	-	**-**	782,402
Loans to directors	**11,259**	3,830	**11,208**	3,384
Other receivables	**1,123,594**	902,104	**29,438**	33,152
Cash advanced to employees	**54,415**	46,850	**-**	-
	24,100,564	31,342,277	**517,348**	1,502,805

Further information relating to loans to key management personnel is set out in note 31.

10 Current assets – Trade and other receivables (continued)

(a) Impaired trade receivables

As at 30 June 2009 current trade receivables of the consolidated entity with a value of $808,576 (2008 - $1,400,157) were impaired, with the amounts being fully provided for. There were no impaired trade receivables for the parent in 2009 or 2008.

The ageing of these receivables is as follows:

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
0 to 30 days	**-**	60,861	**-**	-
91 to 120 days	**-**	51,170	**-**	-
121 to 210 days	**101,034**	6,166	**-**	-
211 days or over	**707,542**	1,281,960	**-**	-
	808,576	1,400,157	**-**	-

Movements in the provision for impairment of receivables are as follows:

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
At 1 July	**1,400,157**	637,794	**-**	-
Provision for impairment recognised during the year	**178,328**	809,432	**-**	-
Receivables written off during the year as uncollectible	**(590,726)**	(30,894)	**-**	-
Unused amount reversed	**(179,183)**	(16,175)	**-**	-
	808,576	1,400,157	**-**	-

The creation and release of the provision for impaired receivables has been included in 'administration and management costs' in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Related party receivables, in the consolidated entity, in the amount of $31,270 are considered impaired and have been fully provided for at 30 June 2009 (2008: $31,270). The other classes within trade and other receivables do not contain impaired assets and are not past due.

10 Current assets – Trade and other receivables (continued)

(b) Past due but not impaired

As of 30 June 2009, trade receivables of $5,952,231 (2008 - $5,176,996) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
31 to 60 days	**1,073,585**	2,567,772	**-**	-
61 to 90 days	**3,008,300**	1,805,272	**-**	-
91 to 120 days	**1,370,834**	240,880	**-**	-
121 to 210 days	**528,776**	328,918	**-**	-
211 days and over	**(29,264)**	234,154	**-**	-
	5,952,231	5,176,996	**-**	-

(c) Foreign exchange and interest rate risk

Information about the consolidated entity's and the parent entity's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 2.

(d) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The consolidated entity does not hold any collateral as security. Refer to note 2 for more information on the risk management policy of the consolidated entity.

11 Current assets - Non-current assets classified as held for sale

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Land and buildings	**-**	2,078,180	**-**	2,078,180

12 Current assets - Other current assets

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Other current assets (a)	**720,165**	724,924	**78,077**	74,460
Prepayments	**695,143**	590,074	**-**	3,101
	1,415,308	1,314,998	**78,077**	77,561

(a) Other current assets

Other current assets consist of deposits held with licensed banks as security/bond on the various properties leased by the Group.

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

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Shares in associates (note 37)	**440,344**	346,848	**200,000**	200,000

(a) Shares in associates

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are carried at cost by the parent entity.

14 Non-current assets - Available-for-sale financial assets

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
At beginning of year	**99,000**	120,000	**-**	-
Revaluation surplus/(deficit) transfer to equity	**(49,000)**	(21,000)	**-**	-
At end of year	**50,000**	99,000	**-**	-

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Listed securities (note (a))				
Equity securities	**50,000**	99,000	**-**	-
	50,000	99,000	**-**	-

14 Non-current assets - Available-for-sale financial assets (continued)

(a) Listed securities

Available-for-sale financial assets consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

The fair value of listed available-for-sale investments has been determined directly by reference to published price quotations in an active market.

(b) Impairment and risk exposure

None of the financial assets are impaired.

All available-for-sale financial assets are denominated in Australian currency. For an analysis of the sensitivity of available-for-sale financial assets to price risk refer to note 2.

15 Non-current assets – Other financial assets

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Shares in subsidiaries (note 36)	**-**	-	**11,650,204**	11,650,194
	-	-	**11,650,204**	11,650,194

These financial assets are carried at cost.

16 Non-current assets - Property, plant and equipment

Consolidated	Freehold land & buildings	Fixtures and fittings	Motor vehicles	Leasehold improve-ments	Leased plant & equipment	Total
	$	$	$	$	$	$
At 1 July 2007						
Cost	1,249,039	2,670,832	158,017	224,033	997,399	5,299,320
Accumulated depreciation	(107,216)	(2,053,916)	(93,332)	(160,928)	(469,879)	(2,885,271)
Net book amount	1,141,823	616,916	64,685	63,105	527,520	2,414,049
Year ended 30 June 2008						
Opening net book amount	1,141,823	616,916	64,685	63,105	527,520	2,414,049
Additions	-	699,352	15,211	1,975,596	691,230	3,381,389
Disposals	-	(15,434)	-	-	(31,000)	(46,434)
Assets included in a disposal group classified as held for sale and other disposals	(1,121,297)	-	-	-	-	(1,121,297)
Impairment charge recognised in profit and loss	-	(49,329)	-	-	-	(49,329)
Transfers (to) from computer software	-	1,963	-	-	-	1,963
Depreciation charge	(20,526)	(432,993)	(14,854)	(95,096)	(228,203)	(791,672)
Closing net book amount	-	820,475	65,042	1,943,605	959,547	3,788,669
At 30 June 2008						
Cost	-	2,803,991	168,186	2,199,629	1,498,595	6,670,401
Accumulated depreciation	-	(1,983,516)	(103,144)	(256,024)	(539,048)	(2,881,732)
Net book amount	-	820,475	65,042	1,943,605	959,547	3,788,669
Year ended 30 June 2009						
Opening net book amount	-	820,475	65,042	1,943,605	959,547	3,788,669
Exchange differences	-	22,475	1,272	11,022	85,787	120,556
Additions	-	393,647	42,623	206,810	274,847	917,927
Disposals	-	(34,097)	-	-	(5,200)	(39,297)
Transfers	-	(149,804)	-	149,804	-	-
Depreciation charge	-	(373,003)	(21,835)	(428,502)	(415,810)	(1,239,150)
Closing net book amount	-	679,693	87,102	1,882,739	899,171	3,548,705
At 30 June 2009						
Cost	-	2,418,220	181,734	2,547,863	1,742,468	6,890,285
Accumulated depreciation and impairment	-	(1,738,527)	(94,632)	(665,124)	(843,297)	(3,341,580)
Net book amount	-	679,693	87,102	1,882,739	899,171	3,548,705

16 Non-current assets - Property, plant and equipment (continued)

Parent entity	Freehold land & buildings	Fixtures and fittings	Leasehold improvements	Leased plant & equipment	Total
	$	$	$	$	$
At 1 July 2007					
Cost	1,249,039	50,782	-	36,602	1,336,423
Accumulated depreciation	(107,216)	(22,062)	-	(18,354)	(147,632)
Net book amount	1,141,823	28,720	-	18,248	1,188,791
Year ended 30 June 2008					
Opening net book amount	1,141,823	28,720	-	18,248	1,188,791
Additions	-	3,181	1,888,011	-	1,891,192
Disposals	-	-	-	(16,472)	(16,472)
Transfers to assets held for sale	(1,121,297)	-	-	-	(1,121,297)
Depreciation charge	(20,526)	(6,876)	(40,896)	(1,776)	(70,074)
Closing net book amount	-	25,025	1,847,115	-	1,872,140
At 30 June 2008					
Cost	-	53,963	1,888,011	-	1,941,974
Accumulated depreciation	-	(28,938)	(40,896)	-	(69,834)
Net book amount	-	25,025	1,847,115	-	1,872,140
Year ended 30 June 2009					
Opening net book amount	-	25,025	1,847,115	-	1,872,140
Additions	-	10,117	-	-	10,117
Disposals	-	(8,714)	-	-	(8,714)
Depreciation charge	-	(7,936)	(313,106)	-	(321,042)
Closing net book amount	-	18,492	1,534,009	-	1,552,501
At 30 June 2009					
Cost	-	25,143	1,888,011	-	1,913,154
Accumulated depreciation	-	(6,651)	(354,002)	-	(360,653)
Net book amount	-	18,492	1,534,009	-	1,552,501

16 Non-current assets - Property, plant and equipment (continued)

(a) Leased assets

Plant and equipment under a finance lease is disclosed as a separate category in the property, plant and equipment movements detailed above. In addition, leasehold improvements include the following amounts where the consolidated entity is a lessee under a finance lease:

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Leasehold improvements				
Cost	**1,888,011**	1,888,011	**1,888,011**	1,888,011
Accumulated depreciation	**(354,002)**	(40,896)	**(354,002)**	(40,896)
Net book amount	**1,534,009**	1,847,115	**1,534,009**	1,847,115

(b) Non-current assets pledged as security

Refer to note 24 for information on non-current assets pledged as security by the parent entity and its controlled entities.

17 Non-current assets - Investment properties

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Opening balance at 1 July	**-**	1,071,235	**-**	1,071,235
Accumulated depreciation	**-**	(95,671)	**-**	(95,671)
Net book amount	**-**	975,564	**-**	975,564
Acquisitions	**-**	-	**-**	-
Depreciation	**-**	(18,681)	**-**	(18,681)
Transfers to assets held for sale	**-**	(956,883)	**-**	(956,883)
	-	-	**-**	-
At cost				
Closing balance as at 30 June	**-**	-	**-**	-
Accumulated depreciation	**-**	-	**-**	-
	-	-	**-**	-

17 Non-current assets - Investment properties (continued)

(a) Amounts recognised in profit and loss for investment property

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Rental income	**86,238**	192,977	**86,238**	192,977
Direct operating expenses from property that generated rental income	**(34,645)**	(22,781)	**(34,645)**	(22,781)
	51,593	170,196	**51,593**	170,196

Investment property is stated at historical cost less accumulated depreciation.

(b) Non-current assets pledged as security

Refer to note 24 for information on non-current assets pledged as security by the parent entity or its controlled entities.

(c) Leasing arrangements

The investment property was leased to a tenant under operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment property are as follows:

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:				
Within one year	-	83,453	-	83,453
	-	83,453	-	83,453

18 Non-current assets - Deferred tax assets

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
The balance comprises temporary differences attributable to:				
Doubtful debts	**458,516**	251,858	**-**	-
Employee benefits	**1,675,610**	1,734,421	**76,563**	118,787
Accrued expenses	**327,434**	763,113	**43,730**	21,000
Other provisions	**948,039**	165,722	**-**	32,157
Depreciation	**79,454**	126,704	**-**	50,930
Finance leases	**238,119**	273,903	**-**	-
	3,727,172	3,315,721	**120,293**	222,874
Set-off of deferred tax liabilities pursuant to set-off provisions (note 25)	**(805,342)**	(801,244)	**(68,922)**	(57,540)
Net deferred tax assets	**2,921,830**	2,514,477	**51,371**	165,334
Deferred tax assets to be recovered within 12 months	**3,385,689**	2,897,709	**114,576**	169,054
Deferred tax assets to be recovered after more than 12 months	**341,483**	418,012	**5,717**	53,820
	3,727,172	3,315,721	**120,293**	222,874

18 Non-current assets - Deferred tax assets (continued)

Movements – Consolidated	Doubtful debts	Employee benefits	Accrued expenses	Other provisions	De-preciation	Finance leases	Total
	$	$	$	$	$	$	$
At 1 July 2007	196,065	1,226,288	502,798	548,607	101,357	161,018	2,736,133
(Charged)/credited to the income statement	55,793	508,133	260,315	(389,185)	25,347	112,885	573,288
(Charged)/credited directly to equity	-	-	-	6,300	-	-	6,300
At 30 June 2008	251,858	1,734,421	763,113	165,722	126,704	273,903	3,315,721

Movements – Consolidated	Doubtful debts	Employee benefits	Accrued expenses	Other provisions	De-preciation	Finance leases	Total
	$	$	$	$	$	$	$
At 30 June 2008	251,858	1,734,421	763,113	165,722	126,704	273,903	3,315,721
Charged/(credited) to the income statement	206,658	(58,811)	(435,679)	767,617	(47,250)	(35,784)	396,751
Charged directly to equity	-	-	-	14,700	-	-	14,700
At 30 June 2009	458,516	1,675,610	327,434	948,039	79,454	238,119	3,727,172

Movements - Parent	Employee benefits	Other provisions	Accrued expenses	Depreciation	Finance leases	Total
	$	$	$	$	$	$
At 1 July 2007	84,864	68,754	-	42,227	33,550	229,395
(Charged)/credited to the income statement	33,923	(36,597)	21,000	8,703	(33,550)	(6,521)
At 30 June 2008	118,787	32,157	21,000	50,930	-	222,874

Movements - Parent	Employee benefits	Other provisions	Accrued expenses	Depreciation	Finance leases	Total
	$	$	$	$	$	$
At 30 June 2008	118,787	32,157	21,000	50,930	-	222,874
Charged/(credited) to the income statement	(42,224)	11,573	(21,000)	(50,930)	-	(102,581)
At 30 June 2009	76,563	43,730	-	-	-	120,293

19 Non-current assets – Intangible assets

Consolidated	Goodwill	Patents, trademarks and other rights	Computer software	Total
	$	$	$	$
At 1 July 2007				
Cost	5,325,332	1,553	2,241,944	7,568,829
Accumulated amortisation and impairment	(819,842)	-	(840,128)	(1,659,970
Net book amount	4,505,490	1,553	1,401,816	5,908,859
Year ended 30 June 2008				
Opening net book amount	4,505,490	1,553	1,401,816	5,908,859
Additions	-	357	251,963	252,320
Acquisition of subsidiary	-	-	(71)	(71)
Transfers to assets held for sale	-	-	(1,963)	(1,963)
Amortisation charge *	-	-	(675,092)	(675,092)
Closing net book amount	4,505,490	1,910	976,653	5,484,053
At 30 June 2008				
Cost	5,325,332	1,910	2,486,257	7,813,499
Accumulated amortisation and impairment	(819,842)	-	(1,509,604)	(2,329,446)
Net book amount	4,505,490	1,910	976,653	5,484,053
Year ended 30 June 2009				
Opening net book amount	4,505,490	1,910	976,653	5,484,053
Exchange differences	-	-	(3,798)	(3,798)
Additions	-	-	159,979	159,979
Disposals	-	-	(3,954)	(3,954)
Amortisation charge *	-	-	(573,098)	(573,098)
Closing net book amount	4,505,490	1,910	555,782	5,063,182
At 30 June 2009				
Cost	5,325,332	1,910	2,482,534	7,809,776
Accumulated amortisation and impairment	(819,842)	-	(1,926,752)	(2,746,594)
Net book amount	4,505,490	1,910	555,782	5,063,182

19 Non-current assets – Intangible assets (continued)

Parent entity	Computer software	Total
	$	$
At 1 July 2007		
Cost	1,249,872	1,249,872
Accumulated amortisation and impairment	(177,447)	(177,447)
Net book amount	1,072,425	1,072,425
Year ended 30 June 2008		
Opening net book amount	1,072,425	1,072,425
Additions	205,422	205,422
Amortisation charge *	(484,100)	(484,100)
Closing net book amount	793,747	793,747
At 30 June 2008		
Cost	1,455,294	1,455,294
Accumulated amortisation and impairment	(661,547)	(661,547)
Net book amount	793,747	793,747
Year ended 30 June 2009		
Opening net book amount	793,747	793,747
Additions	723	723
Amortisation charge *	(476,944)	(476,944)
Closing net book amount	317,526	317,526
At 30 June 2009		
Cost	1,445,508	1,445,508
Accumulated amortisation and impairment	(1,127,982)	(1,127,982)
Net book amount	317,526	317,526

* Consolidated entity amortisation of $573,098 (2008: $675,092) is included in depreciation and amortisation expense in the income statement. For the parent entity amortisation of $476,944 (2008: $484,100) is included in depreciation and amortisation expense in the income statement.

19 Non-current assets – Intangible assets (continued)

(a) Impairment tests for goodwill

Goodwill is allocated to the consolidated entity's cash-generating units (CGUs) for impairment testing purposes.

A CGU level summary of the goodwill allocation is presented below.

2009	Total $
Lycopodium Minerals Pty Ltd	3,622,991
Lycopodium Process Industries Pty Ltd	763,242
Orway Mineral Consultants (WA) Pty Ltd	119,257
	4,505,490

2008	Total $
Lycopodium Minerals Pty Ltd	3,622,991
Lycopodium Process Industries Pty Ltd	763,242
Orway Mineral Consultants (WA) Pty Ltd	119,257
	4,505,490

(b) Key assumptions used for value-in-use calculations

The recoverable amount of each CGU is determined on the basis of value-in-use ('VIU'). The following describes the assumptions on which management has based its cash flow projections when determining value in use:

Cash flows
VIU calculations use cash flow projections from approved budgets based on past performance and its expectations for the future covering a three year period.

Growth rate
The growth rate used to extrapolate the cash flows beyond the three year period is 2.5% (2008 - 3.0%). The growth rate represents a steady indexation rate which does not exceed management's expectations of the long term average growth rate for the business in which each CGU operates.

Discount rate
The base discount rate applied to cash flow projections is 12.3% (2008: 13.0%). The discount rate is a post-tax rate that reflects the current assessment of the time value of money and the overall perceived risk profile of the company.

(c) Impact of possible changes in key assumptions

Any reasonably possible change in key assumptions will not result in an impairment charge.

20 Current liabilities - Trade and other payables

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Trade payables	**3,948,404**	3,192,275	**40,969**	150,074
Revenue received in advance	**1,992,653**	2,285,287	**-**	-
Goods and services tax (GST) payable	**1,636,040**	560,235	**1,909**	2,125
Sundry creditors and accrued expenses (a)	**8,767,247**	8,523,257	**755,980**	564,119
	16,344,344	14,561,054	**798,858**	716,318

(a) Amounts not expected to be settled within the next 12 months

Other payables include accruals for annual leave and unconditional entitlements of long service leave. The entire obligation is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave within the next 12 months. The following amounts reflect leave that is not expected to be taken within the next 12 months:

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Annual leave obligation expected to be settled after 12 months	**1,056,729**	1,276,619	**63,841**	129,043
Long service leave obligation expected to be settled after 12 months	**1,534,209**	1,883,284	**56,413**	173,822
	2,590,938	3,159,903	**120,254**	302,865

(b) Risk exposure

Information about the consolidated entity's and the parent entity's exposure to foreign exchange risk is provided in note 2.

21 Current liabilities - Borrowings

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Secured				
Bank loans	**-**	1,400,000	**-**	1,400,000
Lease liabilities	**723,271**	575,127	**285,016**	260,236
Hire purchase	**113,978**	138,248	**-**	-
Total secured current borrowings	**837,249**	2,113,375	**285,016**	1,660,236

(a) Security and fair value disclosures

Information about the security relating to each of the secured liabilities and the fair value of each of the borrowings is provided in note 24.

21 Current liabilities – Borrowings (continued)

(b) Risk exposures

Details of the consolidated entity's exposure to risks arising from current and non-current borrowings are set out in note 2.

22 Current liabilities - Provisions

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Service warranties	**1,757,267**	396,000	**-**	-

(a) Service warranties

Provision is made for the estimated cost in respect of works carried out which may require rectification. Any claims made are expected to be settled in the next financial year.

(b) Movements in provisions

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

	Service warranties	Total
	$	$
Consolidated - 2009		
Current		
Carrying amount at start of year	396,000	396,000
- additional provisions recognised	1,361,267	1,361,267
Carrying amount at end of year	1,757,267	1,757,267

23 Current liabilities - Current tax liabilities

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Income tax	**2,849,913**	3,196,357	**139,012**	-

24 Non-current liabilities - Borrowings

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Secured				
Lease liabilities	**1,498,280**	2,335,503	**1,385,956**	1,670,972
Hire purchase	**432,993**	164,869	**-**	-
Total secured non-current borrowings	**1,931,273**	2,500,372	**1,385,956**	1,670,972

(a) Secured liabilities and assets pledged as security

The total secured liabilities (current and non-current) are as follows:

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Bank loans	**-**	1,400,000	**-**	1,400,000
Lease liabilities	**2,221,551**	2,910,630	**1,670,972**	1,931,208
Hire purchase	**546,971**	303,117	**-**	-
Total secured liabilities	**2,768,522**	4,613,747	**1,670,972**	3,331,208

Lease liabilities and hire purchases are effectively secured as the rights to the leased or hire purchased assets recognised in the financial statements revert to the lessor/vendor in the event of default.

The carrying amounts of assets pledged as security for current and non-current borrowings are:

		Consolidated		Parent entity	
		2009	2008	**2009**	2008
	Notes	**$**	$	**$**	$
Non current assets classified as held for sale	11	**-**	2,078,180	**-**	2,078,180
		-	2,078,180	**-**	2,078,180
Finance lease					
Plant and equipment	16	**899,171**	959,547	**-**	-
Leasehold improvements	16	**1,534,009**	1,847,115	**1,534,009**	1,847,115
		2,433,180	2,806,662	**1,534,009**	1,847,115
Total assets pledged as security		**2,433,180**	4,884,842	**1,534,009**	3,925,295

24 Non-current liabilities - Borrowings

(b) Fair value

The carrying amounts and fair values of borrowings at balance date are:

Consolidated entity	At 30 June 2009 Carrying amount $	At 30 June 2009 Fair value $	At 30 June 2008 Carrying amount $	At 30 June 2008 Fair value $
On-balance sheet				
Non-traded financial liabilities				
Bank loans	**-**	**-**	1,400,000	1,400,000
Lease liabilities	**2,221,551**	**2,221,551**	2,910,630	2,910,630
Hire purchase	**546,971**	**546,971**	303,117	303,117
	2,768,522	**2,768,522**	4,613,747	4,613,747

Parent entity	At 30 June 2009 Carrying amount $	At 30 June 2009 Fair value $	At 30 June 2008 Carrying amount $	At 30 June 2008 Fair value $
On-balance sheet				
Non-traded financial liabilities				
Bank loans	-	-	1,400,000	1,400,000
Lease liabilities	**1,670,972**	**1,670,972**	1,931,208	1,931,208
	1,670,972	**1,670,972**	3,331,208	3,331,208

(c) Risk exposures

Information about the consolidated entity's and parent entity’s exposure to interest rate and foreign currency changes is provided in note 2.

25 Non-current liabilities - Deferred tax liabilities

	Consolidated		Parent entity	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
The balance comprises temporary differences attributable to:				
Prepayments	**114,487**	-	**-**	-
Finance leases	**-**	268,281	**-**	-
Accrued income - contractors	**323,262**	295,985	**-**	-
Other provisions	**63,764**	183,469	**7,007**	6,040
Depreciation	**303,829**	53,509	**61,915**	51,500
Total deferred tax liabilities	**805,342**	801,244	**68,922**	57,540
Set-off of deferred tax liabilities pursuant to set-off provisions (note 18)	**(805,342)**	(801,244)	**(68,922)**	(57,540)
Net deferred tax liabilities	**-**	-	**-**	-
Deferred tax liabilities to be settled within 12 months	**501,513**	479,454	**7,007**	6,040
Deferred tax liabilities to be settled after more than 12 months	**303,829**	321,790	**61,915**	51,500
	805,342	801,244	**68,922**	57,540

Movements - Consolidated	Accrued income	Other provisions	Finance leases	Depreciation	Prepayment	Total
	$	$	$	$	$	$
At 1 July 2007	132,967	623,043	128,816	22,348	-	907,174
Charged/(credited) to the income statement	163,018	(439,574)	139,465	31,161	-	(105,930)
At 30 June 2008	295,985	183,469	268,281	53,509	-	801,244

Movements - Consolidated	Accrued income	Other provisions	Finance leases	Depreciation	Prepayment	Total
	$	$	$	$	$	$
At 30 June 2008	295,985	183,469	268,281	53,509	-	801,244
Charged/(credited) to the income statement	27,277	(119,705)	(268,281)	250,320	114,487	4,098
At 30 June 2009	323,262	63,764	-	303,829	114,487	805,342

25 Non-current liabilities - Deferred tax liabilities (continued)

Movements – Parent entity	Other provisions $	Depreciation $	Total $
At 1 July 2007	34,153	24,770	58,923
Charged/(credited) to the income statement	(28,113)	26,730	(1,383)
At 30 June 2008	6,040	51,500	57,540
At 30 June 2008	6,040	51,500	57,540
Charged/(credited) to the income statement	967	10,415	11,382
At 30 June 2009	**7,007**	**61,915**	**68,922**

26 Non-current liabilities - Provisions

	Consolidated		Parent entity	
	2009 **$**	2008 $	**2009** **$**	2008 $
Employee benefits - long service leave	**455,448**	338,750	**19,055**	9,635

27 Contributed equity

	Parent entity entity		Parent entity entity	
	2009 Shares	**2008** Shares	**2009** $	**2008** $
(a) Share capital				
Ordinary shares				
Fully paid	**37,840,000**	37,840,000	**17,656,497**	17,656,497
Total contributed equity - parent entity			**17,656,497**	17,656,497

(b) Movements in ordinary share capital:

Date	Details	Number of shares	Issue price	$
1 July 2007	Opening balance	37,730,000		17,546,497
	Exercise of 2004 options			
25 September 2007	Proceeds received	30,000	$1.00	30,000
27 September 2007	Proceeds received	10,000	$1.00	10,000
28 September 2007	Proceeds received	10,000	$1.00	10,000
19 November 2007	Proceeds received	10,000	$1.00	10,000
31 January 2008	Proceeds received	50,000	$1.00	50,000
30 June 2008	Balance	37,840,000		17,656,497
1 July 2008	Opening balance	37,840,000		17,656,497
	No movements during the year	-		-
30 June 2009	Balance	37,840,000		17,656,497

27 Contributed equity (continued)

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Options and Rights

Information relating to the Performance Rights Plan, including details of rights issued, exercised and lapsed during the financial year and rights outstanding at the end of the financial year are set out in note 42.

(e) Capital risk management

The consolidated entity's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistently with others in the industry, the consolidated entity and the parent entity monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'borrowings' and ‘trade and other payables' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as ‘equity’ as shown in the balance sheet (including minority interest) plus net debt.

During 2009, the consolidated entity's strategy was to maintain a gearing ratio less than 40%. The gearing ratios at 30 June 2009 and 30 June 2008 were as follows:

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Total borrowings	**19,112,866**	19,174,801	**2,469,830**	4,047,526
Less: cash and cash equivalents (Note: 9)	**(26,362,861)**	(9,987,106)	**(16,703,060)**	(3,715,336)
Net debt	**(7,249,995)**	9,187,695	**(14,233,230)**	332,190
Total equity	**39,727,300**	33,849,700	**28,442,190**	17,998,136
Total capital	**32,477,305**	43,037,395	**14,208,960**	18,330,326
Gearing ratio	**- %**	21%	**- %**	2%

The decrease in the gearing ratio for the consolidated and parent entity during 2009 resulted primarily from the decrease in bank borrowings together with the receipt of dividends from subsidiaries.

28 Reserves and retained profits

	Consolidated 2009 $	Consolidated 2008 $	Parent entity 2009 $	Parent entity 2008 $
(a) Reserves				
Share-based payments reserve	**244,682**	-	**244,682**	-
Foreign currency translation reserve	**(353,825)**	(703,788)	**-**	-
Available-for-sale investments revaluation reserve	**(49,000)**	(14,700)	**-**	-
	(158,143)	(718,488)	**244,682**	-

	Consolidated 2009 $	Consolidated 2008 $	Parent entity 2009 $	Parent entity 2008 $
Movements:				
Available-for-sale investments revaluation reserve				
Balance 1 July	**(14,700)**	-	**-**	-
Revaluation - gross	**(49,000)**	(21,000)	**-**	-
Deferred tax	**14,700**	6,300	**-**	-
Balance 30 June	**(49,000)**	(14,700)	**-**	-

	Consolidated 2009 $	Consolidated 2008 $	Parent entity 2009 $	Parent entity 2008 $
Movements:				
Director performance share reserve				
Balance 1 July	**-**	-	**-**	-
Director performance share plan expense	**244,682**	-	**244,682**	-
Balance 30 June	**244,682**	-	**244,682**	-

	Consolidated 2009 $	Consolidated 2008 $	Parent entity 2009 $	Parent entity 2008 $
Movements:				
Foreign currency translation reserve				
Balance 1 July	**(703,788)**	(288,967)	**-**	-
Currency translation differences arising during the year	**349,963**	(414,821)		-
Balance 30 June	**(353,825)**	(703,788)	**-**	-

28 Reserves and retained profits (continued)

(b) Retained profits

Movements in retained profits were as follows:

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Balance 1 July	**16,912,106**	11,049,338	**341,639**	2,575,185
Net profit for the year	**14,170,418**	12,477,268	**19,659,372**	4,380,954
Dividends	**(9,460,000)**	(6,614,500)	**(9,460,000)**	(6,614,500)
Balance 30 June	**21,622,524**	16,912,106	**10,541,011**	341,639

(c) Nature and purpose of reserves

(i) *Available-for-sale investments revaluation reserve*
Changes in the fair value and exchange differences arising on translation of investments, such as equities, classified as available-for-sale financial assets, are taken to the available-for-sale investments revaluation reserve, as described in note 1(n). Amounts are recognised in profit and loss when the associated assets are sold or impaired.

(ii) *Director performance share reserve*
The share-based payments reserve is used to recognise the fair value of rights issued to certain directors during the year.

(iii) *Foreign currency translation reserve*
Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in note 1(d). The reserve is recognised in profit and loss when the net investment is disposed of.

29 Minority interest

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Interest in:				
Share capital	**35**	35	**-**	-
Retained profits	**606,387**	(450)	**-**	-
	606,422	(415)	**-**	-

30 Dividends

	Parent entity	
	2009	2008
	$	$
(a) Ordinary shares		
Final dividend for the year ended 30 June 2008 of 20.0 cents (2007 - 12.5 cents) per fully paid share paid on 17 October 2008 (2008 - 15 October 2007)		
Fully franked based on tax paid @ 30% (2008 - 30%)	**7,568,000**	4,722,500
Interim dividend for the year ended 30 June 2009 of 5.0 cents (2008 - 5.0 cents) per fully paid share paid 15 April 2009 (2008 - 15 April 2008)		
Fully franked based on tax paid @ 30% (2008 - 30%)	**1,892,000**	1,892,000
Total dividends provided for or paid	**9,460,000**	6,614,500

	Parent entity	
	2009	2008
	$	$
(b) Dividends not recognised at year end		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 20.0 cents per fully paid ordinary share (2008 - 20.0 cents), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 16 October 2009 out of Group retained profits at 30 June 2009, but not recognised as a liability at year end, is	**7,731,021**	7,568,000

(c) Franked dividends

The franked portions of the final dividends recommended after 30 June 2009 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2009.

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Franking credits available for subsequent financial years based on a tax rate of 30% (2008 - 30%)	**13,645,040**	12,260,166	**4,491,934**	435,779

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

(a) franking credits that will arise from the payment of the amount of the provision for income tax

(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, and

(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

The impact on the franking account of the dividend recommended by the directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of $3,313,295 (2008: $3,243,429).

31 Key management personnel disclosures

(a) Directors

The following persons were directors of Lycopodium Limited during the financial year:

(i) *Chairman*
Michael John Caratti BE (Elec) (Hons)

(ii) *Executive directors*
Lawrence William Marshall CPA B.Bus (Acc), Managing Director
Rodney Lloyd Leonard BE (Hons), MSc, MAusIMM, Executive Director
Robert Joseph Osmetti BE (Civ), MIEAust, CPEng, Executive Director
Bruno Ruggiero BE (Mech), GradDip Min Sc, MIEAust, MAusIMM, Executive Director
Peter De Leo BE (Civ), FIEAust, CPEng, Executive Director
Mark Bambury Ward Pr.Eng. BSc Eng (Civil), EDP, MSAICE, Director

Mr Ward was appointed as managing director on 1 July 2008 upon the retirement of Mr Marshall. Mr Ward terminated on 1 July 2009 and Mr Marshall has reassumed the role as Managing Director from this date.

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, during the financial year:

Name	Position	Employer
Doug Rogers	Manager of Process	Lycopodium Minerals Pty Ltd
David Taylor	Manager of Engineering	Lycopodium Minerals Pty Ltd
Lou Giura	Manager of Projects	Lycopodium Minerals Pty Ltd
Dr Greg O'Neil	Director	Lycopodium Minerals Pty Ltd
Preben Savik	Director	Lycopodium Minerals Pty Ltd
Clive Catlow	Director	Lycopodium Process Industries Pty Ltd
Glenn Robertson	Director	Lycopodium Process Industries Pty Ltd
Pankaj Bali (From 1/7/2008 to 13/3/2009)	Manager (NSW) and (QLD)	Lycopodium Process Industries Pty Ltd
Claude Sapienza	Director	Lycopodium Process Industries Pty Ltd
Jonathan Morey	Director	Lycopodium Process Industries Pty Ltd
Francois Steyn (From 1/2/2009)	Director	Lycopodium Process Industries Pty Ltd
Brian Putland	Managing Director	Orway Mineral Consultants (WA) Pty Ltd
Leigh Siddall	Director	Orway Mineral Consultants (WA) Pty Ltd
Steven Zaninovich	Director	Orway Mineral Consultants (WA) Pty Ltd
Keith Bakker	Chief Financial Officer	Lycopodium Limited
Ian Yovich	Managing Director	Lycopodium Minerals QLD Pty Ltd

All of the above were also key management persons during the year ended 30 June 2009.

(c) Key management personnel compensation

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Short-term employee benefits	**6,656,629**	4,572,578	**3,161,674**	2,463,218
Post-employment benefits	**1,197,505**	974,184	**556,379**	449,408
Share-based payments	**244,682**	-	**244,682**	-
	8,098,816	5,546,762	**3,962,735**	2,912,626

Detailed remuneration disclosures are provided in sections A - C of the remuneration report on pages 8 to 14.

31 Key management personnel disclosures (continued)

(d) Equity instrument disclosures relating to key management personnel

(i) Options/Rights provided as remuneration and shares issued on exercise of such options/rights

Details of rights provided as remuneration and shares issued on the exercise of such rights, together with terms and conditions of the rights, can be found in section D of the remuneration report on page 13.

There were no options provided as remuneration and shares issued on exercise of such options during the year.

(ii) Option/Rights holdings

The number of rights over ordinary shares in the company held during the financial year by directors of Lycopodium Ltd are set out below.

2009 Name	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Lycopodium Limited							
Mark Bambury Ward	-	350,000	-	-	350,000	-	350,000
Rodney Lloyd Leonard	-	250,000	-	-	250,000	-	250,000
Robert Joseph Osmetti	-	250,000	-	-	250,000	-	250,000
Bruno Ruggiero	-	250,000	-	-	250,000	-	250,000
Peter De Leo	-	350,000	-	-	350,000	-	350,000

None of the directors of Lycopodium Ltd and other key management personnel of the Group held any other options/rights during and at the end of the financial year ended 30 June 2008.

(iii) Share holdings

The numbers of shares in the company held during the financial year by each director of Lycopodium Limited and other key management personnel of the consolidated entity, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

31 Key management personnel disclosures (continued)

2009 Name	Balance at the start of the year	Received during the year on the exercise of options/rights	Other changes during the year	Balance at the end of the year
Directors of Lycopodium Limited				
Ordinary shares				
Michael John Caratti	9,046,221	-	159,475	9,205,696
Lawrence William Marshall	2,142,332	-	-	2,142,332
Rodney Lloyd Leonard	2,787,332	-	25,000	2,812,332
Robert Joseph Osmetti	3,142,332	-	-	3,142,332
Bruno Ruggiero	3,142,332	-	25,000	3,167,332
Peter De Leo	875,871	-	-	875,871
Mark Bambury Ward	-	-	-	-
Other key management personnel of the consolidated entity				
Ordinary shares				
Doug Rogers	40,706	-	27,156	67,862
David Taylor	275,097	-	13,657	288,754
Lou Giura	20,000	-	-	20,000
Dr Greg O'Neil	327,405	-	-	327,405
Clive Catlow	107,567	-	(60,000)	47,567
Glenn Robertson	309,997	-	-	309,997
Pankaj Bali	10,000	-	-	10,000
Brian Putland	20,000	-	-	20,000
Leigh Siddall	75,000	-	-	75,000
Keith Bakker	120,000	-	(20,000)	100,000
Ian Yovich	-	-	-	-
Preben Savik	-	-	-	-
Steven Zaninovich	4,000	-	-	4,000
Francois Steyn	-	-	-	-
Claude Sapienza	31,075	-	-	31,075
Jonathan Morey	20,000	-	-	20,000

31 Key management personnel disclosures (continued)

2008 Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors of Lycopodium Limited				
Ordinary shares				
Michael John Caratti	9,046,221	-	-	9,046,221
Lawrence William Marshall	3,142,332	-	(1,000,000)	2,142,332
Rodney Lloyd Leonard	3,142,332	-	(355,000)	2,787,332
Robert Joseph Osmetti	3,142,332	-	-	3,142,332
Bruno Ruggiero	3,142,332	-	-	3,142,332
Peter De Leo	875,871	-	-	875,871
Mark Bambury Ward	-	-	-	-
Other key management personnel of the consolidated entity				
Ordinary shares				
Doug Rogers	38,108	-	2,598	40,706
David Taylor	275,362	-	(265)	275,097
Lou Giura	20,000	-	-	20,000
Dr Greg O'Neil	320,405	-	7,000	327,405
Clive Catlow	207,567	-	(100,000)	107,567
Glenn Robertson	309,997	-	-	309,997
Pankaj Bali	10,000	-	-	10,000
Brian Putland	20,000	-	-	20,000
Leigh Siddall	75,000	-	-	75,000
Keith Bakker	140,000	-	(20,000)	120,000
Ian Yovich	-	-	-	-

(e) Loans to key management personnel

Details of loans made to directors of Lycopodium Limited and other key management personnel of the consolidated entity, including their personally related parties, are set out below.

(i) Aggregates for key management personnel

Consolidated Entity	Balance at the start of the year $	Interest paid and payable for the year $	Interest not charged $	Balance at the end of the year $	Number in consolidated entity at the end of the year
2009	3,830	-	-	11,259	6
2008	3,830	-	-	3,830	5

32 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
(a) Audit services				
PricewaterhouseCoopers Australian firm				
Audit and review of financial reports	**389,797**	243,293	**252,212**	243,293
Related practices of PricewaterhouseCoopers Australian firm	**15,727**	18,566	**-**	-
Fees paid to Grant Thornton for the audit or review of financial reports of Lycopodium Tanzania Limited	**11,763**	-	**-**	-
Total remuneration for audit services	**417,287**	261,859	**252,212**	243,293

(b) Non-audit services

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Taxation services				
PricewaterhouseCoopers Australian firm				
Tax compliance services, including review of company income tax returns	**27,800**	69,000	**-**	32,500
Related practices of PricewaterhouseCoopers Australian firm				
Tax compliance services, including review of company income tax returns	**-**	5,778	**-**	-
Total remuneration for taxation services	**27,800**	74,778	**-**	32,500
Other services				
Fees paid to PricewaterhouseCoopers	**15,764**	28,196	**12,000**	-
Total remuneration for other services	**15,764**	28,196	**12,000**	-
Total remuneration for non-audit services	**43,564**	102,947	**12,000**	32,500
	460,851	364,833	**264,212**	275,793

It is the consolidated entity's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the consolidated entity are important.

33 Contingencies

(a) Contingent liabilities

The parent entity and consolidated entity had contingent liabilities at 30 June 2009 in respect of:

Claims
A claim for damages against the company in relation to project management services has been lodged. Liability is limited to the $150,000 (2008 - $150,000) excess payable under the company's insurance cover which the company has fully expended at the date of this report.

A claim was made by the Tanzanian Revenue Authority (‘TRA’) on Lycopodium Minerals Pty Ltd and its subsidiary Lycopodium Tanzania Ltd, that it was of the view that these companies had not paid the appropriate level of PAYE taxes and that the appropriate amount of withholding tax had not been deducted from Lycopodium Minerals Pty Ltd’s associated invoices. It is the company's view that the employee PAYE taxes remitted by Lycopodium Tanzania Pty Ltd and witholding taxes deducted from Lycopodium Minerals Pty Ltd's invoices have met all in-country Tanzanian taxation liabilities. Lycopodium has fully cooperated with the TRA and continues to provide information in response to ongoing requests from the TRA in an attempt to resolve the matter expeditiously.

Guarantees
Guarantees are given in respect of a rental bond for $573,301 (2008 - $573,301).

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

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

34 Commitments

(a) Capital commitments

There were no capital expenditures contracted for at the reporting date which have not been recognised as liabilities.

(b) Lease commitments : Consolidated Entity as lessee

(i) Operating leases

The property under operating lease by Lycopodium Minerals Pty Ltd is a non cancellable lease with a 72 month term ending 31 January 2014, with an option to renew the lease at the end of the term for a further 48 months. Minimum lease payments are contingent upon both CPI-based and market-based reviews during the term of the lease. The lease allows for sub letting of all lease areas, subject to the consent of the landlord.

The property under operating lease by Lycopodium Process Industries Pty Ltd is a non cancellable lease with a 24 month term ending 31 March 2011. Minimum lease payments are contingent upon both CPI-based and market-based reviews during the term of the lease. The lease allows for sub letting of all lease areas, subject to consent of the landlord.

The property under operating lease by Lycopodium (Ghana) Pty Ltd is a non cancellable lease with a 60 month term ending 15 September 2010, with rent payable yearly in advance. No option exists to renew the lease at the end of the 60 month term.

The property under operating lease by Lycopodium (Philippines) Pty Ltd is a non cancellable lease with a 36 month term ending 30 June 2011, with the option to renew for a further 36 month term. The rental agreement provides for an increase in the rental payments by 5% per annum and an increase in the general leasing expenses by 10% per annum.

The property under operating lease by Lycopodium Minerals Qld Pty Ltd is a non cancellable lease with a 60 month term ending 31 August 2012, with the option to renew for a further 60 month term. The rental agreement provides for an increase in the rental payments to the greater of 5% or calculated market index. The lease allows for sub-letting of all lease areas subject to prior consent of the landlord.

34 Commitments (continued)

(b) Lease commitments : Consolidated Entity as lessee (continued)
(i) Operating leases (continued)

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	**2,874,294**	2,490,642	**-**	-
Later than one year but not later than five years	**8,597,064**	8,679,79	**-**	-
	11,471,358	11,170,435	**-**	-

(ii) Finance lease and hire purchase commitments

The consolidated entity has finance leases and hire purchase contracts for various items of plant and equipment with a carrying amount of $2,433,180 (2008 - $3,072,849). These lease contracts expire within 1 to 5 years. Under the terms of the leases, the consolidated entity has the option to acquire the leased assets.

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Commitments in relation to finance leases and hire purchases are payable as follows:				
Within one year	**1,057,439**	969,326	**422,640**	422,640
Later than one year but not later than five years	**2,226,680**	2,607,223	**1,638,751**	1,690,558
Later than five years	**-**	370,833	**-**	370,833
Minimum lease payments	**3,284,119**	3,947,382	**2,061,391**	2,484,031
Future finance charges	**(515,597)**	(733,635)	**(390,419)**	(552,823)
Recognised as a liability	**2,768,522**	3,213,747	**1,670,972**	1,931,208
Total lease and hire purchase liabilities	**2,768,522**	3,213,747	**1,670,972**	1,931,208
Representing lease and hire purchase liabilities:				
Current (note 21)	**837,249**	713,375	**285,016**	260,236
Non-current (note 24)	**1,931,273**	2,500,372	**1,385,956**	1,670,972
	2,768,522	3,213,747	**1,670,972**	1,931,208

The weighted average interest rate implicit in the leases and hire purchases is 9.13% (2008 - 8.92%).

35 Related party transactions

(a) Parent entities

The parent entity within the consolidated entity is Lycopodium Limited, which is incorporated in Australia.

(b) Subsidiaries

Interests in subsidiaries are set out in note 36.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 31.

(d) Transactions with related parties

The following transactions occurred with related parties:

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Sales of goods and services				
Sales to subsidiaries	**-**	-	**824,919**	644,570
Sales to associates	**54,006**	22,131	**11,025**	13,117
Purchases of goods				
Purchases from subsidiaries	**-**	-	**7,262**	-
Purchases from associates	**89,511**	33,090	**-**	-
Dividend revenue				
Subsidiaries	**-**	-	**18,600,000**	4,700,000
Other transactions				
Management fee revenue	**-**	-	**1,608,328**	1,483,150

35 Related party transactions (continued)

(e) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Current receivables (sales of goods and services)				
Subsidiaries	**-**	-	**465,295**	664,977
Associates	**102,070**	1,760	**10,825**	1,760
Current receivables (loans)				
Subsidiaries	**-**	-	**-**	700,000
Associates	**31,270**	31,270	**-**	-
Non-current receivables (loans)				
Subsidiaries	**-**	-	**-**	82,402
Current payables (purchases of goods)				
Subsidiaries	**-**	-	**412**	2,562
Associates	**17,892**	-	**-**	-

(f) Loans to/from related parties

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	$	$
Loans to subsidiaries				
Beginning of the year	**-**	-	**700,000**	-
Loans advanced	**-**	-	**-**	700,000
Loan repayments received	**-**	-	**(700,000)**	-
End of year	**-**	-	**-**	700,000
Loans to associates				
Loan repayments received	**-**	(660)	**-**	-
Provision for doubtful receivables	**-**	660	**-**	-
End of year	**-**	-	**-**	-

A provision for doubtful debts of $31,270 (2008: $31,270) has been raised in relation to the outstanding associate loan to MLH Management Pty Ltd.

36 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Lycopodium Minerals Pty Ltd (formerly Lycopodium Engineering Pty Ltd)	Australia	Ordinary	100	100
Orway Mineral Consultants (WA) Pty Ltd	Australia	Ordinary	100	100
Lycopodium Process Industries Pty Ltd (formerly Process Design and Fabrication Pty Ltd)	Australia	Ordinary	100	100
Lycopodium (Ghana) Pty Ltd	Australia	Ordinary	100	100
Lycopodium (Ghana) Limited	Ghana	Ordinary	100	100
Lycopodium Tanzania Limited	Tanzania	Ordinary	100	100
Lycopodium (Philippines) Pty Ltd	Australia	Ordinary	100	100
Lycopodium Minerals Qld Pty Ltd (formerly Lycopodium Engineering Qld Pty Ltd)	Australia	Ordinary	75	75
Process Design and Fabrication Pty Ltd *	Australia	Ordinary	100	-
Lycopodium Infrastructure Pty Ltd **	Australia	Ordinary	100	-

* Process Design and Fabrication Pty Ltd was incorporated on 13 October 2008.

** Lycopodium Infrastructure Pty Ltd was incorporated on 1 May 2009.

37 Investments in associates

	Consolidated 2009 $	Consolidated 2008 $
(a) Movements in carrying amounts		
Carrying amount at the beginning of the financial year	**346,848**	295,965
Share of profits after income tax	**93,496**	50,883
Carrying amount at the end of the financial year	**440,344**	346,848

37 Investments in associates (continued)

(b) Summarised financial information of associates

The Group's share of the results of its principal associates and its aggregated assets (including goodwill) and liabilities are as follows:

	Ownership Interest	Assets	Liabilities	Revenues	Profit
	%	$	$	$	$
2009					
MLH Management Pty Ltd	33	-	-	-	-
Sherwood Utilities Pty Ltd	40	572,728	183,169	2,015,406	93,496
		572,728	183,169	2,015,406	93,496
2008					
MLH Management Pty Ltd	33	-	-	-	-
Sherwood Utilities Pty Ltd	40	477,013	207,094	1,623,127	50,883
		477,013	207,094	1,623,127	50,883

38 Events occurring after the balance sheet date

(a) Acquisition of remaining 25% minority interest in Lycopodium Minerals Qld Pty Ltd

On 13 July 2009 Lycopodium Limited completed the acquisition of all the minority interests' shares in its subsidiary Lycopodium Minerals QLD Pty Ltd pursuant to the exercise of an existing option, for a total consideration of $3,500,000.

	$
Purchase consideration	
Cash payable on completion	**1,500,000**
Fully paid ordinary shares in Lycopodium Limited	**1,000,000**
Deferred cash consideration	**1,000,000**
Total purchase consideration	**3,500,000**

The financial effects of the above transaction have not been brought to account as at the date of the balance sheet.

38 Events occurring after the balance sheet date (continued)

(b) Acquisition of remaining 60% interest in associate Sherwood Utilities Pty Ltd

On 21 August 2009 Lycopodium Limited entered into an agreement to purchase the remaining 60% shares in its associate Sherwood Utilities Pty Ltd for a maximum total consideration of $2,145,000.

Details of net assets acquired and goodwill on the 60% interest acquired are as follows:

	$
Purchase consideration in respect of 60% interest acquired	
Cash payable on completion	**1,400,000**
Earn out right (discounted)	**663,402**
Total purchase consideration	**2,063,402**
Fair value of net identifiable assets acquired (60% of $1,305,393 – refer below)	**(783,236)**
Goodwill in respect of 60% interest acquired	**1,280,166**

The goodwill above of $1,280,166 arises on the acquisition of the remaining 60% interest in Sherwood Utilities Pty Ltd. In the financial year ending 30 June 2010.

The goodwill is attributable to Sherwood Utility Pty Ltd's profitability and synergies expected to arise after the company's acquisition of the new subsidiary.

	Fair value **$**	Acquiree's carrying amount **$**
Cash and cash equivalents	529,868	529,868
Property, plant and equipment	117,406	117,406
Intangible assets	414	414
Customer contracts and relationships	315,000	-
Receivables	837,474	837,474
Payables	(180,166)	(180,166)
Employee benefit liabilities, including superannuation	(205,400)	(205,400)
Borrowings	(62,688)	(62,688)
Net deferred tax assets (liabilities)	(46,515)	47,985
Net identifiable assets acquired	1,305,393	1,084,893

The financial effects of the above transaction have not been brought to account at 30 June 2009. The operating results and assets and liabilities of the company will be consolidated from 31 August 2009.

38 Events occurring after the balance sheet date (continued)

(c) Potential impairment of trade receivables

In August 2009, the Tanzanian Revenue Authority ('TRA') served notice on Lycopodium Minerals Pty Ltd and its subsidiary Lycopodium Tanzania Ltd, that it was of the view that these companies had not paid the appropriate level of PAYE taxes on expatriate employees engaged by these companies on the Buzwagi Project being undertaken in Tanzania for Pangea Minerals Limited, a subsidiary of Barrick Gold Corporation, and that the appropriate amount of withholding tax had not been deducted from Lycopodium Minerals Pty Ltd's associated invoices.

In addition, the TRA also served notice on Pangea Minerals Limited to refrain from making any further payments to Lycopodium Minerals Pty Ltd until further notice. As at the date of this report the amount being withheld by the client in conformance with this request and for work performed to 30 June 2009, is in the order of $5.4M.

It is the Company's view that employee PAYE taxes remitted by Lycopodium Tanzania Pty Ltd and withholding taxes deducted from Lycopodium Minerals Pty Ltd's invoices have met all in-country Tanzanian taxation liabilities. In the meantime the Company is seeking legal advice on the ability of the TRA to instruct Pangea Minerals Limited to withhold payments that are acknowledged by them as being due and payable. Lycopodium has fully cooperated with the TRA and continues to provide information in response to ongoing requests from the TRA in an attempt to resolve the matter expeditiously.

(d) Dividends

Since year end the directors have recommended the payment of a final dividend on ordinary shares in respect of the 2009 financial year. The total amount of the dividend is $7,731,021 (2008 - $7,568,000), which represents a fully franked dividend of 20.0 (2008 - 20.0) cents per fully paid ordinary share.

With the exception of the above, no other matter or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect:

(a) the consolidated entity's operations in future financial years, or

(b) the results of those operations in future financial years, or

(c) the consolidated entity's state of affairs in future financial years.

39 Reconciliation of profit after income tax to net cash inflow from operating activities

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Profit for the year	**14,777,255**	12,476,818	**19,659,372**	4,380,954
Depreciation and amortisation	**1,841,544**	1,485,445	**827,282**	572,856
Write off of assets	**-**	49,329	**-**	-
Non-cash employee benefits expense - share-based payments	**244,682**	-	**244,682**	-
Net (profit) loss on sale of non-current assets	**(2,900,166)**	6,665	**(2,925,360)**	-
Share of profits of associates not received as dividends or distributions	**(93,496)**	(50,883)	**-**	-
Net exchange differences	**(19,670)**	(72,124)	**-**	-
Non cash interest expense	**283,489**	49,810	**162,403**	31,365
Change in operating assets and liabilities				
Decrease (increase) in trade debtors and other receivables	**7,241,713**	(8,646,924)	**285,457**	(449,530)
Decrease (increase) in inventories	**-**	94,914	**-**	-
Decrease (increase) in deferred tax assets	**(392,653)**	(573,289)	**113,963**	6,521
Decrease (increase) in other operating assets	**(100,310)**	(314,625)	**(516)**	(64,523)
Increase (decrease) in trade creditors and other payables	**1,783,290**	(573,715)	**82,530**	340,533
Increase (decrease) in other operating liabilities	**-**	6,808	**-**	-
Increase (decrease) in provision for income taxes payable	**(346,444)**	1,238,428	**139,012**	-
Increase (decrease) in deferred tax liabilities	**-**	(105,929)	**-**	(1,383)
Increase (decrease) in other provisions	**1,477,965**	322,821	**9,420**	5,841
Net cash inflow from operating activities	**23,797,199**	5,393,549	**18,598,245**	4,822,634

40 Non-cash investing and financing activities

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Acquisition of plant and equipment by means of finance leases or hire purchase arrangements	**343,384**	2,996,351	**-**	1,888,011
	343,384	2,996,351	**-**	1,888,011

41 Earnings per share

	Consolidated	
	2009	2008
	Cents	Cents
(a) Basic earnings per share		
Profit attributable to the ordinary equity holders of the company	**37.4**	33.0
(b) Dilute earnings per share		
Profit attributable to the ordinary equity holders of the company	**37.3**	32.9

	Consolidated	
	2009	2008
	$	$
Basic earnings per share		
Profit from operations	**14,777,255**	12,476,818
(Profit) loss from operations attributable to minority interests	**(606,837)**	450
Profit from continuing operations attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**14,170,418**	12,477,268
Diluted earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**14,170,418**	12,477,268
Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	**14,170,418**	12,477,268

(c) Weighted average number of shares used as the denominator

	Consolidated	
	2009	2008
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**37,840,000**	37,795,027
Adjustments for calculation of diluted earnings per share:		
Options	**-**	34,212
Performance rights	**181,233**	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**38,021,233**	37,829,239

41 Earnings per share (continued)

(d) Information concerning the classification of securities

(i) *Options*
Options granted to employees under the Staff Offer are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 42.

(ii) *Performance rights*
Performance rights issued during the year are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share from their date of issue. The rights have not been included in the determination of basic earnings per share. Details relating to the rights are set out in note 42.

42 Share-based payments

(a) Employee Option Plan

On the 14 December 2004 Lycopodium Limited issued 1,100,000 options to staff ('Staff Offer'). Options were granted under the plan for no consideration and are exercisable for $1.00 per share prior to 31 December 2007. The Staff Offer was made at the discretion of the Directors, though none were granted to Directors.

Options granted under the plan carry no dividend or voting rights.

Grant Date	Expiry date	Exercise price	Balance at start of the year	Exercised during the year	Balance at end of the year	Vested and exercisable at end of the year
			Number	Number	Number	Number
Consolidated and parent entity - 2008						
14 December 2004	31 December 2007	$1.00	110,000	(110,000)	-	
Total			110,000	(110,000)	-	-
Weighted average exercise price			$1.00	$1.00	$ -	$ -

No options expired during the periods covered by the above tables.

The weighted average share price at the date of exercise of options exercised during the year ended 30 June 2008 was $4.04.

(b) Performance Rights Plan

Performance rights were granted to certain executive directors as disclosed in the Notice of Annual General Meeting dated 16 October 2008. The performance rights were designed to give incentive to the executive directors to provide dedicated and ongoing commitment and effort to the company and aligning the interest of both employees and shareholders.

The performance rights vest subject to the following performance hurdles being met.

(i) Tranche 1 - On 1 July 2011 if EPS for 30 June 2009 exceeds EPS for 30 June 2008 by 10%

(ii) Tranche 2 - On 1 July 2012 if EPS for 30 June 2010 exceeds EPS for 30 June 2009 by 10%

(iii) Tranche 3 - On 1 July 2013 if EPS for 30 June 2011 exceeds EPS for 30 June 2010 by 10%

(iv) Tranche 4 - On 1 July 2014 if EPS for 30 June 2012 exceeds EPS for 30 June 2011 by 10%

(v) Tranche 5 - On 1 July 2015 if EPS for 30 June 2013 exceeds EPS for 30 June 2012 by 10%

42 Share-based payments (continued)

(b) Performance Rights Plan (continued)

Where EPS does not exceed 10%, the performance rights will vest proportionally for each period from 0% where EPS is 5% to 100% where EPS is 10%.

The rights expire on 30 June 2016 and are granted under the plan for no consideration.

Fair value of rights granted
The assessed fair value at grant date of rights granted during the year ended 30 June 2009 was $0.74 cents per right. Fair values at grant date are independently determined using a Binomial Tree option pricing model that takes into account the exercise price, the term of the rights, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free rate for the term of the rights.

The model inputs for options granted during the year ended 30 June 2009 included:

(a) exercise price: $0.0

(b) grant date: 27 November 2008

(c) expiry date: 30 June 2016

(d) share price at grant date: $1.95

(e) expected price volatility of the company's shares: 45.6%

(f) expected dividend yield: 12.8%

(g) risk-free interest rate: 5.25%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	Number	Number	**Number**	Number
Number of rights issued under the plan to participating directors on 27 November 2008	**1,450,000**	-	**1,450,000**	-

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Rights issued under the Performance Rights plan	244,682	-	244,682	-
	244,682	-	**244,682**	-

In the directors' opinion:

(a) the financial statements and notes set out on pages 21 to 86 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 company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the financial 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.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001.*

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

Lawrence William Marshall
Managing Director

Perth
25 September 2009

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Independent auditor's report to the members of Lycopodium Limited

Report on the financial report

We have audited the accompanying financial report of Lycopodium Limited (the company), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Lycopodium Limited and the Lycopodium Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

PRICEWATERHOUSECOOPERS

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

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Lycopodium Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 15 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of Lycopodium Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

Pierre Dreyer
Partner

Perth
25 September 2009

The shareholder information set out below was applicable as at 15 September 2009.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

			Ordinary shares
1	-	1000	248
1,001	-	5,000	582
5,001	-	10,000	214
10,001	-	100,000	192
100,001	and	over	23
			1,259

There were 23 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

		%
Reesh Pty Ltd	9,205,696	23.81
Luala Pty Ltd	3,167,332	8.19
Selso Pty Ltd	3,142,332	8.13
ANZ Nominees Limited	3,100,032	8.02
Caddy Fox Pty Ltd	2,812,332	7.28
Accede Pty Ltd	2,142,332	5.54
Equity Trustees Limited	1,319,038	3.41
Yovich Superannuation Fund	715,103	1.85
Citicorp Nominees Pty Limited <Cfsil Cwlth Small Cos 7 A/c>	648,912	1.68
Peter De Leo	622,466	1.61
HSBC Custody Nominees (Australia) Pty Ltd	463,737	1.20
National Nominees Limited	439,925	1.14
Claw Pty Ltd	355,000	0.92
Glenn Robertson	309,997	0.80
Botech Pty Ltd	305,405	0.79
Citicorp Nominees Pty Limited <Cfsil Cwlth Sml Cos 1 A/c>	285,113	0.74
National Australia Trustees Limited	282,948	0.73
Mr David Taylor	240,754	0.62
Peter De Leo & Tiana De Leo	215,405	0.56
Dr Gregory O'Neill	200,791	0.52
	29,974,650	77.54

C. Substantial holders

Substantial holders in the company are set out below:

Ordinary shares		%
Reesh Pty Ltd	9,205,696	23.81
Luala Pty Ltd	3,167,332	8.19
Selso Pty Ltd	3,142,332	8.13
ANZ Nominees Limited	3,100,032	8.02
Caddy Fox Pty Ltd	2,812,332	7.28
Accede Pty Ltd	2,142,332	5.54

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

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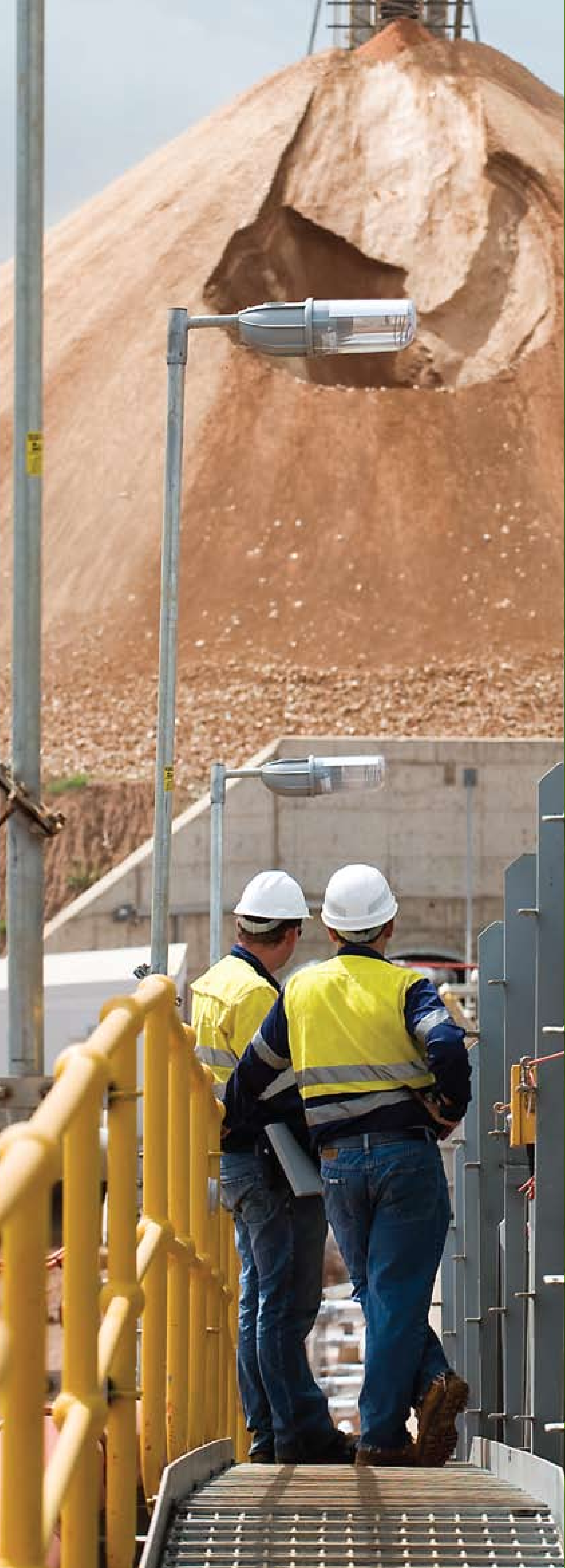

CORPORATE DIRECTORY

Lycopodium Limited
ABN 83 098 556 159

Directors
Michael (Mick) John Caratti
Lawrence (Laurie) William Marshall
Rodney (Rod) Lloyd Leonard
Robert (Bob) Joseph Osmetti
Bruno Ruggiero
Peter De Leo

Company Secretary
Keith Bakker

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