

Lycopodium Limited

ABN 83 098 556 159

Interim Financial Report 31 December 2017

Lycopodium Limited ABN 83 098 556 159
ASX Half-year information - 31 December 2017

Lodged with the ASX under Listing Rule 4.2A.
This information should be read in conjunction with the
30 June 2017 Annual report

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Results for announcement to the market

				\$
Revenue from ordinary activities <i>(Appendix 4D item 2.1)</i>	Down	10.4%	to	91,446,081
Profit from ordinary activities after tax attributable to members <i>(Appendix 4D item 2.2)</i>	Up	36.3%	to	7,182,143
Net profit for the period attributable to members	Up	36.3%	to	7,182,143

	cents	cents
Dividends / distributions <i>(Appendix 4D item 2.4)</i>	Amount per security	Franked amount per security
Final dividend <i>(Prior year)</i>	9.0	9.0
Interim dividend recommended but not provided for	12.0	12.0

Key ratios	2017	2016
	December	December
Net tangible assets per ordinary shares (cents)	166	153

Record date for determining entitlements to the interim dividend is 3 April 2018.

The Directors have recommended the payment of the interim dividend of 12 cents per fully paid ordinary share, fully franked based on a tax paid at 30% to be paid on 13 April 2018.

Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the consolidated financial statements for the year ended 30 June 2017.

Changes in controlled entities

No changes to control over any material entities during the half year ended 31 December 2017.

Lycopodium Limited ABN 83 098 556 159
Interim Financial Report - 31 December 2017

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by Lycopodium Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

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

Its registered office and principal place of business is:

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

Directors' Report

Your Directors present their report on the consolidated entity ("the group") consisting of Lycopodium Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2017.

Directors

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

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

Mr Peter Anthony Dawson was appointed as an Executive Director on 18 September 2017 and continues in office at the date of this report.

Review of operations

A summary of consolidated revenues and results for the financial period by reportable operating segment is set out below:

	Segment revenues		Segment results	
	2017	2016	2017	2016
	\$	\$	\$	\$
Corporate Services	6,779,926	4,297,474	(27,429)	381,726
Minerals - Asia Pacific	49,713,418	61,087,534	6,099,805	4,848,707
Minerals - North America	6,212,565	12,304,046	(210,565)	122,787
Minerals - Africa	16,054,064	21,587,820	793,788	582,411
Project Services - Asia	14,673,601	6,465,180	1,931,243	589,416
Industrial Process	3,420,162	1,901,880	(11,697)	(84,620)
Other	11,112,110	11,201,290	492,364	1,250,632
Intersegment eliminations	(16,519,755)	(16,789,298)	-	(263,242)
Unallocated revenue less unallocated expenses			-	(263,242)
Total revenue / profit before income tax expense	91,446,081	102,035,926	9,067,509	7,407,817
Income tax expense			(1,743,479)	(2,147,756)
Profit for the half-year			7,324,030	5,260,061
Less (profit)/loss attributable to non-controlling interests			(141,887)	10,645
Profit attributable to owners of Lycopodium Ltd			7,182,143	5,270,706

- (a) *Corporate Services*
 The Corporate Services segment consists of managerial and legal services provided to the group in addition to strategic investment holdings.
- (b) *Minerals*
 The Minerals segment consists of engineering and related services provided to the extractive mining industry. The clients, including junior exploration companies and major multinational producers, are developing projects for a wide range of commodities. These projects range in scope from large greenfield projects involving process plant and equipment, civil, building works, control systems, services and infrastructure to small skid-mounted pilot plants.
- (c) *Project Services - Africa*
 The Project Services - Africa segment consists of project management, construction management and commissioning services provided to the extractive mining industry in Africa.

Review of operations (continued)

- (d) *Industrial Process*
The Process Industries segment consists of engineering and related services provided to the manufacturing and renewable energy facilities throughout Australia and South East Asia.
- (e) *Other*
All other operating segments of the group are aggregated on the basis of them being individually immaterial for the purpose of reporting.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the group during the period.

Matters subsequent to the end of the financial period

Since half-year end the directors have recommended the payment of an interim dividend on ordinary shares in respect of the 2018 financial year. The total amount of dividend is \$4,767,885 which represents a fully franked dividend of 12 cents per fully paid ordinary share.

With the exceptions of the above, no other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect:

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

Auditor's independence declaration

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

Auditor

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

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



Peter De Leo
Managing Director

Perth
22 February 2018

Central Park, Level 43
152-158 St Georges Terrace
Perth WA 6000

Correspondence to:
PO Box 7757
Cloisters Square
Perth WA 6850

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration to the Directors of Lycopodium Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Lycopodium Limited for the half-year ended 31 December 2017. I declare that, to the best of my knowledge and belief, there have been:

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M J Hillgrove
Partner – Audit & Assurance

Perth, 22 February 2018

Grant Thornton Audit Pty Ltd ACN 130 913 594
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Lycopodium Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2017

		Half-year	
	Notes	2017 \$	2016 \$
Revenue from operations		91,446,081	102,035,926
Employee benefits expense		(33,901,167)	(29,556,001)
Depreciation and amortisation expense		(597,303)	(581,664)
Project expenses		(4,969,426)	(2,942,343)
Equipment and materials used		(13,710,485)	(32,696,654)
Contractors		(21,563,418)	(22,189,871)
Occupancy expense		(4,190,301)	(3,818,310)
Profit on disposal of asset		2,659	929
Other expenses		(4,138,079)	(2,991,961)
Impairment of goodwill		-	(263,242)
Finance costs		(87,582)	(40,590)
Share of net profit of associates and joint ventures accounted for using the equity method		776,530	450,598
Profit before income tax		9,067,609	7,407,817
Income tax expense	3	(1,743,479)	(2,147,756)
Profit for the half-year		7,324,030	5,260,061
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Changes in the fair value of available-for-sale financial assets	6(a)	309,750	21
Exchange differences on translation of foreign operations	6(a)	352,147	452,797
Income tax relating to components of other comprehensive income		(132,750)	(9)
Other comprehensive income for the half-year, net of tax		529,147	452,809
Total comprehensive income for the half-year		7,853,177	5,712,870
Profit for the half-year is attributable to:			
Owners of Lycopodium Limited		7,182,143	5,270,706
Non-controlling interests		141,887	(10,645)
		7,324,030	5,260,061
Total comprehensive income for the half-year is attributable to:			
Owners of Lycopodium Limited		7,711,290	5,723,515
Non-controlling interests		141,887	(10,645)
		7,853,177	5,712,870
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share		18.1	13.3
Diluted earnings per share		18.1	13.3

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

Lycopodium Limited
Consolidated Balance Sheet
As at 31 December 2017

	31 December 2017	30 June 2017
Notes	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	77,005,598	85,334,759
Trade and other receivables	37,633,646	36,919,288
Inventories	254,093	327,430
Derivative financial assets	133,921	164,894
Current tax receivables	1,035,176	1,344,040
Other current assets	2,629,301	2,149,687
Total current assets	<u>118,691,735</u>	<u>126,240,208</u>
Non-current assets		
Available-for-sale financial assets	620,463	102,963
Property, plant and equipment	3,668,181	3,174,174
Intangible assets	7,441,962	7,421,173
Other receivables	360,556	442,616
Deferred tax assets	3,744,594	3,797,930
Investments accounted for using the equity method	4 2,940,128	2,227,735
Total non-current assets	<u>18,775,884</u>	<u>17,166,591</u>
Total assets	<u>137,467,619</u>	<u>143,406,799</u>
LIABILITIES		
Current liabilities		
Trade and other payables	53,856,013	64,080,967
Borrowings	1,322,343	509,731
Current tax liabilities	1,914,243	3,978,266
Provisions	5,651,537	4,280,795
Total current liabilities	<u>62,744,136</u>	<u>72,849,759</u>
Non-current liabilities		
Borrowings	804,628	832,912
Provisions	446,144	500,796
Total non-current liabilities	<u>1,250,772</u>	<u>1,333,708</u>
Total liabilities	<u>63,994,908</u>	<u>74,183,467</u>
Net assets	<u>73,472,711</u>	<u>69,223,332</u>
EQUITY		
Contributed equity	5 20,823,772	20,823,772
Reserves	6(a) (326,145)	(988,042)
Retained profits	6(b) 50,018,598	46,412,369
Parent entity interest	70,516,225	66,248,099
Non-controlling interests	7 2,956,486	2,975,233
Total equity	<u>73,472,711</u>	<u>69,223,332</u>

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

Lycodidium Limited
Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2017

Notes	Contributed equity	Retained earnings	Foreign currency translation reserve	Available for sale investment revaluation reserve	Performance rights reserve	Non-controlling interests	Total equity
	\$	\$	\$	\$	\$	\$	\$
	20,823,772	41,285,494	(1,018,051)	(83,930)	259,037	3,062,695	64,331,017
	-	5,270,706	-	-	-	(10,645)	5,260,061
	-	-	452,797	21	-	-	452,818
	-	5,270,706	452,797	21	-	(10,645)	5,712,879
	-	-	-	-	-	41,828	41,828
8	-	(1,589,295)	-	-	-	-	(1,589,295)
6	-	-	-	-	(259,037)	-	(259,037)
	-	(1,589,295)	-	-	(259,037)	41,828	(1,806,504)
	20,823,772	44,966,905	(563,254)	(83,909)	-	3,093,878	68,237,392
	20,823,772	46,412,369	(904,119)	(83,923)	-	2,975,233	69,223,332
	-	7,182,143	-	-	-	141,887	7,324,030
	-	-	352,147	309,750	-	-	661,897
	-	7,182,143	352,147	309,750	-	141,887	7,985,927
	-	-	-	-	-	(160,634)	(160,634)
8	-	(3,575,914)	-	-	-	-	(3,575,914)
	-	(3,575,914)	-	-	-	(160,634)	(3,736,548)
	20,823,772	60,018,698	(551,972)	225,827	-	2,956,486	73,472,711

Balance at 1 July 2016

Profit for the half-year
Other comprehensive loss

Total comprehensive income for the half-year

Transactions with owners in their capacity as owners:

Foreign currency translation with non-controlling interest
Dividends provided for or paid
Performance rights - expired

Balance at 31 December 2016

Balance at 1 July 2017

Profit for the half-year
Other comprehensive income

Total comprehensive income for the half-year

Transactions with owners in their capacity as owners:

Foreign currency translation with non-controlling interest
Dividends provided for or paid

Balance at 31 December 2017

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

Lycopodium Limited
Consolidated Statement of Cash Flows
For the half-year ended 31 December 2017

	Notes	Half-year	
		2017	2016
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		83,774,598	125,137,622
Payments to suppliers and employees (inclusive of goods and services tax)		(85,303,051)	(82,599,379)
Interest received		933,433	623,686
Interest paid		(36,752)	(16,309)
Income taxes paid		(3,578,053)	(215,561)
Net cash (outflow) / inflow from operating activities		(4,209,825)	42,930,059
Cash flows from investing activities			
Dividends received from joint ventures and associate		64,138	308,793
Payments for property, plant and equipment		(659,613)	(1,002,423)
Proceeds from sale of property, plant and equipment		2,659	6,559
Payment for available-for-sale financial assets		(75,000)	-
Payments for intangible assets		(6,317)	(32,766)
Net cash outflow from investing activities		(674,133)	(719,837)
Cash flows from financing activities			
Proceeds from borrowings		1,274,258	2,025,868
Repayments of borrowings		(552,728)	(618,632)
Dividends paid to company's shareholders		(3,575,914)	(1,589,295)
Repayments of hire purchase and lease liabilities		(241,037)	-
Loans advanced to associate		(784,000)	-
Proceeds from repayment of loans under the senior manager share acquisition plan		82,061	11,900
Net cash outflow from financing activities		(3,797,360)	(170,159)
Net (decrease) / increase in cash and cash equivalents		(8,681,318)	42,040,063
Cash and cash equivalents at the beginning of the financial year		85,334,769	41,547,757
Effects of exchange rate changes on cash and cash equivalents		352,147	284,141
Cash and cash equivalents at end of period		77,005,598	83,871,961

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

1 Summary of significant accounting policies

This condensed consolidated interim financial report for the half year reporting period ended 31 December 2017 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by Lycopodium Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(a) Basis of preparation

New and amended standards adopted by the Group

The accounting policies adopted in the preparation of the interim financial reports are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2017. A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Impact of standards issued but not yet applied by the Group

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

Critical accounting estimates and judgements

The critical accounting estimates and judgements are consistent with those applied and disclosed in the 30 June 2017 annual report.

2 Segment information

(a) Description of segments

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

The Board considers the business from both a product and geographic perspective and has identified nine operating segments of which four (2016: two) are reportable in accordance with the requirements of AASB 8.

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

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

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

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

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

2 Segment information (continued)

(a) Description of segments (continued)

The remaining operating segments that are not reportable consists of:

Infrastructure:	engineering and related services including architectural designs, power supply and distribution, water supply and distribution, accommodation, buildings, roads and other general civil and infrastructure components.
Asset Management:	reliability and engineering maintenance services to clients in the petrochemical, oil and gas, mining minerals, marine and manufacturing sectors.
Rail:	project development phase studies, engineering and design, procurement and construction phase services for rail infrastructure projects across Australia.
Metallurgical:	metallurgical consulting providing a range of services to the mineral processing community, primarily in the field of comminution, hydrometallurgy and mineral processing design.
Project Services Asia:	provision of drafting services for offshore Lycopodium entities.

At 1 July 2016, the operating segments of Infrastructure, Asset Management and Rail were amalgamated in order to achieve better economies of scale and efficiencies. In both financial years ended 30 June 2017 and 30 June 2016, these stand-alone operating segments and amalgamated segments were not reportable segments.

2 Segment information (continued)

(b) Other segment information

The segment information provided to the Board of Directors for the reportable segments for the half-year ended 31 December 2017 and 2016 are as follows:

Half-year 2017	Minerals				Project Services - Africa	Industrial Process	Other	Total
	Corporate Services	Asia Pacific	North America	Africa				
Total segment revenue	\$ 6,779,926	\$ 49,713,418	\$ 6,212,565	\$ 16,054,064	\$ 14,873,601	\$ 3,420,152	\$ 11,112,110	\$ 107,965,836
Inter-segment revenue	(6,472,877)	(710,202)	(1,818,374)		(2,641,555)	(268,233)	(4,608,514)	(16,519,755)
Revenue from external customers	307,049	49,003,216	4,394,191	16,054,064	12,032,046	3,151,919	6,503,596	91,446,081
Profit / (Loss) before tax	(27,429)	6,099,805	(210,565)	793,788	1,931,243	(11,697)	492,364	9,067,509
Interest in the profit of equity accounted joint ventures	960,337	416,193	-	-	-	-	-	776,530
Depreciation and amortisation	(76)	(351,909)	(34,594)	(113,357)	(1,660)	(23,367)	(72,350)	(597,303)
Income tax benefit / (expense)	247,393	(1,840,143)	423,587	(243,065)	(380,914)	(29,940)	79,603	(1,743,479)
Total segment assets	21,354,683	62,982,948	5,714,737	19,031,854	11,408,978	3,875,126	10,007,403	134,375,729

2 Segment information (continued)

(b) Other segment information (continued)

Half-year 2016	Corporate Services		Minerals		Project Services - Africa	Industrial Process	Other	Total
	Asia Pacific	North America	Africa					
Total segment revenue	\$ 4,297,474	\$ 12,304,046	\$ 21,567,820	\$ 6,465,180	\$ 1,901,880	\$ 11,201,290	\$ 118,825,224	
Inter-segment revenue	(4,041,600)	(323,818)	(167,826)	(3,573,518)	(59,301)	(5,878,049)	(16,789,298)	
Revenue from external customers	255,874	11,980,228	21,399,994	2,891,662	1,842,579	5,323,241	102,035,926	
Profit / (Loss) before tax	381,726	122,787	562,411	589,416	(84,620)	1,250,632	7,671,059	
Interest in the profit of equity accounted joint ventures	342,120	-	-	-	-	-	450,598	
Depreciation and amortisation	(76)	(42,527)	(153,850)	(2,063)	(15,954)	(80,292)	(581,664)	
Income tax benefit / (expense)	281,963	164,133	(373,843)	(110,757)	25,335	(304,376)	(2,147,756)	
Total segment assets as at 30 June 2017	22,748,913	4,725,219	17,556,315	14,546,417	4,082,881	10,070,508	140,365,575	

2 Segment information (continued)

(b) Other segment information (continued)

(i) Segment revenue

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

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

	Half-year	
	2017	2016
	\$	\$
Reportable segment revenue	107,965,835	118,825,224
Intersegment eliminations	<u>(16,519,754)</u>	<u>(16,789,298)</u>
Revenue as per statement of profit or loss and other comprehensive income	91,446,081	102,035,926

(ii) Segment profit before tax

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

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

	Half-year	
	2017	2016
	\$	\$
Reportable segment profit before tax	9,067,509	7,671,059
Goodwill impairment	<u>-</u>	<u>(263,242)</u>
Profit before income tax as per statement of profit or loss and other comprehensive income	9,067,509	7,407,817

2 Segment information (continued)

(b) Other segment information (continued)

(iii) Segment assets

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

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

	31 December 2017 \$	30 June 2017 \$
Reportable segment assets	134,375,729	140,365,575
Intersegment eliminations	(4,129,386)	(4,180,052)
Intangibles arising on consolidation	7,221,276	7,221,276
Total assets as per the Consolidated Balance Sheet	137,467,619	143,406,799

3 Income tax expense

(a) Income tax expense

	Half-year	
	2017	2016
	\$	\$
Current tax	2,473,377	2,024,075
Deferred tax	(444,172)	156,439
Adjustments for current tax of prior periods	(285,726)	(32,758)
	<u>1,743,479</u>	<u>2,147,756</u>

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

	Half-year	
	2017	2016
	\$	\$
Profit before income tax expense	9,067,509	7,407,817
Tax at the Australian tax rate of 30% (2016: 30%)	2,720,253	2,222,345
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Goodwill impairment	-	78,973
Sundry items	65,725	307,059
	<u>2,785,978</u>	<u>2,608,377</u>
Adjustments for current tax of prior periods - under/(over) provision of prior year income tax	(285,726)	(32,758)
Difference in overseas tax rates	(255,290)	(79,576)
Previously unrecognised tax losses now recouped to reduce current tax expense	-	(465,812)
Previously recognised tax losses now utilised	-	526,302
Deferred taxes not recognised	(268,524)	(272,598)
Share of net profit accounted for using the equity method	(232,959)	(135,179)
Income tax expense	<u>1,743,479</u>	<u>2,147,756</u>

(c) Amounts recognised directly in equity

	Half-year	
	2017	2016
	\$	\$
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss and other comprehensive income but directly debited or credited to equity:		
Current tax - credited directly to equity	<u>132,750</u>	<u>9</u>

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

	31 December 2017 \$	30 June 2017 \$
Investment in joint ventures	1,274,049	857,856
Investment in associate	1,666,079	1,369,879
	2,940,128	2,227,735

(a) Details of associates and joint ventures entities

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit after income tax expense	
	31 December 2017 %	31 December 2016 %	31 December 2017 \$	31 December 2016 \$
Pilbara EPCM Pty Ltd	50	50	416,193	108,478
ECG Engineering Pty Ltd	31	31	360,337	342,120
Mondium Pty Ltd	40	40	-	-
Total			776,530	450,598

5 Contributed equity

(a) Share capital

	31 December 2017 Shares	30 June 2017 Shares	31 December 2017 \$	30 June 2017 \$
Ordinary shares Fully paid	39,732,373	39,732,373	20,823,772	20,823,772

(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue price	\$
1 July 2018	Opening balance	39,732,373		20,823,772
	No movements during the period	-		-
30 June 2017	Closing balance	39,732,373		20,823,772
1 July 2017	Opening balance	39,732,373		20,823,772
	No movements during the period	-		-
31 December 2017	Closing balance	39,732,373		20,823,772

6 Reserves

(a) Reserves

	31 December 2017	30 June 2017
	\$	\$
Available-for-sale investment revaluation reserve	225,827	(83,923)
Foreign currency translation reserve	(551,972)	(904,119)
	(326,145)	(988,042)

	31 December 2017	30 June 2017
	\$	\$

Movements:

<i>Available-for-sale investment revaluation reserve</i>		
Balance 1 July	(83,923)	(83,930)
Revaluation - gross	442,500	10
Deferred tax	(132,750)	(3)
Balance 31 December / 30 June	225,827	(83,923)

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

<i>Foreign currency translation reserve</i>		
Balance 1 July	(904,119)	(1,016,051)
Currency translation differences arising during the year	352,147	111,932
Balance 31 December / 30 June	(551,972)	(904,119)

6 Reserves (continued)

(b) Retained earnings

Movements in retained earnings were as follows:

	31 December 2017 \$	30 June 2017 \$
Balance 1 July	46,412,369	41,285,494
Net profit for the half-year / year	7,182,143	10,292,083
Dividends paid or payable	<u>(3,575,914)</u>	<u>(5,165,208)</u>
Balance 31 December / 30 June	<u>50,018,598</u>	<u>46,412,369</u>

7 Non-controlling interests

	31 December 2017 \$	30 June 2017 \$
Interest in:		
Share capital	14,937	14,937
Reserves	(3,731)	4,230
Retained earnings	<u>2,945,280</u>	<u>2,956,066</u>
	<u>2,956,486</u>	<u>2,975,233</u>

8 Dividends

(a) Ordinary shares

	Half-year 31 December 2017 \$	31 December 2016 \$
Final dividend for the year ended 30 June 2017 of 9.0 cents (2016: 4.0 cents) per fully paid share paid on 13 October 2017 Fully franked based on tax paid @ 30% (2016: 30%)	<u>3,575,914</u>	<u>1,589,295</u>

8 Dividends (continued)

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

	Half-year	
	31 December 2017	31 December 2016
	\$	\$
Since half-year end the Directors have recommended the payment of an interim dividend of 12.0 cents per fully paid ordinary share (2016: 9.0 cents), fully franked based on tax paid at 30% (2016: 30%). The aggregate amount of the proposed dividend expected to be paid on 13 April 2018 out of Group retained earnings at 31 December 2017, but not recognised as a liability at period end, is	4,767,885	3,575,914

9 Contingencies

(a) Contingent liabilities

(i) Guarantees

Guarantees are given in respect of rental bonds of \$1,910,888 (2016: \$1,935,610).

No material losses are anticipated in respect of any of the above contingent liabilities (2016: Nil).

10 Related party transactions

(a) Transactions with other related parties

The following transactions occurred with related parties:

	Half-year	
	31 December 2017	31 December 2016
	\$	\$
<i>Sales of goods and services</i>		
Sales to associates and joint ventures	426,232	337,340
<i>Purchases of goods and services</i>		
Purchases from associates and joint ventures	3,603,619	2,188,083

10 Related party transactions (continued)

(b) Loans to/from related parties

	31 December 2017 \$	30 June 2017 \$
<i>Loans to associates and joint ventures</i>		
Beginning of the year	723,500	387,500
Loan advanced	884,000	336,000
Loan repayments received	(100,000)	-
End of period	<u>1,507,500</u>	<u>723,500</u>

(c) Terms and conditions

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

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

Loans advanced to the associates are interest-free and repayable within 12 months.

Outstanding balances are unsecured and are repayable in cash.

11 Events occurring after the reporting period

Since half-year end the directors have recommended the payment of an interim dividend on ordinary shares in respect of the 2018 financial year. The total amount of dividend is \$ 4,767,885 which represents a fully franked dividend of 12 cents per fully paid ordinary share.


With the exceptions of the above, no other matter or circumstance that has arisen since 31 December 2017 that has significantly affected or may significantly affect:

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

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 8 to 23 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting*, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Peter De Leo
Managing Director

Perth
22 February 2018

Central Park, Level 43
152-158 St Georges Terrace
Perth WA 6000

Correspondence to:
PO Box 7757
Cloisters Square
Perth WA 6850

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Review Report to the Members of Lycopodium Limited

Report on the Half Year Financial Report

Conclusion

We have reviewed the accompanying half year financial report of Lycopodium Limited (the "Company"), and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Lycopodium Limited does not give a true and fair view of the financial position of the Group as at 31 December 2017, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial reporting*.

Directors' Responsibility for the Half Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Lycopodium Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M J Hillgrove
Partner – Audit & Assurance

Perth, 22 February 2018