Lycopodium Limited

ABN 83 098 556 159

Annual report
30 June 2015

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This financial report is the consolidated financial report of the group consisting of Lycopodium Limited and its subsidiaries. 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

A description of the nature of the group's operations and its principal activities is included in the directors' report on page 1, which is not part of this financial report.

The financial report was authorised for issue by the Directors on 24 September 2015. The Directors have the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available at our Shareholders' Centre on our website: www.lycopodium.com.au

Directors' report

Your Directors present their report on the group consisting of Lycopodium Limited and the entities it controlled at the end of, or during, the year ended 30 June 2015.

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

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

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

	2015 **$**	2014 $
Final fully franked dividend for the year ended 30 June 2014 of 1.5 cents (2013: 21.0 cents) per fully paid share paid on 13 October 2014	**586,233**	8,180,572
Interim fully franked dividend for the year ended 30 June 2015 of 1.5 cents (2014: 5.0 cents) per fully paid share paid on 17 April 2015	**595,986**	1,947,755
	1,182,219	10,128,327

Since the end of the financial year the Directors have recommended that no final dividend be paid (2014: $586,233 being 1.5 cents per fully paid share).

Review of operations

The 2014/15 financial year has been one of the most challenging periods that Lycopodium has experienced since commencing operations in September 1992. Depressed commodity prices have continued to adversely impact the mining sector resulting in a further deterioration in the demand for our services. As a result Lycopodium has reported its first operating loss since listing on the ASX in December 2004. The company has continued to react to these difficult market conditions and during the period has implemented further re-structuring initiatives to reduce costs and applied additional resources to identifying and securing new opportunities.

The poor result for 2014/15 has primarily resulted from a material deterioration in demand for the services provided by Lycopodium's Australian and Canadian based minerals business units located in Perth, Brisbane and Toronto. Notwithstanding that these minerals business units comprise a material part of Lycopodium's overall operations, Lycopodium is a diversified company and the majority of the other business units continue to operate profitably. This includes Lycopodium Process Industries, Lycopodium Rail, Orway Mineral Consultants, Lycopodium Infrastructure, 50% owned Pilbara EPCM and 74% owned ADP Holdings. An operational overview of these business units is included in this report.

During the year Lycopodium finalised acquisition of a controlling interest in Cape Town South Africa based ADP Holdings (ADP) and has been progressively integrating ADP's business units into the Lycopodium group. This acquisition is a strategic initiative to further diversify and strengthen our overall business operations in Africa. Not only does ADP offer access to cost effective additional resources it also opens up new markets, particularly in diamonds, to Lycopodium. Significant effort has been applied to this initiative and new opportunities are being identified.

Review of operations (continued)
The efforts of Lycopodium's Australian and Canadian based minerals business units have been rewarded with the recent award of a number studies and projects and with the successful integration of ADP the company is confident that it will be able to continue to offer competitive word class engineering services in what is, and is expected to remain for the foreseeable future, a highly competitive market.

Operational highlights

Lycopodium Minerals Pty Ltd, based in Perth WA, and Lycopodium Minerals Canada Ltd, based in Toronto Canada, collectively Lycopodium Minerals, continued to build their track record as the preeminent international engineer in terms of West African projects with the award and completion of feasibility studies for many of the most prospective near term projects. These included Newmont Mining's Ahafo North Project, Perseus's Sissingué Project in Côte D'Ivoire, B2 Gold's Fekola Project in Mali, Toro Gold's Mako Project in Senegal, Endeavour's Houndé Project in Burkina Faso and Gryphon Mineral's Banfora Project in Burkina Faso.

Lycopodium Minerals continues to be the preferred engineer for First Quantum Minerals with good progress having been achieved during the year on the 70 Mtpa Mina De Cobré Panama Project in Panama and ongoing commissioning support being provided to their Sentinel Project in Zambia.

During the year design and commissioning services for Kalgoorlie Consolidated Gold Mines' (KCGM) ERP Projects at their Fimiston and Gidgi sites were successfully completed. These projects have been acknowledged as being of significant value to KCGM in achieving the ever increasing level of environmental compliance standards.

Lycopodium Minerals also provided commissioning support to B2 Gold for their Otjikoto Project in Namibia and the project is now in commercial production. Lycopodium Minerals previously provided engineering and design services for this greenfield 2.4 Mtpa processing plant. The plant design includes provision for major expansion.

Lycopodium Minerals completed the feasibility study for Red Eagle Mining Corporation's Santa Rosa Project in Colombia. Lycopodium Minerals were subsequently awarded the EPCM for this greenfield gold project which is now in progress.

Lycopodium Minerals strengthened its relationship with Nordgold and its subsidiary Bissa Gold through the award of the design and procurement of the 7 Mtpa Bouly Heap Leach Project in Burkina Faso. These services are currently progressing.

Through the 50:50 Pilbara EPCM Joint Venture with Aecom, Lycopodium Minerals continued with construction of the permanent infrastructure for Rio Tinto's Nammuldi Project in Western Australia. This project is now in the advanced stages with the progressive handover of the AECOM infrastructure.

ADP Holdings Pty Ltd (ADP), based in Cape Town South Africa, operates a diversified group of companies predominately servicing the diamond mining industry. ADP Marine and Modular (ADP M&M) focuses on developing modular process plants and marine technology solutions. ADP Projects specialises in studies, EPCM services and project management services with a strong focus on developing the optimal techno-economic solutions through innovative process engineering and fit for purpose project execution. ADP Africa is based in Johannesburg South Africa and offers logistics, spares supply and general support services to mines throughout Africa. Other companies within the ADP group include ADP Namibia (a 100% owned company registered in Namibia), ADP Kukama (a 50% owned company registered in Botswana) and Underwater Mining Solutions (UMS) (a 50% owned company registered in South Africa servicing the niche marine mining market).

ADP M&M has a long standing partnering agreement with Namdeb, a Namibian company 50% owned by De Beers and 50% owned by the Namibian Government. ADP M&M recently completed a new state of the art Final Recovery Plant to treat all Namdeb diamond production together with offshore diamond production from De Beers Marine and diamond production from the new 800 tph Senderlingsdrift process facility. ADP M&M also delivered a 0.5 Mtpa modular Kimberlite plant to Lipari in Brazil, two modular DMS plants to Debswana in Botswana, an alluvial plant to a client in Angola and have recently been awarded a contract to deliver a modular sampling plant to Lucara Diamonds for their Karowe mine.

Review of operations (continued)
ADP Projects has completed a feasibility study and commenced detailed engineering for a new marine processing plant for De Beers Marine. This plant will be installed on an ultra-modern, dynamic positioning sampling vessel that is currently under construction in Europe. ADP Projects also designed and commissioned a world first XRT based Final Recovery Plant for Gem Diamond's Letseng Diamond Mine in Lesotho, completed a study for Rio Tinto's Bunder Mine in India, commissioned a 2.5 Mtpa tailings plant for Debswana's Jwaneng Mine in Botswana, provided EPCM services for plant expansions at the Navachab Gold mine and Kao Diamond Mine and is currently providing process design services for the new De Beers Canada Ghacho Kue Mine in Canada.

UMS completed a study for a major Southern African client to evaluate the viability of using sub-surface hard rock mining technology to mine an existing open pit Kimberlite pipe.

Lycopodium Process Industries (LPI), based in Melbourne Vic, provides services predominately to the chemicals, renewable and pharmaceutical sectors with the following highlights:

- Construction of a facility for integrated waste treatment and resource recovery for the Renex Group in Victoria was completed with engineering support supplied by LPI. LPI is currently assisting with final commissioning and product trials of the plant, which is designed to accept and treat contaminated soils and other prescribed industrial wastes using a pyrolysis rotary kiln technology from Germany.
- LPI completed the detailed design for a weak nitric acid storage facility and an acid buffer storage facility for Thales Australia and was subsequently awarded the construction contract for the project. The project is under construction and forms part of the facility upgrade at the Thales Propellant and High Explosive Manufacturing Facility in NSW.
- LPI has been engaged to provide engineering design services for an off-gas treatment system treating radioactive and chemical species evolving from various release points in the new ANSTO SyMo Facility for the Nuclear Medicine Program.
- LPI also provided engineering design services to long standing clients for three major pharmaceutical facilities during the year.

Orway Mineral Consultants (OMC), based in Perth WA and Toronto Canada, provided metallurgical consultancy services to the global mineral processing market. OMC has operated since 1983 and has a reputation for delivering high quality studies and practical solutions in the areas of comminution, beneficiation and hydrometallurgy.

During the year OMC delivered comminution circuit design and optimisation services to a wide range of commodities, predominately in copper, gold, iron ore and base metals. In the current depressed market a large portion of the services rendered are associated with plant optimisation where OMC is able to help clients maximise cash flow at a time of low commodity prices.

OMC's hydrometallurgical team specialises in the process design of copper, cobalt, nickel and uranium circuits. During the year this team developed a process for removing radionuclides from copper concentrates and a demonstration plant utilising this patented technology is scheduled to commence operations towards the end of 2015.

Lycopodium Rail (LR), based in Newcastle NSW, experienced a highly productive year across all business sectors, with its design team delivering major projects for Roads and Maritime, John Holland Rail and Australian Rail Track Corporation. LR's asset management team expanded their market into Sydney Trains and further consolidated themselves as market leaders in the area of rail infrastructure management services by expanding services to major industrial clients and port owners including Port of Newcastle, Whitehaven Coal, Indemitsu, Crawford Freightlines and Ettamogah Rail Hub.

Lycopodium Infrastructure (LI), based in Perth WA, continued to strengthen the Lycopodium brand as a supplier of urban infrastructure providing engineering and architectural services to a growing number of local governments. New business activities included the provision of expanded support services to state government departments and design services to private sector small subdivision land developers. LI also continued to provide design services to the minerals sector albeit the demand for these services have tapered off in line with the reduced activity level in this sector.

Review of operations (continued)

Lycopodium Asset Management (LAM), based in Perth WA, continued to provide services to long term clients throughout the year including reliability and maintenance engineering briefs for Woodside Energy in the oil and gas sector, BHP Billiton, and Citic Pacific - Cape Preston Port in the minerals sector and Orica Mining Chemicals in the manufacturing sector. LAM also expanded its market through the provision of asset management services to West Australian Local Governments for Infrastructure Assets.

Corporate Overview

On 1 October 2014 Lycopodium finalised the acquisition of a 74% controlling ownership in ADP Holdings Pty Ltd (ADP), a South African based engineering company. ADP has a number of wholly owned South African operating subsidiaries of which the principal entities are ADP Marine and Modular Pty Ltd and ADP Projects Pty Ltd. ADP also has subsidiaries established in Namibia and Botswana to support business in the respective countries. Lycopodium holds options to acquire the balance of shares in ADP. As part of integrating ADP in to the Lycopodium group it was agreed on 1 July 2015 to change the name of ADP Projects Pty Ltd to Lycopodium ADP Pty Ltd in order to reinforce the synergies and increased capabilities of the combined entities.

On 6 October 2014 Lycopodium exercised an option it held to acquire the remianing 25% of issued shares in Lycopodium Rail Pty Ltd. This acquisition was funded 50% in cash and 50% in shares. Lycopodium Rail Pty Ltd is now a wholly owned subsidiary of Lycopodium.

On 6 October 2014 Lycopodium exercised an option it held to acquire the remaining 15% of issued shares in Lycopodium Americas Pty Ltd. This acquisition was funded 50% in cash and 50% in shares. Lycopodium Americas Pty Ltd is now a wholly owned subsidiary of Lycopodium. Lycopodium Americas Pty Ltd holds all the issued shares in Lycopodium Minerals Canada Ltd.

HSE and Community

Notwithstanding that the past year has seen a reduced level on activity on construction and commissioning services Lycopodium has maintained a high level of focus on health, safety and the environment.

In 2014/15 there were 1.9 million manhours worked across the Lycopodium managed projects with a LTIFR of 1.06 against an 8.5 construction industry average.

On the community side, Lycopodium continued as an active sponsor and supporter of:

- The Clontarf Foundation, a charitable not-for-profit organization improving the education, discipline, self-esteem, life skills and employment prospects of young Aboriginal men.
- B.A.S.I.C.S based in Accra, Ghana, an organisation committed to improving the quality of life for children living in some of the poorest areas of that city.

Additionally Lycopodium was an active participant in a number of Industry Engagement Panels and targeted educational initiatives in association with both the University of Western Australia and Curtin University and continued to provide support to a number of charitable initiatives championed by staff.

Full Year Results

For the financial year ended 30 June 2015, Lycopodium derived revenues of $122.8 million and a net loss after tax of $1.02 million. During this period Lycopodium incurred non-recurring restructuring costs of $2.5 million.

Basic earnings per share were -2.3 cents. The Directors have resolved not to declare a final dividend in accordance with our dividend policy. The total dividend for the year is therefore 1.5 cents fully franked.

Review of operations (continued)
Outlook

As previously discussed, the 2014/15 financial year has been a very challenging period driven in the main by depressed commodity prices across a wide range of commodities.

This has resulted in major mining companies continuing to reduce investment across their operations, optimizing existing assets and limiting capital expenditure to minor brownfield optimisations rather than major greenfield project developments.

Junior mining companies continue to find it difficult to raise capital for studies and projects.

The market place has seen increased competition between service providers which has led to increased appetite for risk and the lowering of margins.

On the positive side we have seen the green shoots of recovery in the manufacturing and infrastructure sectors with a steady increase in activity in these sectors during the year. It is however uncertain as to whether this recovery can be maintained.

With respect to the minerals sector we are yet to see any signs of recovery. Lycopodium believes that we are at the bottom of the cycle given that activity levels are the lowest that we have seen in 22 years of operation but at this time we cannot identify any signs of recovery in commodity prices which is the key to increased activity in the minerals sector.

Lycopodium has restructured its operations to accommodate this reduced level of activity and is focused on working with our clients through these leaner times. Through innovation and collaboration we are confident we will maintain our hard earned relationships with our clients and be ready to take up opportunities when they eventually crystalise.

As a result of ongoing initiatives we are of the view that the company is well positioned to turn around the poor 2014/15 result and return to profitability in the forthcoming financial year. Our balance sheet remains strong with substantial cash reserves and no debt and we believe that the benefits and opportunities to flow from the ADP Holdings acquisition further strengthen the company. While visibility into the future remains limited our view is that the company will be able to return to profitability in the 2015/16 financial period albeit the quantum may be small in comparison to previous years.

We will continue to actively monitor our forecasts, particularly given the uncertainty which remains in the market at this time.

Acknowledgement

Lycopodium sincerely thanks our personnel for their effort and support during what has been a challenging year. The Board of Directors acknowledges that the company’s ability to continue to deliver world class services to our clients and to maintain and enhance the company’s performance and capacity is dependent on the continued commitment and support of our personnel.

We would also like to thank our clients for their continued trust in Lycopodium to deliver services to their projects and studies. We will as always work hard to maintain these valued relationships.

On behalf of my fellow Directors I take this opportunity to sincerely thank all personnel, both past and present, for their highly valued contribution over the past year.

Review of operations (continued)

A summary of consolidated revenues and results for the year by significant reporting segments is set out below:

	Segment revenues		Segment results	
	2015	2014	**2015**	2014
	$	$	**$**	$
Corporate services	**13,159,204**	17,746,116	**(346,920)**	(1,970,332)
Minerals	**105,917,216**	150,153,633	**(5,844,746)**	9,864,978
Other	**27,182,790**	46,005,783	**4,616,598**	(167,054)
Intersegment eliminations	**(23,447,888)**	(59,139,547)	**-**	-
Unallocated revenue less unallocated expenses	**-**	-	**(45,000)**	(45,000)
Total	**122,811,322**	154,765,985	**(1,620,068)**	7,682,592
Income tax benefit/(expense)			**604,655**	(3,973,206)
(Loss)/Profit for the year			**(1,015,413)**	3,709,386
Loss attributable to non-controlling interest			**97,336**	169,583
(Loss)/Profit attributable to owners of Lycopodium Ltd			**(918,077)**	3,878,969

Matters subsequent to the end of the financial year

Since 30 June 2015 Lycopodium Limited has invested in ECG Engineering Pty Ltd, a start up electrical engineering consulting firm based in Perth, Australia with 31% of the issued capital acquired for $387,500.

With the exception of the above, no other matter or circumstance has arisen since 30 June 2015 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 future financial years.

Likely developments and expected results of operations
The group will continue to provide engineering consultancy services as detailed above.

Refer to the Review of Operations section within the Directors' Report for information regarding the likely developments and expected results.

Environmental regulation
The group'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). Non-executive Chairman. Age 65.

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 group's risk management and quality control programmes.

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

Interests in shares and options
9,104,637 ordinary shares of Lycopodium Limited.

Former directorships in the last 3 years
None.

Lawrence William Marshall B.Bus (Acc) CPA. Non-executive Director. Age 62.

Experience and expertise
Mr Marshall in his role as the former Chief Executive Officer of Lycopodium Limited and with over 30 years experience has played a major role in the development of the group's information, accounting and management and risk management systems. Mr Marshall is a non-executive director of Lycopodium Process Industries Pty Ltd, Lycopodium Rail Pty Ltd and ADP Holdings Pty Ltd.

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

Interests in shares and options
1,942,332 ordinary shares of Lycopodium Limited.

Former directorships in the last 3 years
None.

Rodney Lloyd Leonard BE (Hons), MSc, MAusIMM. Managing Director. Age 54.

Experience and expertise
Mr Leonard has in excess of 20 years experience in the mineral processing industry and is the Managing Director of Lycopodium Limited.

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

Interests in shares and options
2,612,332 ordinary shares of Lycopodium Limited.
167,000 performance rights over ordinary shares of Lycopodium Limited.

Former directorships in the last 3 years
None.

Information on directors (continued)

Robert Osmetti BE (Civ), MIEAust, CPEng. Executive Director. Age 59.

Experience and expertise
Mr Osmetti has over 30 years experience in the project management and construction of minerals, oil refining and manufacturing projects. Mr Osmetti is the president of Lycopodium Minerals Canada Limited.

Special responsibilities
Member of the Corporate Governance Committee.

Interests in shares and options
2,058,148 ordinary shares of Lycopodium Limited.
67,000 performance rights over ordinary shares of Lycopodium Limited.

Former directorships in the last 3 years
None.

Bruno Ruggiero BE (Mech), Grad Dip Min Sc, Grad Cert Eng Tech, MIEAust, MAusIMM. Non-executive Director. Age 51.

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 a non-executive director of Lycopodium Minerals Pty Ltd and Lycopodium Asset Management Pty Ltd.

Special responsibilities
Member of the Corporate Governance Committee.

Interests in shares and options
3,167,332 ordinary shares in Lycopodium Limited.
67,000 performance rights over ordinary shares of Lycopodium Limited.

Former directorships in the last 3 years
None.

Peter De Leo BE (Civ) CPEng FIEAust. Executive Director. Age 49.

Experience and expertise
Mr De Leo has over 20 years experience in the construction and engineering fields. Mr De Leo is the Managing Director of Lycopodium Minerals Pty Ltd, non-executive director of ADP Holdings Pty Ltd, chairman and director of Pilbara EPCM Pty Ltd.

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

Interests in shares and options
1,171,711 ordinary shares of Lycopodium Limited.
50,000 performance rights over ordinary shares of Lycopodium Limited.

Former directorships in the last 3 years
None.

Company secretary
The company secretary is Keith John Bakker B.Bus (Acc), FCPA. Age 62.

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 numbers of meetings of the company's board of Directors and of each board committee held during the year ended 30 June 2015, and the numbers of meetings attended by each Director were:

	Full meetings of directors		Meetings of non-executive directors		Meetings of committees					
					Audit		Nomination		Remuneration	
	A	B	A	B	A	B	A	B	A	B
Michael Caratti	11	11	-	-	**	-	-	-	1	***
Lawrence Marshall	11	11	-	-	2	2	-	-	1	***
Rodney Leonard	11	11	*	-	2	2	-	-	1	***
Robert Osmetti	10	11	*	-	**	-	-	-	1	***
Bruno Ruggiero	9	11	-	-	**	-	-	-	1	***
Peter De Leo	11	11	*	-	2	2	-	-	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 non-executive Director
** = Not a member of the relevant committee
*** = Remuneration reviewed during a normal monthly meeting of the full board rather than as a separate committee meeting.

The following directors missed full meetings of the Board because of absence on company business.

Name	Number of meetings
Robert Osmetti	1
Bruno Ruggiero	1

Remuneration report - audited

The Directors are pleased to present your company's 2015 remuneration report which sets out remuneration information for Lycopodium Limited's non-executive Directors, executive Directors and other key management personnel.

Directors and key management personnel disclosed in this report

Name	Position
Michael Caratti	Chairman, Non-executive Director
Lawrence Marshall	Non-executive Director
Rodney Leonard	Managing Director
Robert Osmetti	Executive Director
Bruno Ruggiero	Non-executive Director
Peter De Leo	Executive Director
Keith Bakker	Company Secretary, Chief Financial Officer

Role of the remuneration committee

The remuneration committee comprises all members of the Board. It is primarily responsible for making recommendations on:

- Remuneration levels of executive directors and other key management personnel
- The over-arching executive remuneration framework and operation of the incentive plan, and
- Key performance indicators and performance hurdles for the executive team.

The objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the company.

Non-executive director remuneration policy

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board to ensure that they are appropriate and in-line with the market.

Non-executive directors are also paid an hourly rate for ad hoc services, as required.

Non-executive directors do not receive performance-based pay.

Directors' fees

The current base fees were last reviewed with effect from 1 May 2014. The fees are inclusive of committee fees. Details on Directors fees are disclosed under service agreements on page 12.

Executive remuneration policy and framework

In determining executive remuneration, the Board aims to ensure that remuneration practices are:

- Competitive and reasonable, enabling the company to attract and retain key talent
- Aligned to the company's strategic and business objectives and the creation of shareholder value
- Transparent, and
- Acceptable to shareholders.

The executive remuneration 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 at a minimum annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

Remuneration report - audited (continued)
Executive remuneration policy and framework (continued)
1,450,000 rights were granted to certain executive directors under the Executive Director Performance Rights Plan in the financial year ended 30 June 2009. These rights were granted for nil consideration and are exercisable upon certain performance hurdles and vesting conditions being achieved. This is the only element of remuneration that is linked to company performance. Refer to page 14 for details.

A service or senior management bonus may be provided to certain senior salaried employees payable annually, at the discretion of the company.

Voting and comments made at the company's 2014 Annual General Meeting
The remuneration report for the 2014 financial year was unanimously approved by shareholders during the AGM. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Company performance
The profit after income tax expense and basic earnings per share for the group for the last five years is as follows:

	2015	**2014**	**2013**	**2012**	**2011**
Revenue ($)	122,811,332	154,765,985	245,940,092	232,286,982	169,842,916
(Loss)/Profit before income tax ($)	(1,620,068)	7,682,592	28,534,189	31,771,777	24,907,889
Income tax (benefit)/expense ($)	(604,655)	3,973,206	5,993,750	9,416,678	7,795,136
(Loss)/Profit after income tax ($)	(1,015,413)	3,709,386	22,540,439	22,355,099	17,112,753
Basic EPS (cents)	(2.3)	10.0	56.5	57.3	44.4
Basic EPS growth, year on year (%)	(123.0%)	(82.3%)	(1.4%)	29.1%	6.7%
Fully franked dividends per share (cents)	1.5	6.5	36.0	33.0	30.0
Change in share price * ($)	(0.84)	(2.17)	(2.40)	0.92	2.61
Return on equity (%)	(1.61%)	5.61%	34.86%	40.81%	36.25%

*calculated as the difference between the closing share price at the start and end of the respective financial years.

Remuneration report - audited (continued)

Details of remuneration

The following tables show details of the remuneration received by the Directors and the key management personnel of the group for the current and previous financial year.

2015	**Short-term employee benefits**				**Post-employment benefits**	**Share-based payments**		
Name	**Cash salary and fees**	**Cash bonus**	**Non-monetary benefits**	**Other**	**Super-annuation**	**Rights**	**Total**	**Perfor-mance related**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Non-executive Directors								
Michael Caratti	54,794	-	10,730	-	5,206	-	70,730	-
Lawrence Marshall	186,432	-	10,730	-	35,000	-	232,162	-
Bruno Ruggiero	288,148	-	10,730	-	35,000	-	333,878	-
Sub-total non-executive directors	**529,374**	**-**	**32,190**	**-**	**75,206**	**-**	**636,770**	**-**
Executive Directors								
Rodney Leonard	488,570	-	10,730	-	35,000	-	534,300	-
Robert Osmetti	471,840	-	-	30,853	-	-	502,693	-
Peter De Leo	568,840	-	10,730	-	30,000	-	609,570	-
Other key management personnel								
Keith Bakker	322,008	-	12,535	-	35,000	-	369,543	-
Total key management personnel compensation (group)	**2,380,632**	**-**	**66,185**	**30,853**	**175,206**	**-**	**2,652,876**	**-**

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

2014	Short-term employee benefits				Post-employment benefits	Share-based payments		
Name	Cash salary and fees $	Cash bonus* $	Non-monetary benefits $	Other $	Super-annuation $	Rights $	Total $	Perfor-mance related %
Non-executive Directors								
Michael Caratti	125,295	-	10,250	-	11,590	-	147,135	-
Lawrence Marshall	212,520	-	10,250	-	35,000	-	257,770	-
Sub-total non-executive directors	**337,815**	**-**	**20,500**	**-**	**46,590**	**-**	**404,905**	**-**
Executive Directors								
Rodney Leonard	633,272	-	10,250	-	25,000	6,150	674,672	0.9
Robert Osmetti	530,423	-	6,826	10,026	25,000	6,150	578,425	1.1
Bruno Ruggiero	360,100	-	10,250	-	25,000	6,150	401,500	1.2
Peter De Leo	611,216	-	10,250	-	25,000	6,150	652,616	0.9
Other key management personnel								
Keith Bakker	374,755	28,163	14,348	-	34,997	-	452,263	-
Total key management personnel compensation (group)	**2,847,581**	**28,163**	**72,424**	**10,026**	**181,587**	**24,600**	**3,164,381**	**0.8**

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

* Relates to discretionary bonus approved by the Board based on performance measured against a pre-agreed KPI. The bonus was granted on 15 October 2013 which 72.2% vested during the year. No part of the bonus is payable in future years.

Remuneration report - audited (continued)
Details of remuneration (continued)

Service agreements

Remuneration and other terms of employment for the directors and 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. None of the directors or executives are provided with termination benefits.

Name	**Term of agreement**	**Fixed Remuneration including superannuation***
Michael Caratti, *Chairman and Non-executive Director*	No fixed term	Directors fee of $60,000 p.a.
Lawrence Marshall, *Non-executive Director*	No fixed term	Fixed hourly rate of $203.13 Directors fee of $60,000 p.a.
Rodney Leonard, *Managing Director*	No fixed term	$450,000 p.a.
Robert Osmetti, *Executive Director*	No fixed term	$450,000 p.a.
Bruno Ruggiero, *Non-executive Director*	No fixed term	Fixed hourly rate of $203.13 Directors fee of $60,000 p.a.
Peter De Leo, *Executive Director*	No fixed term	$525,000 p.a.
Keith Bakker, *Company Secretary and Chief Financial Officer*	No fixed term	$352,175 p.a.

* Fixed remuneration payable from 1 July 2015 and reviewed annually by the Remuneration Committee.

Remuneration report - audited (continued)
Service agreements (continued)

Share-based compensation

Executive Director 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 above rights are subject to the following performance hurdles:

Performance Rights Plan	Grant date	Tranche	Vesting date and Performance hurdles
Executive Director	24 December 2008	Tranche 1	1 July 2011 if EPS for 30 June 2009 exceeds EPS for 30 June 2008 by 10%
Executive Director	24 December 2008	Tranche 2	1 July 2012 if EPS for 30 June 2010 exceeds EPS for 30 June 2009 by 10%
Executive Director	24 December 2008	Tranche 3	1 July 2013 if EPS for 30 June 2011 exceeds EPS for 30 June 2010 by 10%
Executive Director	24 December 2008	Tranche 4	1 July 2014 if EPS for 30 June 2012 exceeds EPS for 30 June 2011 by 10%
Executive Director	24 December 2008	Tranche 5	1 July 2015 if EPS for 30 June 2013 exceeds EPS for 30 June 2012 by 10%

The above rights were granted for no consideration.

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Grant date	Vesting and exercise date	Expiry date	Exercise price	Value per option at grant date	Performance achieved	% Vested
24 December 2008	1 July 2011	30 June 2016	$-	$0.74	Achieved	100%
24 December 2008	1 July 2012	30 June 2016	$-	$0.74	Achieved	100%
24 December 2008	1 July 2013	30 June 2016	$-	$0.74	34%	100%
24 December 2008	1 July 2014	30 June 2016	$-	$0.74	Achieved	100%
24 December 2008	1 July 2015	30 June 2016	$-	$0.74	0%	0%

The rights granted carry no dividend or voting rights.

Further information on rights over ordinary shares on issue is set out in note 36 to the financial statements.

Remuneration report - audited (continued)
Share-based compensation (continued)

Details of remuneration: Executive Directors Performance Rights

All of the above rights vest after three years, provided the vesting conditions are met. No rights will vest if the conditions are not satisfied, hence the minimum value of the right yet to vest is nil. The maximum value of the rights yet to vest has been determined as the amount of the grant date fair value of the rights and is yet to be expensed.

	Shared-based compensation benefits (Options)				
Name	**Year granted**	**Vested %**	**Forfeited %**	**Financial years in which options may vest**	**Maximum total value of grant yet to vest $**
Peter De Leo	2009	100	-	30 June 2011	-
	2009	100	-	30 June 2012	-
	2009	100	66	30 June 2013	-
	2009	100	-	30 June 2014	-
	2009	-	100	30 June 2015	-
Robert Osmetti	2009	100	-	30 June 2011	-
	2009	100	-	30 June 2012	-
	2009	100	66	30 June 2013	-
	2009	100	-	30 June 2014	-
	2009	-	100	30 June 2015	-
Bruno Ruggiero	2009	100	-	30 June 2011	-
	2009	100	-	30 June 2012	-
	2009	100	66	30 June 2013	-
	2009	100	-	30 June 2014	-
	2009	-	100	30 June 2015	-
Rodney Leonard	2009	100	-	30 June 2011	-
	2009	100	-	30 June 2012	-
	2009	100	66	30 June 2013	-
	2009	100	-	30 June 2014	-
	2009	-	100	30 June 2015	-

Senior manager share acquisition plan

Interest free loans were provided to eligible senior managers to acquire shares in Lycopodium Limited under the Senior Manager Share Acquisition Plan. The plan was designed to provide alignment of the senior managers with the shareholders of the company by assisting the senior managers to acquire shares in Lycopodium Limited under the plan. None of the directors of Lycopodium Limited are eligible to participate in this plan. Further information on the plan is set out in note 36 to the financial statements.

Equity instrument disclosures relating to key management personnel

The table below shows the number of:

(*i*) Rights over ordinary share in the company

(*ii*) Shares in the company

that were held during the financial year by key management personnel of the group, including their close family members and entities related to them.

There were no shares granted during the reporting period as compensation.

Remuneration report - audited (continued)
Equity instrument disclosures relating to key management personnel (continued)

(i) Rights holdings

The numbers of rights over ordinary shares in the company held during the financial year by each Director of Lycopodium Limited are set out below.

2015 Name	Balance at start of the year	Granted as compen-sation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Lycopodium Limited							
Rodney Leonard	167,000	-	-	-	167,000	167,000	-
Robert Osmetti	67,000	-	-	-	67,000	67,000	-
Bruno Ruggiero	67,000	-	-	-	67,000	67,000	-
Peter De Leo	167,000	-	117,000	-	50,000	50,000	-

All vested rights are exercisable at the end of the year.

(ii) 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 group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2015 Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
Directors of Lycopodium Limited				
Ordinary shares				
Michael Caratti	9,104,367	-	-	9,104,367
Lawrence Marshall	1,942,332	-	-	1,942,332
Rodney Leonard	2,612,332	-	-	2,612,332
Robert Osmetti	2,058,148	-	-	2,058,148
Bruno Ruggiero	3,167,332	-	-	3,167,332
Peter De Leo	1,054,711	117,000	-	1,171,711
Other key management personnel of the group				
Ordinary shares				
Keith Bakker	81,036	-	(31,755)	49,281

Remuneration report - audited (continued)

Loans to key management personnel

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

(i) Aggregates for key management personnel

	Balance at the start of the year $	Interest paid and payable for the year $	Interest not charged $	Balance at end of the year $	Number in group at the end of the year
2015	**46,434**	**-**	**-**	**44,232**	**1**
2014	52,213	-	-	46,434	2

Loans outstanding at the end of the current and prior year include a loan to a key management personnel under the senior manager share acquisition plan.

All other loans to key management personnel are short-term advances in nature and are insignificant.

No write-downs or allowances for doubtful receivables have been recognised in relation to any loans made to key management personnel.

End of remuneration report.

Shares under option

Unissued ordinary shares of Lycopodium Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
24 December 2008*	30 June 2016	$-	351,000

* Details of options granted to key management personnel are disclosed on pages 14 to 15.

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 group, 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 wilful 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.

Indemnity of auditors

Lycopodium Limited has agreed to indemnify their auditors, Grant Thornton Audit Pty Ltd, to the extent permitted by law, against any claim by a third party arising from Lycopodium Limited's breach of their agreement. The indemnity stipulates that Lycopodium Limited will meet the full amount of any such liabilities including a reasonable amount of legal costs.

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 group are important.

Details of the amounts paid or payable to the auditor (Grant Thornton Audit Pty Ltd) 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 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.*

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

	Consolidated	
	2015	2014
	$	$
Taxation services		
Grant Thornton Audit Pty Ltd firm:		
Tax compliance services (including income tax returns)	**30,000**	17,100
Tax consolidation and valuation services	**311,168**	-
Network firm of Grant Thornton Audit Pty Ltd:		
Tax compliance services (including income tax returns)	**25,429**	-
Non-Grant Thornton Audit Pty Ltd audit firms:		
Tax compliance services (including income tax returns)	**55,926**	51,684
International tax advice	**45,747**	57,934
Total remuneration for taxation services	**468,270**	126,718
Other services		
Grant Thornton Audit Pty Ltd Australian firm:		
Other services	**19,205**	-
Non-Grant Thornton Audit Pty Ltd audit firms:		
Due diligence services	**-**	93,621
Other services	**14,200**	56,115
Total remuneration for other services	**33,405**	149,736
Total remuneration for non-audit services	**501,675**	276,454

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 21.

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

Rodney Lloyd Leonard
Managing Director

Perth
24 September 2015

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Auditor's Independence Declaration
To the Directors of Lycopodium Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Lycopodium Limited for the year ended 30 June 2015, 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.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M J Hillgrove
Partner - Audit & Assurance

Perth, 24 September 2015

Corporate governance statement

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.

The Company's Corporate Governance Statement is detailed on the company's website.

Lycopodium Limited's practices are consistent with the ASX Corporate Governance Council's Principles and Recommendations (3rd Edition) ('Principles') with any exceptions noted.

	Notes	**Consolidated 2015 $**	2014 $
Revenue from operations	5	**122,811,322**	154,765,985
Employee benefits expense		**(65,367,325)**	(83,811,544)
Depreciation and amortisation expense	6	**(1,753,905)**	(2,340,068)
Project expenses		**(4,630,594)**	(2,967,808)
Equipment and materials		**(16,875,139)**	(872,001)
Contractors		**(22,665,053)**	(44,196,481)
Occupancy expense		**(8,060,711)**	(7,533,531)
Other expenses		**(7,537,899)**	(8,553,272)
Loss on disposal of asset		**(323,251)**	(6,636)
Finance costs	6	**(57,836)**	(145,657)
Share of net profit of joint ventures accounted for using the equity method		**2,840,323**	3,343,605
(Loss)/Profit before income tax		**(1,620,068)**	7,682,592
Income tax benefit / (expense)	7	**604,655**	(3,973,206)
(Loss)/Profit for the year		**(1,015,413)**	3,709,386
Other comprehensive income/(expense)			
Items that may be reclassified to profit or loss			
Changes in the fair value of available-for-sale financial assets	23(a)	**-**	(4,000)
Exchange differences on translation of foreign operations	23(a)	**605,183**	(468,497)
Income tax relating to components of other comprehensive income		**-**	1,200
Other comprehensive income/(expense) for the year, net of tax		**605,183**	(471,297)
Total comprehensive (expense)/income for the year		**(410,230)**	3,238,089
(Loss)/Profit for the year is attributable to:			
Owners of Lycopodium Limited		**(918,077)**	3,878,969
Non-controlling interests		**(97,336)**	(169,583)
		(1,015,413)	3,709,386
Total comprehensive (expense)/income for the year is attributable to:			
Owners of Lycopodium Limited		**(312,894)**	3,407,672
Non-controlling interests		**(97,336)**	(169,583)
		(410,230)	3,238,089
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share	34	**(2.3)**	10.0
Diluted earnings per share	34	**(2.3)**	9.8

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

	Notes	Consolidated 2015 $	2014 $
ASSETS			
Current assets			
Cash and cash equivalents	8	**32,440,938**	33,302,348
Trade and other receivables	9	**24,573,180**	22,069,393
Inventories		**255,211**	-
Current tax receivables		**4,561,762**	3,908,711
Other current assets	10	**1,708,221**	1,990,291
Total current assets		**63,539,312**	61,270,743
Non-current assets			
Investments accounted for using the equity method	12	**2,789,527**	4,349,205
Available-for-sale financial assets	13	**35,750**	3,000
Property, plant and equipment	14	**2,776,265**	3,485,811
Intangible assets	16	**8,858,308**	6,861,301
Other receivables	11	**703,291**	872,653
Deferred tax assets	15	**5,331,787**	4,693,362
Total non-current assets		**20,494,928**	20,265,332
Total assets		**84,034,240**	81,536,075
LIABILITIES			
Current liabilities			
Trade and other payables	17	**19,854,442**	15,914,353
Borrowings	18	**288,513**	554,259
Current tax liabilities		**89,725**	848,020
Total current liabilities		**20,232,680**	17,316,632
Non-current liabilities			
Borrowings	19	**-**	351,167
Provisions	21	**568,634**	988,923
Total non-current liabilities		**568,634**	1,340,090
Total liabilities		**20,801,314**	18,656,722
Net assets		**63,232,926**	62,879,353
EQUITY			
Contributed equity	22	**20,823,772**	18,999,317
Reserves	23(a)	**754,422**	911,737
Retained earnings	23(b)	**38,718,003**	42,390,395
Parent entity interest		**60,296,197**	62,301,449
Non-controlling interests		**2,936,729**	577,904
Total equity		**63,232,926**	62,879,353

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

		Attributable to members of Lycopodium Limited						
Consolidated	Notes	**Contributed equity $**	**Retained earnings $**	**Foreign currency translation reserve $**	**Available for sale investment revaluation reserve $**	**Performance rights reserve $**	**Non-controlling interests $**	**Total equity $**
Balance at 1 July 2013		18,951,697	48,639,753	440,599	(79,100)	778,886	697,982	69,429,817
(Loss)/Profit for the year		-	3,878,969	-	-	-	(169,583)	3,709,386
Other comprehensive income / (expense)		-	-	(468,497)	(2,800)	-	-	(471,297)
Total comprehensive income for the year		**-**	**3,878,969**	**(468,497)**	**(2,800)**	**-**	**(169,583)**	**3,238,089**
Transactions with owners in their capacity as owners:								
Contributions of equity, net of transaction costs and tax	22	47,620	-	-	-	-	-	47,620
Foreign currency translation with non-controlling interest	24	-	-	-	-	-	49,505	49,505
Dividends provided for or paid	25	-	(10,128,327)	-	-	-	-	(10,128,327)
Performance rights - value of rights	23	-	-	-	-	290,269	-	290,269
Performance rights - transfer on exercise	23	-	-	-	-	(47,620)	-	(47,620)
		47,620	(10,128,327)	-	-	242,649	49,505	(9,788,553)
Balance at 30 June 2014		**18,999,317**	**42,390,395**	**(27,898)**	**(81,900)**	**1,021,535**	**577,904**	**62,879,353**
Balance at 1 July 2014		18,999,317	42,390,395	(27,898)	(81,900)	1,021,535	577,904	62,879,353
(Loss)/Profit for the year		-	(918,077)	-	-	-	(97,336)	(1,015,413)
Other comprehensive income / (expense)		-	-	605,183	-	-	-	605,183
Total comprehensive income for the year		**-**	**(918,077)**	**605,183**	**-**	**-**	**(97,336)**	**(410,230)**
Transactions with owners in their capacity as owners:								
Contributions of equity, net of transaction costs and tax	22	824,455	-	-	-	-	-	824,455
Non-controlling interests on acquisition of subsidiary	24	1,000,000	(1,572,096)	-	-	-	(577,904)	(1,150,000)
Foreign currency translation with non-controlling interest	24	-	-	-	-	-	25,715	25,715
Dividends provided for or paid	25	-	(1,182,219)	-	-	-	-	(1,182,219)
Performance rights - value of rights	23	-	-	-	-	61,957	-	61,957
Performance rights - transfer on exercise	23	-	-	-	-	(824,455)	-	(824,455)
Newly consolidated operations		-	-	-	-	-	3,008,350	3,008,350
		1,824,455	(2,754,315)	-	-	(762,498)	2,456,161	763,803
Balance at 30 June 2015		**20,823,772**	**38,718,003**	**577,285**	**(81,900)**	**259,037**	**2,936,729**	**63,232,926**

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

	Notes	Consolidated 2015 $	2014 $
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**127,101,357**	177,336,870
Payments to suppliers and employees (inclusive of goods and services tax)		**(125,121,138)**	(167,401,728)
		1,980,219	9,935,142
Interest received		**939,293**	721,064
Income taxes received		**(1,445,116)**	(3,994,272)
Net cash inflow from operating activities	33	**1,474,396**	6,661,934
Cash flows from investing activities			
Dividends received from joint venture		**4,400,000**	4,900,000
Payments for purchase of business, net of cash received	30	**(4,141,003)**	-
Payments for acquisition of non-controlling interests		**(1,150,000)**	-
Payments for property, plant and equipment	14	**(221,335)**	(883,169)
Payments for available-for-sale financial assets		**(32,750)**	-
Payments for intangible assets	16	**(38,236)**	(160,929)
Proceeds from sale of property, plant and equipment		**55,212**	35,374
Net cash outflowinflow from investing activities		**(1,128,112)**	3,891,276
Cash flows from financing activities			
Proceeds from borrowings		**895,027**	621,062
Repayments of borrowings		**(817,128)**	(1,157,608)
Repayments of hire purchase and lease liabilities		**(751,727)**	(1,479,660)
Dividends paid to company's shareholders		**(1,182,219)**	(10,128,326)
Proceeds from repayment of loans under the senior manager share acquisition plan		**169,362**	177,682
Net cash outflow from financing activities		**(1,686,685)**	(11,966,850)
Net decrease in cash and cash equivalents		**(1,340,401)**	(1,413,640)
Cash and cash equivalents at the beginning of the financial year		**33,302,348**	34,997,159
Effects of exchange rate changes on cash and cash equivalents		**478,991**	(281,171)
Cash and cash equivalents at the end of financial year	8	**32,440,938**	33,302,348

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Contents of the notes to the consolidated financial statements

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of this consolidated financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report comprises the financial statements for the group 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 and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Lycopodium Limited is a for-profit entity for the purpose of preparing the financial report.

(i) Compliance with IFRS

The consolidated financial report of the Lycopodium Limited group complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) New and amended standards adopted by the group

The group has applied the following standards and amendments for the first time for the financial year beginning 1 July 2014:

- AASB 2013-3 Amendments to AASB 136 - *Recoverable Amount Disclosures for Non-Financial Assets*
- AASB 2013-4 Amendments to Australian Accounting Standards - *Novation of Derivatives and Continuation of Hedge Accounting*
- AASB 2014-1 *Amendments to Australian Accounting Standards*

The adoption of the above standards only affected the disclosures in these notes to the financial statements.

(iii) Early adoption of standards

The group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2014.

(iv) 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 and financial assets at fair value through profit and loss.

(v) Critical accounting estimates

The preparation of financial report requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial report, are disclosed in note 3.

(b) Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group (refer to note 1(h)).

1 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

(i) Subsidiaries (continued)
Intercompany transactions, balances and unrealised gains on transactions between companies in the group 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 group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet, respectively.

(ii) Employee Share Trust

The group has formed a trust to administer the group's employee share scheme. This trust is consolidated, as the substance of the relationship is that the trust is controlled by the group.

(iii) Joint arrangements

Under AASB 11 *Joint Arrangement* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than legal structure of the joint arrangement. Lycopodium Limited has a joint venture arrangement.

Joint ventures

Interest in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated balance sheet.

(iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

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

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transactions provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributed to owners of Lycopodium Limited.

1 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

(v) Changes in ownership interests

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial report of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial report are presented in Australian dollars, which is Lycopodium Limited'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 profit and loss.

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 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 assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

(iii) Consolidated entities

The results and financial position of foreign operations (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 statement of comprehensive income 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 in other comprehensive income.

1 Summary of significant accounting policies (continued)

(d) Foreign currency translation (continued)

(iii) Consolidated entities (continued)

On consolidation, exchange differences arising from the translation of any net investment in foreign operations, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, associated exchange differences are recognised in the profit and loss, 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 group 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 group's activities as described below. The group 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 consulting services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised under the percentage of completion method, based on the actual service provided as a proportion of the total services to be provided.

If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

(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 using the effective interest method. When a receivable is impaired, the group 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.

1 Summary of significant accounting policies (continued)

(f) Income tax (continued)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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 report. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also 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 end of the reporting period 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.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company 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.

Lycopodium Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation effective 1 July 2013. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial report.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(g) Leases

Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. 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 profit or loss 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 asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases (note 28). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

1 Summary of significant accounting policies (continued)

(h) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition-date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

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.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(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 the end of each reporting period.

(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.

1 Summary of significant accounting policies (continued)

(k) Trade receivables (continued)

Collectability 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 group 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 profit and loss 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 profit and loss.

(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 amount is 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 group's contract activities in general.

(m) Investments and other financial assets

Classification

The group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, 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) Financial assets at fair value through profit or loss

Financial assets at fair value through profit and loss are financial assets held-for-trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held-for-trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) 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 period which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

(iii) 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 the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. 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.

1 Summary of significant accounting policies (continued)

(m) Investments and other financial assets (continued)

Financial assets - reclassification
The group may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on trade-date - the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group 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 other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

Measurement
At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of revenue from continuing operations when the group's right to receive payments is established. Interest income from these financial assets is included in the net gains/(losses).

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

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

1 Summary of significant accounting policies (continued)

(m) Investments and other financial assets (continued)

Impairment

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

(i) Assets carried at amortised cost
For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Impairment testing of trade receivables is described in note 1(k).

(ii) Assets classified as available-for-sale
If there is objective evidence of impairment 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 profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

(n) 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 group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss 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

1 Summary of significant accounting policies (continued)

(n) Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 profit and loss.

(o) Intangible assets

(i) Goodwill
Goodwill is measured as described in note 1(h). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it 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. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (note 4).

(ii) Customer contracts
Customer contracts acquired as part of a business combination are recognised separately from goodwill. The customer contracts are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives, which currently vary from 1 to 5 years.

(iii) 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.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(q) 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 profit or loss 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 profit or loss as other income or finance costs.

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

(r) 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.

1 Summary of significant accounting policies (continued)

(s) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the group 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 end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that 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.

(t) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefits obligations

The liability for long service leave and annual leave which is not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service is therefore 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 end of the reporting period 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 end of the reporting period of high quality corporate bonds with terms and currency that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the consolidated balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Retirement benefit obligations

Contributions to defined contribution funds 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)

(t) Employee benefits (continued)

(iv) Share-based payments

Share-based compensation benefits are provided to certain executive directors and other designated employees via the Performance Rights Plans. Information relating to this scheme is set out in note 36.

The fair value of rights granted under the Performance Rights Plans are 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) Senior manager share acquisition plan

The senior manager share acquisition plan was approved at the company's Annual General Meeting on 24 November 2009. The aim of the plan was to allow the Board to assist managers, who in the Board's opinion have demonstrated the qualities and dedication to become the next generation of senior managers, to take up a significant shareholding so as to ensure their commitment and the future of the company.

Eligible Senior Managers include both full-time senior managers and executive directors of the group or such other persons as the Board determines.

A broad outline of the plan is summarised below:

- The company will loan funds to participating Senior Managers to purchase Lycopodium Limited shares via the Lycopodium Share Plan Trust.
- The loan will be a limited recourse loan provided the Senior Manager stays with the group for greater than 3 years.
- The loan will be interest free if the Senior Manager remains employed by the group for greater than 3 years.
- In the event that the Senior Manager leaves within 3 years, interest will be charged equal to the market rate of interest that would have accrued on the loan from the date of advance of the funds to the repayment date.
- During the term of the loan, dividends will be offset against the outstanding loan balance.
- The shares are allocated to the Senior Managers at a 1 cent discount to the volume weighted average of the prices at which the shares of Lycopodium Limited were traded on the ASX during the one week period up to and including the date of allocation.

The group has the following as the result of this transaction:

Share based payment

The difference between the value of the shares purchased and the value of the shares allocated to the senior managers represents the cost to the company for providing the loan to the employees. This amount is expensed in the profit and loss.

Embedded derivative

The senior manager loan receivable is a loan with an embedded derivative with the senior manager having an option to put back the share to the group in full settlement of the loan after the 3 year period. As the embedded derivative is closely related to the senior manager loan, the financial instrument is measured at fair value through profit or loss.

1 Summary of significant accounting policies (continued)

(u) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(v) 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 reporting period but not distributed at the end of the reporting period.

(w) Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing:

- the profit attributable to owners 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.

(x) 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 consolidated 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.

(y) New accounting standards not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods. The group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 2012-3 Amendments to Australian Accounting Standards - *Offsetting Financial Assets and Financial Liabilities*

AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.

AASB 2012-3 is applicable to annual reporting periods beginning on or after 1 January 2014 and has been adopted in this financial report. The adoption of these amendments has not had a material impact on the Group as the amendments merely clarify the existing requirements in AASB 132.

1 Summary of significant accounting policies (continued)

(y) New accounting standards not yet effective (continued)

(i) AASB 9 *Financial Instruments* (continued)

(ii) AASB 2013-3 Amendments to AASB 136 - *Recoverable Amount Disclosures for Non-Financial Assets*

These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

When developing IFRS 13 Fair Value Measurement, the IASB decided to amend IAS 36 Impairment of Assets to require disclosures about the recoverable amount of impaired assets. The IASB noticed however that some of the amendments made in introducing those requirements resulted in the requirement being more broadly applicable than the IASB had intended. These amendments to IAS 36 therefore clarify the IASB's original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

AASB 2013-3 makes the equivalent amendments to AASB 136 Impairment of Assets and is applicable to annual reporting periods beginning on or after 1 January 2014. The adoption of these amendments in this financial report has not had a material impact on the Group as they are largely of the nature of clarification of existing requirements.

(iii) AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles)

Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the IASB of International Financial Reporting Standards Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle.

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2010-2012 Cycle:

- clarify that the definition of a 'related party' includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity)
- amend AASB 8 *Operating Segments* to explicitly require the disclosure of judgements made by management in applying the aggregation criteria

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2011-2013 Cycle clarify that an entity should assess whether an acquired property is an investment property under AASB 140 Investment Property and perform a separate assessment under AASB 3 Business Combinations to determine whether the acquisition of the investment property constitutes a business combination.

Part A of AASB 2014-1 is applicable to annual reporting periods beginning on or after 1 July 2014. The adoption of these amendments has not had a material impact on the Group as they are largely of the nature of clarification of existing requirements.

(iv) AASB 9 *Financial Instruments*

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

The effective date is for annual reporting periods beginning on or after 1 January 2018.

The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

1 Summary of significant accounting policies (continued)

(y) New accounting standards not yet effective (continued)

(v) AASB 14 *Regulatory Deferral Accounts*
AASB 14 permits first-time adopters of Australian Accounting Standards who conduct rate-regulated activities to continue to account for amounts related to rate regulation in accordance with their previous GAAP. Accordingly, an entity that applies AASB 14 may continue to apply its previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of its regulatory deferral account balances. This exemption is not available to entities who already apply Australian Accounting Standards.

The effective date is for annual reporting periods beginning on or after 1 January 2016.

When AASB 14 becomes effective for the first time for the year ending 30 June 2017, it will not have any impact on the entity.

(vi) AASB 15 *Revenue from Contracts with Customers*

AASB 15 replaces AASB 118: Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations. In summary, AASB 15:

- establishes a new revenue recognition model;
- changes the basis for deciding whether revenue is to be recognised over time at a point in time;
- provides a new and more detailed fuidance on specific topics (eg multiple element arrangements, variable pricing, rights of return and warranties); and
- expands and improves disclosures about revenue.

When this Standard is first adopted for the year ending 30 June 2018, there will be no material impact on the transactions and balances recognised in the financial statements.

(vii) AASB 2014-3 Amendments to Australian Accounting Standards - *Accounting for Acquisitions of Interests in Joint Operations*

This amendment impacts on the use of AASB 11 when acquiring an interest in a joint operation.

The effective date is for annual reporting periods beginning on or after 1 January 2016.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.

(viii) AASB 2014-4 Amendments to Australian Accounting Standards - *Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments to AASB 116 prohibit the use of a revenue-based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment.

The effective date is for annual reporting periods beginning on or after 1 January 2016.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.

(ix) AASB 2014-9 Amendments to Australian Accounting Standards - *Equity Method in Separate Financial Statements*

The amendments introduce the equity method of accounting as one of the options to account for an entity's investments in subsidiaries, joint ventures and associates in the entity's separate financial statements.

The effective date is for annual reporting periods beginning on or after 1 January 2016.

1 Summary of significant accounting policies (continued)

(y) New accounting standards not yet effective (continued)

(ix) (continued)
When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.

(x) AASB 2014-10 Amendments to Australian Accounting Standards - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address a current inconsistency between AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates and Joint Ventures (2011). The amendments clarify that, on a sale or contribution of assets to a joint venture or associate or on a loss of control when joint control or significant influence is retained in a transaction involving an associate or a joint venture, any gain or loss recognised will depend on whether the assets or subsidiary constitute a business, as defined in AASB 3 Business Combinations. Full gain or loss is recognised when the assets or subsidiary constitute a business, whereas gain or loss attributable to other investors' interests is recognised when the assets or subsidiary do not constitute a business.

The effective date is for annual reporting periods beginning on or after 1 January 2016.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.

(z) Parent entity financial information

The financial information for the parent entity, Lycopodium Limited, disclosed in note 36 has been prepared on the same basis as the consolidated financial report, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial report of Lycopodium Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Share based payments

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

2 Financial risk management

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

The main risks arising from the group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The group 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.

AASB 13 "Fair Value Measurement" requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

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 (level 1). The quoted market price used for financial assets held by the group 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 group for similar financial instruments.

2 Financial risk management (continued)

(ii) Summary of financial instruments

The group holds the following financial instruments:

	Consolidated	
	2015	2014
	$	$
Financial assets		
Cash and cash equivalents	**32,440,938**	33,302,348
Trade and other receivables	**24,573,180**	22,069,393
Deposits held with banks	**631,107**	769,318
Available-for-sale financial assets	**35,750**	3,000
Other receivables	**703,291**	872,653
	58,384,266	57,016,712
Financial liabilities		
Trade and other payables	**10,427,474**	6,579,339
Borrowings	**288,513**	905,426
	10,715,987	7,484,765

(a) Market risk

(i) Foreign exchange risk

The group 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 that while the group's foreign exchange risk to be minimal at this stage some form of risk management policy will be necessary to mitigate this exposure in the future.

The group's exposure to foreign currency risk at the reporting period, expressed in Australian dollar, was as follows:

	30 June 2015			30 June 2014		
	USD	**GHS**	**PHP**	USD	GHS	PHP
	$	**$**	**$**	$	$	$
Cash and cash equivalents	**3,077,791**	**77,597**	**22,415**	10,844,964	310,531	177,768
Trade and other receivables	**-**	**7,290**	**21,482**	-	-	50,804
Other current assets	**-**	**940**	**407,327**	-	-	300,033
Trade and other payables	**(39,001)**	**(15,241)**	**(209,013)**	(76,966)	(39,991)	(94,103)
Net exposure	**3,038,790**	**70,586**	**242,211**	10,767,998	270,540	434,502

Group sensitivity

Based on the financial instruments held at 30 June 2015, had the Australian dollar weakened/strengthened by 10% against the US dollar with all other variables held constant, the group's post-tax profit and equity for the year would have been $303,879 higher/$303,879 lower (2014: $1,076,800 higher/$1,076,800 lower), 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 less sensitive to movements in the Australian dollar/US dollar exchange rates in 2015 than 2014 because of the lower amount of US dollar denominated cash and cash equivalents.

2 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)
Based on the financial instruments held at 30 June 2015, had the Australian dollar weakened/strengthened by 10% against the Ghanaian Cedi with all other variables held constant, the group's post-tax profit and equity for the year would have been $7,059 higher/$7,059 lower (2014: $27,054 higher/$27,054 lower), 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 less sensitive to movements in the Australian dollar/Ghanaian Cedi exchange rates in 2015 than 2014 because of the lower amount of Ghanaian Cedi denominated cash and cash equivalents.

Based on the financial instruments held at 30 June 2015, had the Australian dollar weakened/strengthened by 10% against the Philippine Peso with all other variables held constant, the group's post-tax profit and equity for the year would have been $24,221 higher/$24,221 lower (2014: $43,450 higher/$43,450 lower), 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 less sensitive to movements in the Australian dollar/Philippine Peso exchange rates in 2015 than 2014 mainly because of the lower amount of Philippine Peso denominated other current assets.

(ii) Price risk
The group 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 Australian Securities Exchange ("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 group does not have a risk management policy surrounding price risk in place as the Board considers the risk minimal.

The group is not directly exposed to commodity price risk.

(iii) Interest rate risk
The group is exposed to interest rate risk arising mainly from borrowings and cash balances held. The risk is considered minimal as the group's borrowings are minimal. The group 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.

Group sensitivity
At 30 June 2015, 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 $113,811 lower/higher (2014: -/+50 basis points: $116,852 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 group, which comprise cash and cash equivalents, trade and other receivables and other current assets. The group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Other receivables comprises of the loan under the senior management share acquisition plan. The group is not exposed to credit risk as the loan is secured under the terms of the loan (note 1(t)).

2 Financial risk management (continued)

(b) Credit risk (continued)

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Consolidated	
	2015	2014
	$	$
Cash and cash equivalents	**32,440,938**	33,302,348
Trade and other receivables	**24,573,180**	22,069,393
Deposits held with banks (note 10)	**637,693**	769,318
	57,651,811	56,141,059

Cash and cash equivalents

The credit risk on cash and cash equivalents is limited because the group's primary bank is rated AA- by an international credit-rating agency.

Trade and other receivables

The group’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the group’s customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

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

It is the group'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 group's exposure to bad debts is minimised.

There are no significant concentrations of credit risk within the group. The group minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a number of customers that operate predominantly in the mining and extractive industry sector including the major players in the industry and the junior/emerging players. There are multiple contracts with our significant customers, across a number of their subsidiaries, divisions within those subsidiaries and locations.

Deposits held with banks

The credit risk on deposits held with banks are limited as they comprise deposits held with banks with high credit ratings assigned by international credit-rating agencies.

(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 group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

2 Financial risk management (continued)

(c) Liquidity risk (continued)

Financing arrangements
The group had access to the following undrawn borrowing facilities at the reporting date:

	Consolidated	
	2015 **$**	2014 $
Leasing facility	**3,873,058**	3,873,058
Standby credit facility	**11,060,654**	11,070,966
	14,933,712	14,944,024

Maturities of financial liabilities

The following tables detail the group'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 group can be required to pay. The table includes both interest and principal cash flows. The group had no derivative financial instruments.

Consolidated - At 30 June 2015	**1 year or less** $	**Between 1 and 2 years** $	**Between 2 and 5 years** $	**Over 5 years** $	**Total contrac-tual cash flows** $	**Carrying amount liabilities** $
Non-derivatives						
Trade payables	17,501,858	-	-	-	17,501,858	17,501,858
Insurance premium funding	99,679	-	-	-	99,679	99,679
Finance lease liabilities	193,989	-	-	-	193,989	193,989
Total non-derivatives	**17,795,526**	**-**	**-**	**-**	**17,795,526**	**17,795,526**

Consolidated - At 30 June 2014	**1 year or less** **$**	**Between 1 and 2 years** **$**	**Between 2 and 5 years** **$**	**Over 5 years** **$**	**Total contrac-tual cash flows** **$**	**Carrying amount liabilities** **$**
Non-derivatives						
Trade payables	14,109,336	-	-	-	14,109,336	14,109,336
Insurance premium funding	509,763	-	-	-	509,763	509,763
Finance lease liabilities	592,364	286,101	80,594	-	959,059	905,451
Total non-derivatives	**15,211,463**	**286,101**	**80,594**	**-**	**15,578,158**	**15,524,550**

3 Critical accounting estimates and judgements

Estimates and judgements 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 group 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) Impairment testing of goodwill

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(i). 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 16 for details of these assumptions and the potential impact of changes to the assumptions.

(ii) Fixed-price contracts

The group uses the percentage of completion method in accounting for its revenue from fixed-sum contracts. The stage of completion is measured by reference to the contract costs incurred to date compared to the estimated total costs for the contract.

Significant assumptions are required to estimate the total contract costs and the recoverable variations work that will affect the stage of completion and the contract revenue respectively. In making these estimates, the group has relied on past experience and best available information.

4 Segment information

(a) Description of segments

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

The Board considers the business from both a product and geographic perspective and has identified nine operating segments of which two (2014: two) are reportable in accordance with the requirements of AASB 8.

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

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

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

The remaining operating segments that are not reportable consists of:

Process Industries:	engineering and related services provided to the manufacturing and renewable energy facilities throughout Australia and South East Asia.

4 Segment information (continued)

(a) Description of segments (continued)

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.

Project Services Africa: project management construction management and commissioning services provided to the extractive mining industry in Africa.

(b) Segment information provided to the Board of Directors

The segment information provided to the Board of Directors for the reportable segments for the year ended 30 June 2015 and 30 June 2014 are as follows:

2015	Corporate Services	Minerals	Other	Total
	$	$	$	$
Total segment revenue	13,159,204	105,917,216	27,182,790	146,259,210
Inter-segment revenue	(12,251,193)	(4,048,200)	(7,148,495)	(23,447,888)
Revenue from external customers	**908,011**	**101,869,016**	**20,034,295**	**122,811,322**
Profit / (loss) before tax	**(346,920)**	**(3,004,423)**	**1,776,275**	**(1,575,068)**
Interest in the profit of equity accounted joint ventures	-	2,840,323	-	2,840,323
Depreciation and amortisation	(96,331)	(1,171,040)	(486,535)	(1,753,906)
Income tax expense/(benefit)	614,615	(340,978)	331,018	604,655
Total segment assets	**12,792,739**	**48,187,752**	**14,533,319**	**75,513,810**
Total assets includes:				
Investment in joint ventures	-	2,789,527	-	2,789,527
Additions to non-current assets (other than financial assets and deferred tax)	-	193,649	65,922	259,571
Total segment liabilities	**2,655,777**	**12,595,290**	**4,890,135**	**20,141,202**

4 Segment information (continued)

(b) Segment information provided to the Board of Directors (continued)

2014	Corporate Services	Minerals	Other	Total
	$	$	$	$
Total segment revenue	17,746,116	150,153,633	46,005,783	213,905,532
Inter-segment revenue	(17,376,149)	(27,933,850)	(13,829,548)	(59,139,547)
Revenue from external customers	**369,967**	**122,219,783**	**32,176,235**	**154,765,985**
Profit / (loss) before tax	**(1,970,332)**	**9,864,978**	**(167,054)**	**7,727,592**
Interest in the profit of equity accounted joint ventures	-	3,343,605	-	3,343,605
Depreciation and amortisation	(418,095)	(1,228,380)	(693,593)	(2,340,068)
Income tax expense/(benefit)	20,323	(3,310,715)	(682,814)	(3,973,206)
Total segment assets	**14,108,834**	**51,307,135**	**17,249,491**	**82,665,460**
Total assets includes:				
Investment in joint ventures	-	4,349,205	-	4,349,205
Additions to non-current assets (other than financial assets and deferred tax)	-	841,076	203,021	1,044,097
Total segment liabilities	**623,291**	**17,764,992**	**6,623,953**	**25,012,236**

(c) Other segment information

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

The entity is domiciled in Australia. Revenue from external customers in Australia was $57,126,431 (2014: $72,337,916), and the total of revenue from external customers from other countries is $65,684,891 (2014: $82,427,767). Segment revenues are allocated based on the country in which the customer is located.

Revenues of approximately $42,454,871 (2014: $62,790,822) are derived from the top 3 customers. These revenues are attributable to the Minerals segment.

(ii) Segment profit before tax
The board of directors assesses the performance of the operating segments based on a measure of adjusted profit before tax.

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

	Consolidated	
	2015	2014
	$	$
Segment profit before tax	**(1,575,068)**	7,727,592
Amortisation of customer relationships	**(45,000)**	(45,000)
Profit before income tax as per statement of comprehensive income	**(1,620,068)**	7,682,592

(iii) Segment assets
The amounts provided to the board of directors with respect to total assets are measured in a manner consistent with that of the financial report. These assets are allocated based on the operations of the segment and the physical location of the asset.

4 Segment information (continued)

(c) Other segment information (continued)

(iii) Segment assets (continued)
Reportable segments' assets are reconciled to total assets as follows:

	Consolidated	
	2015	2014
	$	$
Segment assets	**75,513,810**	82,665,460
Intersegment eliminations	**504,412**	(6,711,877)
Intangibles arising on consolidation	**8,029,518**	5,609,492
Deferred tax arising on consolidation	**(13,500)**	(27,000)
Total assets as per the consolidated balance sheet	**84,034,240**	81,536,075

The total of non-current assets other than financial instruments and deferred tax assets in Australia is $11,281,689 (2014: $14,216,203), and other countries is $3,881,452 (2014: $1,355,767).

(iv) Segment liabilities
The amounts provided to the board of directors with respect to total liabilities are measured in a manner consistent with that of the financial report. These liabilities are allocated based on the operations of the segment.

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

	Consolidated	
	2015	2014
	$	$
Segment liabilities	**20,141,202**	25,012,236
Intersegment eliminations	**660,112**	(6,355,514)
Total liabilities as per the consolidated balance sheet	**20,801,314**	18,656,722

5 Revenue

	Consolidated	
	2015	2014
	$	$
From operations		
Sales revenue		
Contract revenue	**121,138,662**	152,752,992
Other revenue		
Rents and sub-lease rentals	**102,770**	37,054
Bank interest	**927,383**	702,302
Other revenue	**642,507**	1,273,637
	1,672,660	2,012,993
Total revenue from operations	**122,811,322**	154,765,985

6 Expenses

	Consolidated	
	2015	2014
	$	$
Profit before income tax includes the following specific expenses:		
Depreciation		
Fixtures and fittings	**739,147**	538,783
Leasehold improvements	**174,740**	456,567
Leased plant and equipment	**295,296**	724,037
Motor vehicles	**25,587**	18,425
Total depreciation	**1,234,770**	1,737,812
Amortisation		
Computer software	**474,135**	557,256
Customer contracts	**45,000**	45,000
Total amortisation	**519,135**	602,256
Total depreciation and amortisation	**1,753,905**	2,340,068
Finance costs		
Interest and finance charges paid/payable	**57,836**	145,657
Net foreign exchange (gains)/losses	**(1,180,146)**	448,414
Net loss on disposal of property, plant and equipment	**323,251**	6,636

	Consolidated	
	2015	2014
	$	$
Rental expense relating to operating leases		
Minimum lease payments	**7,541,941**	7,452,786
Defined contribution superannuation expense	**3,236,874**	4,673,412

7 Income tax expense

(a) Income tax expense

	Consolidated	
	2015	2014
	$	$
Current tax	**175,493**	1,323,277
Deferred tax	**(197,069)**	3,334,192
Adjustments for current tax of prior periods	**(583,079)**	(684,263)
	(604,655)	3,973,206
Deferred income tax expense/(benefit) included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets (note 15)	**(600,912)**	3,529,147
Increase/(decrease) in deferred tax liabilities (note 20)	**403,844**	(194,955)
	(197,068)	3,334,192

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

	Consolidated	
	2015	2014
	$	$
(Loss)/Profit before income tax expense	**(1,620,068)**	7,682,592
Tax at the Australian tax rate of 30% (2014: 30%)	**(486,020)**	2,304,778
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payment	**18,587**	87,080
Sundry items	**129,215**	143,282
Non-assessable, non-exempt income and related non-deductible expenses	**-**	(958)
Exchange differences on translation	**-**	8,859
	(338,218)	2,543,041
Adjustments for current tax of prior periods - over provision of prior year income tax	**(583,079)**	(684,263)
Difference in overseas tax rates	**73,102**	(260,476)
Previously unrecognised tax losses now recouped to reduce current tax expense	**(91,489)**	-
Deferred tax asset not recognised	**1,187,126**	2,769,060
Income tax paid in foreign jurisdiction	**-**	608,926
Share of net profit of joint ventures accounted for using the equity method	**(852,097)**	(1,003,082)
Total income tax (benefit)/expense	**(604,655)**	3,973,206

7 Income tax expense (continued)

(c) Amounts recognised directly in equity

	Consolidated	
	2015	2014
	$	$
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:		
Net deferred tax - credited directly to equity	**-**	(1,200)

(d) Tax losses

	Consolidated	
	2015	2014
	$	$
Unused tax losses for which no deferred tax asset has been recognised	**3,886,249**	10,591,762
Potential tax benefit @ 30% (2014: 30%)	**1,165,875**	3,177,529

(e) Tax consolidation

The company and its 100% owned Australian entities formed a tax consolidated group on 1 July 2013. Members of the consolidated group have entered into a tax sharing agreement in order to allocate income tax expense to the wholly owned Australian entities on a pro-rata basis. The agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At balance date, the possibility of default is remote. The head entity of the tax consolidated group is Lycopodium Limited.

Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding agreement effective from 1 July 2013. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group. Deferred taxes are allocated to members of the tax consolidated group in accordance with the group allocation approach, which is consistent with the principles of AASB 112 Income Taxes.

The allocation of taxes under the tax funding agreement is recognised as an increase/(decrease) in the member entities' intercompany accounts with the tax consolidated group head company, Lycopodium Limited. In this regard, the company has assumed the benefit of tax losses from the member entities as of the balance date. The nature of the tax funding agreement is such that no tax consolidated contributions by or distributions to equity participants are required.

8 Current assets - Cash and cash equivalents

	Consolidated	
	2015	2014
	$	$
Cash at bank and in hand	**26,602,119**	31,215,924
Deposits at call	**5,838,819**	2,086,424
	32,440,938	33,302,348

(a) Risk exposure

The group's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

9 Current assets - Trade and other receivables

	Consolidated	
	2015	2014
	$	$
Trade receivables	**24,198,282**	20,648,338
Allowance for impairment of receivables (a)	**(1,458,208)**	(110,023)
Trade receivable retention	**-**	599,329
	22,740,074	21,137,644
GST and other receivables	**1,829,250**	844,921
Cash advanced to employees	**3,856**	86,828
	1,833,106	931,749
	24,573,180	22,069,393

(a) Impaired trade receivables

As at 30 June 2014, current trade receivables of the group with the value of $1,458,208 (2014: $110,023) were impaired, with the amounts being fully provided for.

The ageing of these receivables is as follows:

	Consolidated	
	2015	2014
	$	$
31 to 60 days	**12,672**	5,636
61 to 90 days	**827**	-
91 to 120 days	**258,109**	2,430
121 to 210 days	**513,507**	19,181
211 days or over	**673,093**	82,776
	1,458,208	110,023

9 Current assets - Trade and other receivables (continued)

(a) Impaired trade receivables (continued)

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

	Consolidated	
	2015	2014
	$	$
At 1 July	**110,023**	1,113,170
Provision for impairment recognised during the year	**1,450,248**	8,853
Receivables written off during the year as uncollectable	**(74,043)**	-
Unused amounts reversed	**(27,127)**	(1,012,000)
Exchange difference	**(893)**	-
At 30 June	**1,458,208**	110,023

The other classes within trade and other receivables do not contain impaired assets.

(b) Past due but not impaired

As of 30 June 2015, trade receivables of $4,831,368 (2014: $3,184,693) 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	
	2015	2014
	$	$
31 to 60 days	**1,866,816**	1,852,592
61 to 90 days	**1,228,257**	889,864
91 to 120 days	**744,283**	107,416
121 to 210 days	**607,046**	110,267
211 days and over	**788,817**	224,554
	5,235,219	3,184,693

(c) Foreign exchange and interest rate risk

Information about the group'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 group does not hold any collateral as security. Refer to note 2 for more information on the risk management policy of the group.

10 Current assets - Other current assets

	Consolidated	
	2015	2014
	$	$
Other current assets (a)	**637,693**	769,318
Prepayments	**1,070,528**	1,220,973
	1,708,221	1,990,291

(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.

11 Non-current assets - Other receivables

	Consolidated	
	2015	2014
	$	$
Other receivables	**703,291**	872,653

(a) Impaired receivables and receivables past due

None of the non-current receivables are impaired or past due but not impaired.

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

(a) Movements in carrying amounts

	Consolidated	
	2015	2014
	$	$
Carrying amount at the beginning of the financial year	**4,349,204**	5,905,599
Share of profits after income tax	**2,840,323**	3,343,605
Dividends received	**(4,400,000)**	(4,900,000)
Carrying amount at the end of the financial year	**2,789,527**	4,349,204

12 Non-current assets - Investments accounted for using the equity method (continued)

(b) Investment in joint venture

The group has one material joint venture, Pilbara EPCM Pty Ltd ("PEPL").

Name of Joint Venture	Country of Incorporation & Principal Place of Business	Principal Activities	Proportion of Ownership Interest Held by the Group	
			2015	2014
Pilbara EPCM Pty Ltd	Australia	Engineering, procurement, construction management services	**50%**	50%

The investment in PEPL is accounted for using the equity method in accordance with AASB 128.

Summarised financial information for PEPL is set out below:

	2015 **$**	2014 $
Current assets (a)	**10,382,283**	14,899,585
Non-current assets	**-**	-
Total assets	**10,382,283**	14,899,585
Current liabilities (b)	**2,061,118**	4,151,470
Non-current liabilities (c)	**2,742,114**	2,049,712
Total liabilities	**4,803,232**	6,201,182
a. Includes cash and cash equivalents	**6,263,407**	6,931,858
b. Includes current financial liabilities (excluding trade and other payables and provisions)	**-**	-
c. Includes non-current financial liabilities (excluding trade and other payables and provisions)	**-**	-

	2015 **$**	2014 $
Revenue	**36,198,303**	56,541,539
Profit for the year	**5,680,646**	6,427,666
Other comprehensive income for the year	**-**	-
Total comprehensive income for the year	**-**	-
Depreciation and amortisation	**-**	-
Interest income	**199,199**	199,978
Interest expense	**-**	-
Tax expense	**1,766,556**	2,754,718

A reconciliation of the above summarised financial information to the carrying amount of the investment in PEPL is set out below:

12 Non-current assets - Investments accounted for using the equity method (continued)

	2015 **$**	2014 $
Total net assets of PEPL	**5,579,052**	8,698,408
Proportion of ownership interest held by the Group	**50%**	50%
Carrying amount of the investment in PEPL	**2,789,526**	4,349,204

Pilbara EPCM Pty Ltd specialises in the EPCM delivery of projects in the Pilbara region of Western Australia, utilising the group's knowledge and expertise in the area but at the same time limits the group's risk exposure through reduced equity holding.

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

	Consolidated	
	2015 **$**	2014 $
Balance at the beginning of the year	**3,000**	7,000
Revaluation deficit transferred to equity	**-**	(4,000)
Equity securities	**32,750**	-
Balance at end of year	**35,750**	3,000

14 Non-current assets - Property, plant and equipment

	Fixtures and fittings $	Motor vehicles $	Leasehold improvements $	Leased plant and equipment $	Total $
At 1 July 2013					
Cost or fair value	5,216,232	266,110	3,871,573	2,615,038	11,968,953
Accumulated depreciation	(3,373,484)	(164,708)	(2,336,627)	(1,434,996)	(7,309,815)
Net book amount	**1,842,748**	**101,402**	**1,534,946**	**1,180,042**	**4,659,138**
Year ended 30 June 2014					
Opening net book amount	1,842,748	101,402	1,534,946	1,180,042	4,659,138
Additions	821,273	58,456	3,437	-	883,166
Depreciation charge	(538,783)	(18,425)	(456,566)	(724,037)	(1,737,811)
Disposal	(983)	(19,860)	-	(21,169)	(42,012)
Transfers	(176,674)	-	1,629	16,481	(158,564)
Exchange differences	(47,660)	(13,926)	(55,413)	(1,107)	(118,106)
Closing net book amount	**1,899,921**	**107,647**	**1,028,033**	**450,210**	**3,485,811**
At 30 June 2014					
Cost or fair value	6,263,090	215,679	1,848,815	1,572,008	9,899,592
Accumulated depreciation	(4,363,169)	(108,032)	(820,782)	(1,121,798)	(6,413,781)
Net book amount	**1,899,921**	**107,647**	**1,028,033**	**450,210**	**3,485,811**
Year ended 30 June 2015					
Opening net book amount	1,899,921	107,647	1,028,033	450,210	3,485,811
Acquisition of subsidiary	540,136	28,570	11,429	-	580,135
Additions	166,735	34,231	20,369	-	221,335
Depreciation charge	(739,147)	(25,587)	(174,740)	(295,298)	(1,234,772)
Disposal	(26,434)	(65,309)	(297,812)	-	(389,555)
Transfers	39,501	-	-	(44,347)	(4,846)
Exchange differences	75,464	(150)	42,843	-	118,157
Closing net book amount	**1,956,176**	**79,402**	**630,122**	**110,565**	**2,776,265**
At 30 June 2015					
Cost	6,798,826	226,148	1,399,709	366,257	8,790,940
Accumulated depreciation	(4,842,650)	(146,746)	(769,587)	(255,692)	(6,014,675)
Net book amount	**1,956,176**	**79,402**	**630,122**	**110,565**	**2,776,265**

14 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 group is a lessee under a finance lease:

	Consolidated	
	2015	2014
	$	$
Leasehold equipment		
Cost	**529,706**	529,706
Accumulation depreciation	**(472,762)**	(366,822)
Net book amount	**56,944**	162,884

15 Non-current assets - Deferred tax assets

	Consolidated	
	2015	2014
	$	$
The balance comprises temporary differences attributable to:		
Unused tax losses	**3,163,352**	2,028,483
Employee benefits	**2,322,848**	2,435,970
Doubtful debts	**226,475**	31,055
Accrued expenses	**134,107**	295,507
Deferred revenue	**381,406**	18,651
Other provisions	**137,694**	72,209
Depreciation	**310**	33,474
Finance leases	**56,650**	162,006
	6,422,842	5,077,355
Set-off of deferred tax liabilities pursuant to set-off provisions (note 20)	**(1,091,055)**	(383,993)
Net deferred tax assets	**5,331,787**	4,693,362
Deferred tax assets expected to be recovered within 12 months	**5,651,807**	3,958,744
Deferred tax assets expected to be recovered after more than 12 months	**771,035**	1,118,611
	6,422,842	5,077,355

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

Movements	**Doubtful debts $**	**Employee Benefits $**	**Deferred revenue $**	**Accrued expenses $**	**Other provisions $**	**Depn & Amort $**	**Finance Leases $**	**Unused tax losses $**	**Total $**
At 1 July 2013	232,765	3,617,000	321,044	3,660,290	414,219	32,435	327,559	-	8,605,312
Credited/(charged)									
- to profit or loss	(201,710)	(1,181,030)	(302,393)	(3,364,783)	(343,210)	1,039	(165,553)	2,028,483	(3,529,157)
- directly to equity	-	-	-	-	1,200	-	-	-	1,200
At 30 June 2014	**31,055**	**2,435,970**	**18,651**	**295,507**	**72,209**	**33,474**	**162,006**	**2,028,483**	**5,077,355**
At 1 July 2014	31,055	2,435,970	18,651	295,507	72,209	33,474	162,006	2,028,483	5,077,355
(Charged)/credited									
- to profit or loss	204,940	(320,622)	85,419	(180,461)	50,671	(33,164)	(105,356)	899,486	600,913
Acquisition of subsidiary	(9,520)	207,500	277,336	19,061	14,814	-	-	227,712	736,903
Exchange rate differences	-	-	-	-	-	-	-	7,671	7,671
At 30 June 2015	**226,475**	**2,322,848**	**381,406**	**134,107**	**137,694**	**310**	**56,650**	**3,163,352**	**6,422,842**

16 Non-current assets - Intangible assets

	Goodwill $	Software $	Customer contracts $	Total $
At 1 July 2013				
Cost	6,420,380	4,372,902	315,000	11,108,282
Accumulation amortisation and impairment	(819,842)	(2,944,662)	(180,000)	(3,944,504)
Net book amount	**5,600,538**	**1,428,240**	**135,000**	**7,163,778**
Year ended 30 June 2014				
Opening net book amount	5,600,538	1,428,240	135,000	7,163,778
Additions	-	160,931	-	160,931
Amortisation charge *	-	(557,256)	(45,000)	(602,256)
Transfers from property, plant and equipment	-	158,564	-	158,564
Exchange differences	-	(19,716)	-	(19,716)
Closing net book amount	**5,600,538**	**1,170,763**	**90,000**	**6,861,301**
Cost	6,420,380	4,543,272	315,000	11,278,652
Accumulation amortisation and impairment	(819,842)	(3,372,509)	(225,000)	(4,417,351)
Net book amount	**5,600,538**	**1,170,763**	**90,000**	**6,861,301**

	Goodwill $	Software $	Customer contracts $	Total $
Year ended 30 June 2015				
Opening net book amount	5,600,538	1,170,763	90,000	6,861,301
Additions	2,465,026	38,236	-	2,503,262
Amortisation charge *	-	(474,135)	(45,000)	(519,135)
Transfers from property, plant and equipment	-	4,846	-	4,846
Exchange differences	-	8,034	-	8,034
Closing net book amount	**8,065,564**	**747,744**	**45,000**	**8,858,308**
At 30 June 2015				
Cost	8,885,406	2,043,090	315,000	11,243,496
Accumulated amortisation	(819,842)	(1,295,346)	(270,000)	(2,385,188)
Net book amount	**8,065,564**	**747,744**	**45,000**	**8,858,308**

* Group amortisation of $519,135 (2014: $602,256) is included in depreciation and amortisation expense in the statement of comprehensive income.

16 Non-current assets - Intangible assets (continued)

(a) Impairment tests for goodwill

Goodwill is allocated to the group cash-generating units (CGUs) identified according to business segment and country of operation.

A segment-level summary of the goodwill allocation is presented below.

2015	**Australia $**	**Other countries $**	**Total $**
Minerals	3,622,991	2,465,026	6,088,017
Process industries	763,242	-	763,242
Maintenance	1,095,048	-	1,095,048
Metallurgical	119,257	-	119,257
	5,600,538	**2,465,026**	**8,065,564**

2014	**Australia $**	**Other countries $**	**Total $**
Minerals	3,622,991	-	3,622,991
Process industries	763,242	-	763,242
Maintenance	1,095,048	-	1,095,048
Metallurgical	119,257	-	119,257
	5,600,538	**-**	**5,600,538**

16 Non-current assets - Intangible assets (continued)

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

The recoverable amount of each CGU within the business segment 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:

	Growth rates		**Discount rates**	
	2015 %	2014 %	**2015 %**	2014 %
Minerals	**2.5**	2.5	**11.7**	19.4
Process industries	**2.5**	20.0	**11.7**	19.4
Maintenance	**2.0**	20.0	**11.7**	19.4
Metallurgical	**2.5**	2.5	**11.7**	19.4

Growth rate

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 11.7% (2014: 19.4%). The discount rate is a pre-tax rate that reflects the current assessment of the time value of money and the overall perceived risk profile of the group.

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.

Revenue

Value-in-use model is based on budget approved by the Board. The forecast budget process was developed based on revenue expectations for the year built around existing customer contracts along with the potential to develop new markets and sustain growth.

(c) Cash flow assumptions

Minerals, Process Industries, Maintenance and Metallurgical

The forecast was adjusted to reflect the challenging conditions seen in these segments over the past year as the industry in general tightened. As a result, the Board expects minimal growth rate and moderately declining profit margins for this segment.

Efficiency improvements were factored into the forecasts on the back of the strategic plans put in place to counter the effects of the tightening market. These include savings in fixed overhead costs and other process efficiencies.

Apart from the consideration described in determining the value-in-use of the cash-generating units described above, the Board is not currently aware of any other probable changes that would necessitate changes in its key estimates. However, the estimate of recoverable amount for the Process Industries and Maintenance segment is particularly sensitive to the growth rate.

Assuming the other assumptions remain constant but the growth rate is 10% and 0.7% for the Maintenance and Process Industries respectively, the recoverable amounts will equal the carrying amounts of its goodwill.

17 Current liabilities - Trade and other payables

	Consolidated	
	2015	2014
	$	$
Trade payables	**2,708,897**	1,574,503
Revenue received in advance	**1,883,634**	1,471,425
Goods and services tax (GST) payable	**468,950**	333,595
Sundry creditors and accrued expenses	**7,718,577**	5,004,836
Employee benefit obligations (a)	**7,074,384**	7,529,994
	19,854,442	15,914,353

Included in the above are financial liabilities of $17,501,858 (2014: $14,109,333).

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

Employee benefit obligations include accruals for annual leave and unconditional entitlements of long service leave. The entire obligation is presented as current, since the group does not have an unconditional right to defer settlement. However, based on past experience, the group 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	
	2015	2014
	$	$
Annual leave obligation expected to be settled after 12 months	**695,866**	1,000,434
Long service leave obligation expected to be settled after 12 months	**1,305,616**	1,555,258
	2,001,482	2,555,692

(b) Risk exposure

Information about the group exposure to foreign exchange risk is provided in note 2.

18 Current liabilities - Borrowings

	Consolidated	
	2015	2014
	$	$
Secured		
Lease liabilities (note 28)	**188,834**	539,628
Hire purchase	**-**	14,631
Total secured current borrowings	**188,834**	554,259
Unsecured		
Other loans	**99,679**	-
Total unsecured current borrowings	**99,679**	-
Total current borrowings	**288,513**	554,259

(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 19.

(b) Risk exposures

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

19 Non-current liabilities - Borrowings

	Consolidated	
	2015	2014
	$	$
Secured		
Lease liabilities	**-**	351,167

* Further information relating to loans from related parties is set out in note 29.

(a) Secured liabilities and assets pledged as security

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

	Consolidated	
	2015	2014
	$	$
Lease liabilities	**188,834**	890,795
Hire purchase	**-**	14,631
Total secured liabilities	**188,834**	905,426

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

19 Non-current liabilities - Borrowings (continued)

(a) Secured liabilities and assets pledged as security (continued)

	Consolidated	
	2015	2014
	$	$
Finance lease		
Plant and equipment	**-**	450,211
Leasehold improvements	**56,943**	162,884
	56,943	613,095

(b) Fair value

The carrying amounts and fair values of borrowings at the end of the reporting period are:

Consolidated	**2015**		2014	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	$	**$**	$	$
On-balance sheet				
Non-traded financial liabilities				
Lease liabilities	**188,834**	**188,834**	890,795	890,790
Hire purchase	**-**	**-**	14,631	14,656
	188,834	**188,834**	905,426	905,446

(c) Risk exposures

Information about the group's exposure to interest rate and foreign exchange risk is provided in note 2.

20 Non-current liabilities - Deferred tax liabilities

	Consolidated	
	2015	2014
	$	$
The balance comprises temporary differences attributable to:		
Accrued income - contractors	**292,169**	78,073
Other provisions	**347,126**	62,204
Depreciation	**377,743**	199,329
Prepaid expenses	**74,017**	44,387
	1,091,055	383,993
Set-off of deferred tax liabilities pursuant to set-off provisions (note 15)	**(1,091,055)**	(383,993)
Net deferred tax liabilities	**-**	-
Deferred tax liabilities expected to be settled within 12 months	**713,312**	184,664
Deferred tax liabilities expected to be settled after more than 12 months	**377,743**	199,329
	1,091,055	383,993

Movements	**Depreciation & amortisation $**	**Accrued income $**	**Other provisions $**	**Prepaid expenses $**	**Total $**
At 1 July 2013	356,646	160,340	61,957	-	578,943
Charged/(credited)					
- profit or loss	(157,317)	(82,267)	247	44,387	(194,950)
At 30 June 2014	**199,329**	**78,073**	**62,204**	**44,387**	**383,993**
At 1 July 2014	199,329	78,073	62,204	44,387	383,993
Charged/(credited)					
- profit or loss	178,414	(41,778)	251,584	15,624	403,844
Acquisition of subsidiary	-	255,874	33,338	14,006	303,218
At 30 June 2015	**377,743**	**292,169**	**347,126**	**74,017**	**1,091,055**

21 Non-current liabilities - Provisions

	Consolidated	
	2015	2014
	$	$
Employee benefits - long service leave	**568,634**	988,923

22 Contributed equity

(a) Share capital

	2015 Shares	2014 Shares	**2015 $**	2014 $
Ordinary shares				
Fully paid	**39,732,373**	38,965,103	**20,823,772**	18,999,317

(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue price	$
1 July 2013	Opening balance	38,955,103		18,951,697
31 May 2014	Exercise of Employee performance rights	10,000	$4.76	47,620
30 June 2014	Closing balance	38,965,103		18,999,317
1 July 2014	Opening balance	38,965,103		18,999,317
1 September 2014	Exercise of Director performance rights	117,000	$0.74	86,346
6 October 2014	Shares issued for Acquisition of Lycopodium Rail Pty Ltd Outside Interests	247,635	$2.02	500,000
6 October 2014	Shares issued for Acquisition of Lycopodium Americas Pty Ltd Outside Interests	247,635	$2.02	500,000
25 November 2014	Exercise of Employee performance rights	155,000	$4.76	738,109
30 June 2015	Closing balance	39,732,373		20,823,772

(c) Ordinary shares

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) Capital risk management

The group'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 group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the group monitors 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 consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet (including non-controlling interests) plus net debt.

22 Contributed equity (continued)

(d) Capital risk management (continued)

During 2015, the group's strategy was to maintain a gearing less than 40%. The gearing ratios at 30 June 2015 and 30 June 2014 were as follows:

	Consolidated	
	2015	2014
	$	$
Total borrowings (including payables)	**20,142,956**	16,819,782
Less: cash and cash equivalents	**(32,440,938)**	(33,302,348)
Net debt	**(12,297,982)**	(16,482,566)
Total equity	**60,296,197**	62,301,448
Total capital	**47,998,215**	45,818,882
Gearing ratio	**(20.4)%**	(26.5)%

23 Reserves and retained earnings

(a) Other reserves

	Consolidated	
	2015	2014
	$	$
Available-for-sale investment revaluation reserve	**(81,900)**	(81,900)
Performance rights reserve	**259,037**	1,021,535
Foreign currency translation reserve	**577,285**	(27,898)
	754,422	911,737

	Consolidated	
	2015	2014
	$	$
Movements:		
Available-for-sale investment revaluation reserve		
Balance 1 July	**(81,900)**	(79,100)
Revaluation - gross	**-**	(4,000)
Deferred tax	**-**	1,200
Balance 30 June	**(81,900)**	(81,900)
Performance rights reserve		
Balance 1 July	**1,021,535**	778,886
Performance rights plan expense	**61,957**	290,269
Transfer to share capital - exercise of rights	**(824,455)**	(47,620)
Balance 30 June	**259,037**	1,021,535
Foreign currency translation reserve		
Balance 1 July	**(27,898)**	440,599
Currency translation differences arising during the year	**605,183**	(468,497)
Balance 30 June	**577,285**	(27,898)

23 Reserves and retained earnings (continued)

(b) Retained earnings

	Consolidated	
	2015 **$**	2014 $
Balance 1 July	**42,390,395**	48,639,753
(Loss)/profit for the year	**(918,077)**	3,878,969
Dividends paid or payable	**(1,182,219)**	(10,128,327)
Acquisition of non-controlling interests	**(2,150,000)**	-
Transfer from non-controlling interests	**577,904**	-
Balance 30 June	**38,718,003**	42,390,395

During the year, the group purchased the remaining non-controlling interest of Lycopodium Americas Pty Ltd, Lycopodium Rail Pty Ltd and Orway Mineral Consultants Americas Pty Ltd.

(c) Nature and purpose of other 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 recognised in other comprehensive income as described in note 1(m) and accumulated in a separate reserve within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired.

(ii) Performance rights reserve

The performance rights reserve is used to recognised the fair value of rights issued to certain Directors or employees during the year.

(iii) Foreign currency translation reserve

Exchange differences arising on translation of foreign controlled entities are recognised in other comprehensive income as described in note 1(d) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

24 Non-controlling interests

	Consolidated	
	2015	2014
	$	$
Share capital	**14,937**	28
Reserves	**2,100**	(23,615)
Non-controlling interest on acquisition	**2,833,808**	-
Retained earnings	**663,788**	601,491
Transfer to retained earnings	**(577,904)**	-
	2,936,729	577,904

25 Dividends

(a) Ordinary shares

	Parent entity	
	2015	2014
	$	$
Final dividend for the year ended 30 June 2014 of 1.5 cents (2013: 21.0 cents) per fully paid share paid on 13 October 2014 (2013: 15 October 2013)		
Fully franked based on tax paid @ 30% (2013: 30%)	**586,233**	8,180,572
Interim dividend for the year ended 30 June 2015 of 1.5 cents (2014: 5.0 cents) per fully paid share paid on 17 April 2015 (2014: 15 April 2014)		
Fully franked based on tax paid @ 30% (2014: 30%)	**595,986**	1,947,755
Total dividends provided for or paid	**1,182,219**	10,128,327

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

	Parent entity	
	2015	2014
	$	$
Since year end, The Directors have recommended no payment of final dividend (2014: 1.5 cents)	**-**	586,232

(c) Franked dividends

	Consolidated	
	2015	2014
	$	$
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2014: 30%)	**10,535,474**	14,443,409

25 Dividends (continued)

(c) Franked dividends (continued)

The above amounts represent the balance of the franking account as at the end of the reporting period, 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 $0 (2014: $251,242).

26 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:

(a) Grant Thornton Audit Pty Ltd

	Consolidated	
	2015 **$**	2014 $
Audit and other assurance services		
Audit and review of financial reports	**190,000**	172,900
Taxation services		
Tax compliance services (including income tax returns)	**30,000**	17,100
Tax consolidation and valuation services	**311,168**	-
Total remuneration for taxation services	**341,168**	17,100
Other services		
Other services	**19,205**	-
Total remuneration of Grant Thornton Audit Pty Ltd Australia	**550,373**	190,000

(b) Network firms of Grant Thornton Audit Pty Ltd

	Consolidated	
	2015 **$**	2014 $
Audit and other assurance services		
Audit and review of financial statements	**96,597**	-
Taxation services		
Tax compliance services (including income tax returns)	**25,429**	-
Other services		
Other services	**1,633**	-
Total remuneration of network firms of Grant Thornton Audit Pty Ltd	**123,659**	-

26 Remuneration of auditors (continued)

(c) Non-Grant Thornton Audit Pty Ltd

	Consolidated	
	2015 **$**	2014 $
Audit and other assurance services		
Audit and review of financial statements	**31,597**	36,200
Taxation services		
Tax compliance services (including income tax returns)	**55,926**	51,684
International tax advice	**45,747**	57,934
Total remuneration for taxation services	**101,673**	109,618
Other services		
Due diligence services	**-**	93,621
Other services	**14,200**	56,115
Total remuneration for other services	**14,200**	149,736
Total remuneration of non-Grant Thornton Audit Pty Ltd audit firms	**147,470**	295,554
Total auditors' remuneration	**821,502**	485,554

It is the group's policy to employ Grant Thornton Audit Pty Ltd on assignments additional to their statutory audit duties where Grant Thornton Audit Pty Ltd expertise and experience with the group are important. These assignments are principally tax advice and due diligence reporting on acquisitions, or where Grant Thornton Audit Pty Ltd is awarded assignments on a competitive basis. It is the group's policy to seek competitive tenders for all major consulting projects.

27 Contingencies

The group had contingent liabilities at 30 June 2015 and 30 June 2014 in respect of:

(a) Contingent liabilities

(i) Guarantees
Guarantees are given in respect of rental bonds for $1,664,122 (2014: $1,662,434).

These guarantees may give rise to liabilities in the event that the group defaults on its obligations under the terms of the lease agreement for its premises at 1 Adelaide Terrace, East Perth, 153-163 Leichhardt Street, Spring Hill, 253-269 Wellington Road, Mulgrave and 138-140 Beaumont Street, Hamilton.

No material losses are anticipated in respect of any of the above contingent liabilities (2014: Nil).

28 Commitments

(a) Capital commitments

There were no capital expenditures contracted for at the reporting date which have not been recognised as liabilities (2014: Nil).

28 Commitments (continued)

(b) Lease commitments: group as lessee

(i) Non-cancellable operating leases

The property under operating lease by Lycopodium Minerals Pty Ltd is a non cancellable lease with a 120 month term ending 31 January 2021. Minimum lease payments are contingent upon both 4% fixed annual increases 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 36 month term ending 15 September 2018, with an option to renew the lease at the end of the term for a further 36 months. The agreement provides for an annual increase in the rental payments of 3.5% over the previous year's rental.

The property under operating lease by Lycopodium (Ghana) Ltd is a non cancellable lease with 12 month term ending 14 October 2015, with an option to renew for a further 12 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 2018. The agreement provides for an increase in the rental payments of 5% per annum and an increase in the general leasing expenses of 5% per annum.

The property under operating lease by Lycopodium Minerals QLD Pty Ltd is a non-cancellable lease with a 72 month term ending 31 August 2016, with no option to renew. The lease agreement provides for annual increase in the rental payments of 4% over the previous year's rental. The lease allows for sub-letting of all lease areas subject to prior consent of the landlord.

The property under operating lease by Lycopodium Asset Management Pty Ltd is a non cancellable lease with a 96 month term ending 31 January 2021, with an option to renew a further 60 month term. Minimum lease payments are contingent upon a 4.5% fixed annual increase. The lease allows for sub letting of all lease areas, subject to the consent of the landlord.

The property under lease by Lycopodium Minerals Canada Ltd is a non-cancellable lease with a 60 month term ending 31 July 2017, with an option to renew for a further 60 months term. The agreement fixes rental from 1 August 2014 to expiry date.

The property under operating lease by Lycopodium Rail Pty Ltd is a non-cancellable lease with a 36 months term ending 19 January 2018, with an option to renew the lease at the end of its term for a further 36 months. Minimum lease payments are contingent upon annual CPI movements during the terms of its lease.

	Consolidated	
	2015	2014
	$	$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**7,805,187**	7,032,869
Later than one year but not later than five years	**29,592,524**	29,321,483
Later than five years	**1,327,000**	4,104,788
	38,724,711	40,459,140

(ii) Finance leases and hire purchase commitments

The group has finance leases and hire purchase contracts for various items of plant and equipment with a carrying amount of $167,508 (2014: $869,393). These lease contracts expire within 1 to 5 years. Under the terms of the leases, the group has the option to acquire the leased assets.

28 Commitments (continued)

(b) Lease commitments: group as lessee (continued)

(ii) Finance leases and hire purchase commitments (continued)

	2015 $	2014 $
Commitments in relation to finance leases are payable as follows:		
Within one year	**193,990**	592,364
Later than one year but not later than five years	**-**	366,696
Minimum lease payments	**193,990**	959,060
Future finance charges	**(5,155)**	(53,634)
Total lease liabilities	**188,835**	905,426
Representing lease liabilities:		
Current (note 18)	**188,834**	554,259
Non-current (note 19)	**-**	351,167
	188,834	905,426

The weighted average interest rate implicit in the leases and hire purchases is 7.10% (2014: 6.01%).

29 Related party transactions

(a) Parent entities

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

(b) Subsidiaries

Interests in subsidiaries are set out in note 31.

(c) Key management personnel

	Consolidated	
	2015 $	2014 $
Short-term employee benefits	**2,477,670**	2,958,194
Post-employment benefits	**175,206**	181,587
Share-based payments	**-**	24,600
	2,652,876	3,164,381

Detailed remuneration disclosures are provided in the remuneration report on pages 10 to 17.

29 Related party transactions (continued)

(d) Transactions with other related parties

The following transactions occurred with related parties:

	Consolidated	
	2015 **$**	2014 $
Purchases of goods and services		
Purchases from joint venture	**45,354**	2,992
Sale of goods and services		
Sales to joint venture	**2,504,724**	2,841,931
Other revenue		
Management fees to joint venture	**450,000**	900,000

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

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

	Consolidated	
	2015 **$**	2014 $
Current receivables		
Joint ventures	**116,668**	603,279
Current payables		
Joint ventures	**176,233**	337,015

(f) Loans to/from related parties

	Consolidated	
	2015 **$**	2014 $
Loans to joint venture		
Beginning of the year	**-**	999,999
Loan advanced	**-**	-
Loan repayments received	**-**	(999,999)
End of year	**-**	-

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

(g) Terms and conditions

Purchases and sales of goods and services are made at cost.

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

Outstanding balances are unsecured and are repayable in cash.

30 Business combination

(a) Acquisition of ADP Holdings (Pty) Ltd and Metco Global Ltd

On 30 September 2014, Lycopodium acquired 74% of the issued share capital of ADP Holdings (Pty) Ltd ("ADP"). The company is based in South Africa, with operations relating to supplying engineering, procurement, construction and management ("EPCM") services and engineering, procurement and construction ("EPC") projects to the mining industry.

On 30 September 2014, Lycopodium acquired 74 % of the issued share capital of Metco Global Ltd ("Metco"). The company is based in Angola with operations relating to the supply of alluvial and kimberlite diamond processing equipment for prospection and medium sized production modules.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	$
Purchase consideration (refer to (iv) below):	
Cash paid	**10,530,478**

The fair values of the identifiable net assets at 30 June 2015 recognised as a result of the acquisition are as follows:

	ADP	**Metco**	**Total**
	$	$	$
Cash	6,203,095	186,380	6,389,475
Trade and other receivables (net of provision for doubtful debts)	11,284,006	1,712,083	12,996,089
Inventories	1,753,299	-	1,753,299
Plant and equipment	564,825	15,310	580,135
Trade and other payables	(6,239,482)	(28,656)	(6,268,138)
Deferred income	(2,868,669)		(2,868,669)
Provisions	(81,165)	(18,387)	(99,552)
Borrowings	(46,178)	(1,537,201)	(1,583,379)
Net identifiable assets acquired	**10,569,731**	**329,529**	**10,899,260**
Less: non-controlling interests	(2,748,130)	(85,677)	(2,833,807)
Add: Goodwill	2,465,025	-	2,465,025
Net assets acquired	**10,286,626**	**243,852**	**10,530,478**

The goodwill is attributable to the workforce and the profitability of the acquired business.

(i) Acquired receivables

The fair value of acquired trade receivables for ADP and Metco are $9,790,446 and $1,703,573 respectively. ADP's gross contractual amount for trade receivables due is $9,853,238 of which $62,792 is expected to be uncollectible. Metco's gross contractual amount for trade receivables due is $2,348,025 of which $644,452 is expected to be uncollectible.

(ii) Non-controlling interests

The group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interest in ADP and Metco, the group elected to recognise the non-controlling interests in at its proportionate share of the acquired net identifiable assets.

(iii) Revenue and profit contribution

30 Business combination (continued)

(a) Acquisition of ADP Holdings (Pty) Ltd and Metco Global Ltd (continued)

(iii) Revenue and profit contribution (continued)
The ADP business contributed revenues of $34,084,342 and net profit of $265,096 to the group for the period from 30 September 2014 to 30 June 2015. The Metco business contributed revenues of $351,103 and net loss of $521,662 to the group for the period from 30 September 2014 to 30 June 2015.

If the acquisition had occurred on 1 July 2014, ADP's revenues and net profit for the full-year ended 30 June 2015 would be $50,076,617 and $416,619 respectively. Metco's revenues and net loss for the full-year ended 30 June 2015 would be $1,396,012 and $651,362 respectively.

(iv) Purchase consideration - cash outflow

	2015 $
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	**10,530,478**
Less: balances acquired	
Cash	**(6,389,475)**
Outflow of cash - investing activities	**4,141,003**

Acquisition-related costs

Acquisition related costs totalled $311,917 of which $265,881 was incurred in the financial period ended 30 June 2014 and $46,036 in the current reporting period. These costs are included in other expenses in consolidated statement of profit or loss and other comprehensive income.

(b) Acquisition of non-controlling interests in Lycopodium Americas Pty Ltd, Lycopodium Rail Pty Ltd and Orway Mineral Consultants Americas Pty Ltd

On 6 October 2014, Lycopodium Limited completed the acquisition of the non-controlling interests' shares in its subsidiary Lycopodium Americas Pty Ltd and Lycopodium Rail Pty Ltd pursuant to the exercise of an existing option for a total consideration of $2,000,000.

On 17 April 2015, Orway Minerals Consultants (WA) Pty Ltd completed the acqusition of the non-controlling interest shares in its subsidiary Orway Mineral Consultants Americas Pty Ltd for total cash consideration of $150,000.

	2014 $
Cash paid	1,150,000
Fully paid shares in Lycopodium Limited	1,000,000
Total purchase consideration	2,150,000

31 Subsidiaries

(a) Significant investments in subsidiaries

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

Name of entity	Country of incorporation / Principal activity	Class of shares	Equity holding 2015 %	Equity holding 2014 %
Lycopodium Minerals Pty Ltd	Australia (1)	Ordinary	**100**	100
Orway Mineral Consultants (WA) Pty Ltd	Australia (1)	Ordinary	**100**	100
Lycopodium Process Industries Pty Ltd	Australia (1)	Ordinary	**100**	100
Lycopodium Minerals QLD Pty Ltd	Australia (1)	Ordinary	**100**	100
Lycopodium Infrastructure Pty Ltd	Australia (1)	Ordinary	**100**	100
Lycopodium Asset Management Pty Ltd	Australia (1)	Ordinary	**100**	100
Lycopodium Mauritius	Mauritius (2)	Ordinary	**100**	100
Lycopodium Americas Pty Ltd	Australia (1)	Ordinary	**100**	85
Lycopodium Rail Pty Ltd	Australia (1)	Ordinary	**100**	75
ADP Holdings (Pty) Limited	South Africa (1)	Ordinary	**74**	-
Metco Global Limited	Angola (2)	Ordinary	**74**	-

(1) Engineering, procurement, construction management services
(2) Offshore project support services

32 Events occurring after the reporting period

Since year end, Lycopodium Limited has invested in ECG Engineering Pty Ltd, a start up electrical engineering consulting firm based in Perth, Australia with 31% of the issued capital acquired for $387,500.

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

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 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 future financial years.

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

	Consolidated	
	2015	2014
	$	$
(Loss)/profit for the year	**(1,015,413)**	3,709,386
Depreciation and amortisation	**1,753,905**	2,340,068
Non-cash employee benefits expense - share-based payments	**61,958**	290,268
Dividend and interest income	**(946)**	-
Net loss on sale of non-current assets	**323,251**	6,636
Share of profits of joint venture partnership	**(2,840,323)**	(3,343,605)
Interest relating to financing activities	**57,836**	145,657
Change in operating assets and liabilities:		
Decrease in trade debtors and other receivables	**1,637,241**	31,184,717
Increase in inventories	**(255,211)**	-
(Increase)/decrease in deferred tax assets	**(638,425)**	3,334,207
Decrease in other operating assets	**282,071**	2,559,215
Increase/(decrease) in trade creditors	**3,940,087**	(28,943,242)
Decrease in provision for income taxes payable	**(1,411,346)**	(3,355,273)
Decrease in other provisions	**(420,289)**	(1,266,100)
Net cash inflow from operating activities	**1,474,396**	6,661,934

34 Earnings per share

(a) Basic earnings per share

	Consolidated	
	2015	2014
	Cents	Cents
Basic earnings per share attributable to the ordinary equity holders of the company	**(2.3)**	10.0

(b) Diluted earnings per share

	Consolidated	
	2015	2014
	Cents	Cents
Diluted earnings per share attributable to the ordinary equity holders of the company	**(2.3)**	9.8

34 Earnings per share (continued)

(c) Reconciliation of earnings used in calculating earnings per share

	Consolidated	
	2015 **$**	2014 $
Basic earnings per share		
(Loss)/profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**(918,077)**	3,878,969
Diluted earnings per share		
Used in calculating diluted earnings per share	**(918,077)**	3,878,969

(d) Weighted average number of shares used as denominator

	Consolidated	
	2015 **Number**	2014 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**39,537,055**	38,955,870
Adjustments for calculation of diluted earnings per share:		
Performance rights	**303,126**	432,233
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**39,840,181**	39,388,103

35 Share-based payments

(a) Executive director 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%

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:

(i) exercise price: $Nil
(ii) grant date: 27 November 2008
(iii) expiry date: 30 June 2016
(iv) share price at grant date: $1.95
(v) expected price volatility of the company's shares: 45.6%
(vi) expected dividend yield: 12.8%
(vii) 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.

The total number of rights issued under this plan to participating directors for the financial year ended 30 June 2015 was Nil (2014: Nil).

(b) Employee performance rights plan

Performance rights were granted to certain employees during the year under the Lycopodium Group Performance Plan as approved by the Board on 3 October 2011. The rights were designed to give incentive to the employees to provide dedicated and ongoing commitment and effort to the company and aligning the interest of both employees and shareholders. None of the directors of Lycopodium Limited are eligible to participate in this plan.

35 Share-based payments (continued)

(b) Employee performance rights plan (continued)

Fair value of rights granted

The assessed fair value at grant date of the rights granted during the year ended 30 June 2012 was $4.76 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 2012 included:

(i) exercise price: $Nil
(ii) grant date: 1 October 2011
(iii) expiry date: 30 September 2014
(iv) share price at grant date: $5.60
(v) expected price volatility of the company's shares: 35.5%
(vi) expected dividend yield: 5.4%
(vii) risk-free interest rate: 4.75%

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.

The total number of rights issued under this plan to eligible participating employees for the financial year ended 30 June 2014 was Nil (2013: Nil).

All rights issued under this plan have been exercised during the financial year ended 30 June 2015.

(c) Senior manager share acquisition plan

The senior manager share acquisition plan was introduced in November 2009. Under the plan eligible senior managers are provided with an interest free limited recourse loan for a period of 3 years to acquire shares in Lycopodium Limited. The purchase of the shares will be done via the employee share trust. The loan will be interest free if the participating senior manager stays with the group for more than 3 years. In the event the participating senior manager leaves within 3 years, interest will be charged equal to market rate of interest that would have accrued on the loan from the date of advance of the funds to the repayment date. Eligibility will be decided by the board of Directors.

The value of the loan to each participating senior manager is based on the value of the shares allocated to the respective senior manager. The shares are allocated at a 1 cent discount to the volume weighted average of the prices at which the shares were traded on the ASX during the one week period up to and including the date of allocation. During the financial year ended 30 June 2010, 607,500 shares were acquired on and off market.

The difference between the price of the shares acquired and the value of shares allocated to the participating senior managers was expensed in the financial year ended 30 June 2010. This amounted to $125,855.

35 Share-based payments (continued)

(d) 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	
	2015	2014
	$	$
Rights issued under the Executive Director Performance Rights Plan	**-**	24,600
Rights issued under the Employee Performance Rights Plan	**61,958**	265,668
	61,958	290,268

36 Parent entity financial information

(a) Summary financial information

The individual financial report for the parent entity show the following aggregate amounts:

	2015 **$**	2014 $
Balance sheet		
Current assets	**11,100,144**	12,797,911
Non-current assets	**30,640,308**	17,528,149
Total assets	**41,740,452**	30,326,060
Current liabilities	**2,615,284**	595,658
Non-current liabilities	**40,492**	27,633
Total liabilities	**2,655,777**	623,291
Net assets	**39,084,675**	29,702,769
Shareholders' equity		
Contributed equity	**20,823,772**	18,999,322
Share-based payments	**259,037**	1,021,535
Retained earnings	**18,001,866**	9,681,912
	39,084,675	29,702,769
Profit for the year	**9,502,165**	11,799,991
Total comprehensive income	**9,502,165**	11,779,991

(b) Guarantees entered into by the parent entity

In 2013, the parent entity entered into an arrangement with a financier for a standby credit facility of $12.5m. In return, the parent entity and Lycopodium Minerals Pty Ltd jointly executed a cross guarantee and indemnity as security for the facility.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2015 or 30 June 2014.

(d) Contractual commitments for the acquisition of property, plant or equipment

The parent entity did not have any contractual commitments for the acquisition of property, plant and equipment as at 30 June 2015 or 30 June 2014.

In the Directors' opinion:

(a) the financial report and notes set out on pages 23 to 88 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 group's financial position as at 30 June 2015 and of its performance for the 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.

Note 1(a) confirms that the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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

Rodney Lloyd Leonard
Managing Director

Perth
24 September 2015

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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 consolidated balance sheet as at 30 June 2015, 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 year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply 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. Those standards require us to 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 Company's preparation of the financial report that gives a true and fair view 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 Company'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.

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

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 consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

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

Report on the remuneration report

We have audited the remuneration report included in pages 10 to 17 of the directors' report for the year ended 30 June 2015. 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 on the remuneration report

In our opinion, the remuneration report of Lycopodium Limited for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M J Hillgrove
Partner - Audit & Assurance

Perth, 24 September 2015

The shareholder information set out below was applicable as at 18 September 2015.

A. Distribution of equity securities

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

Holding	Total Holders
1 - 1000	421
1,001 - 5,000	547
5,001 - 10,000	164
10,001 - 100,000	167
100,001 and over	23
	1,322

There were 174 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:

	Ordinary shares	
Name	Number held	Percentage of Units
1 Reesh Pty	9,104,637	22.91
2 HSBC Custody Nominees (Australia) Limited	7,345,577	18.49
3 Luala Pty Ltd	3,167,332	7.97
4 Caddy Fox Pty Ltd	2,612,332	6.58
5 Selso Pty Ltd	2,058,148	5.18
6 Accede Pty Ltd	1,942,332	4.89
7 JP Morgan Nominees Australia Limited	1,172,327	2.95
8 De Leo Nominees Pty Ltd	830,366	2.09
9 Citicorp Nominees Pty Ltd	802,796	2.02
10 Citicorp Nominees Pty Ltd (Colonial First State Inv A/C)	667,068	1.68
11 Mr David James Taylor	484,389	1.22
12 Lycopodium Share Plan Pty Ltd	385,000	0.97
13 Mr Peter De Leo & Mrs Tiana De Leo	333,405	0.84
14 Botech Pty Ltd	305,405	0.77
15 Kensington House Nominees	247,635	0.62
16 Dr Gregory O'Neil	195,174	0.49
17 Rubi Holdings Pty Ltd	175,000	0.44
18 Nancris Pty Ltd	175,000	0.44
19 Tobaka Pty Ltd	142,291	0.36
20 De Bruin Securities	135,000	0.34
	32,281,214	81.25

C. Substantial holders

Substantial holders in the company are set out below:

Name	Number held	Percentage of Units
1 Reesh Pty Ltd	9,104,637	22.91
2 HSBC Custody Nominees (Australia) Limited	7,345,577	18.49
3 Luala Pty Ltd	3,167,332	7.97
4 Caddy Fox Pty Ltd	2,612,332	6.58
5 Selso Pty Ltd	2,058,148	4.89

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.

Directors	Michael John Caratti Lawrence William Marshall Rodney Lloyd Leonard Robert Joseph Osmetti Bruno Ruggiero Peter De Leo
Company Secretary	Keith Bakker
Registered and Principal Office	Level 5, 1 Adelaide Terrace East Perth WA 6004 Australia T: +61 (0)8 6210 5222 www.lycopodium.com.au
Share Registry	Computershare Investor Services Pty Limited Level 11, 172 St George's Terrace Perth WA 6000 T: +61 (0)8 9323 2000 www.computershare.com.au
Lawyers to the Company	DLA Piper Australia Level 31, 152-158 St George's Terrace Perth WA 6000 T: +61 (0)8 6467 6241 www.dlapiper.com
Auditor	Grant Thornton Audit Pty Ltd Level 1, 10 Kings Park Road West Perth WA 6005 T: +61 (0)8 9480 2000 www.grantthornton.com.au