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Interim  
Financial Report

31 DECEMBER 2021

# Corporate Directory

## Board of Directors

Michael John Caratti  
*Non-Executive Chairman*

Peter De Leo  
*Managing Director*

Bruno Ruggiero  
*Executive Director*

Karl Anthony Cicanese  
*Executive Director*

Rodney Lloyd Leonard  
*Non-Executive Director*

Robert Joseph Osmetti  
*Non-Executive Director*

Lawrence William Marshall  
*Non-Executive, Independent Director*

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

## Audit Committee

Peter De Leo  
Rodney Leonard  
Lawrence Marshall

## Remuneration Committee

Michael Caratti  
Lawrence Marshall  
Steven Chadwick

## Risk Committee

Peter De Leo  
Rodney Leonard  
Bruno Ruggiero  
Lawrence Marshall

## Company Secretary

Justine Campbell

## Registered and Principal Office

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

## Share Registry

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

## Lawyers to the Company

Steinepreis Paganin  
Level 4, The Read Buildings  
16 Milligan Street  
Perth, Western Australia 6000  
+61 8 9321 4000

## Auditors

RSM Australia Partners  
Level 32, Exchange Tower  
2 The Esplanade  
Perth, Western Australia 6000  
+61 8 9261 9100

## Principal Banker

Australia and New Zealand Bank  
Level 10, 77 St Georges Terrace  
Perth, Western Australia 6000

## Website

[www.lycopodium.com](http://www.lycopodium.com)

Lycopodium Limited ABN 83 098 556 159

## Interim Financial Report

31 DECEMBER 2021

Lodged with the ASX under Listing Rule 4.2A.  
This information should be read in conjunction with the  
30 June 2021 Annual Report.

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Lycopodium Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

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

Its registered office and principal place of business is:

**Lycopodium Limited**  
Level 5, 1 Adelaide Terrace  
East Perth, Western Australia 6004

# Directors' Report

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Lycopodium Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

## Directors

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

Michael John Caratti

Peter De Leo

Bruno Ruggiero

Karl Anthony Cicanese

Rodney Lloyd Leonard

Robert Joseph Osmetti

Lawrence William Marshall

Steven John Micheil Chadwick

## Review of operations

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

	Segment revenues		Segment results	
	2021 \$	2020 \$	2021 \$	2020 \$
Minerals - Asia Pacific	52,518,053	36,793,452	22,508,407	5,445,650
Minerals - North America	19,282,176	11,469,909	991,405	882,755
Minerals - Africa	16,478,307	14,343,589	1,158,966	(256,650)
Project Services - Africa	2,846,486	209,044	856,094	(18,735)
Process Industries	4,613,210	3,276,267	416,898	120,568
Other	14,228,879	12,516,325	815,955	1,994,527
Intersegment eliminations	(8,389,618)	(7,898,451)		
Unallocated	801,821	332,467	(4,798,020)	(84,906)
<b>Total revenue / profit before income tax expense</b>	<b>102,379,314</b>	<b>71,042,602</b>	<b>21,949,705</b>	<b>8,083,209</b>
Income tax expense			(6,691,647)	(1,847,737)
Profit for the half-year			15,258,058	6,235,472
Less (profit)/loss attributable to non-controlling interests			6,247	84,419
<b>Profit attributable to owners of Lycopodium Ltd</b>			<b>15,264,305</b>	<b>6,319,891</b>

# Directors' Report (continued)

## (a) Minerals

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

## (b) Project Services - Africa

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

## (c) Process Industries

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

## (d) Other

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

## Significant changes in the state of affairs

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

## Matters subsequent to the end of the financial period

Since half-year end the Directors have recommended the payment of an interim dividend on ordinary shares in respect of the 2022 financial year. The total amount of dividend is \$7,153,241 which represents a fully franked dividend of 18.0 cents per fully paid ordinary share.

With the exceptions of the above, no other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect:

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

## Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

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



**Peter De Leo**  
Managing Director  
Perth

23 February 2022

# Auditor's Independence Declaration

## Auditor

RSM Australia Partners has been appointed in office in accordance with section 327 of the *Corporations Act 2001*.



### RSM Australia Partners

Level 32 Exchange Tower  
2 The Esplanade Perth WA 6000  
GPO Box R1253 Perth WA 6844

T +61(0) 8 9261 9100  
F +61(0) 8 9261 9111

[www.rsm.com.au](http://www.rsm.com.au)

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Lycopodium Limited for the half year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) Any applicable code of professional conduct in relation to the review.

RSM AUSTRALIA PARTNERS

James Komninos  
Partner

Perth, WA  
Dated: 23 February 2022

### THE POWER OF BEING UNDERSTOOD AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2021

	Notes	31 December 2021 \$	31 December 2020 \$
Revenue from contract with customers	3	101,303,343	68,238,755
Interest revenue calculated using the effective interest method		238,602	358,841
Other income		837,367	2,445,006
<b>Total income</b>		<b>102,379,312</b>	<b>71,042,602</b>
Employee benefits expense		(39,537,063)	(29,088,542)
Depreciation and amortisation expense		(2,680,367)	(2,431,783)
Project expenses		(1,784,924)	(1,120,881)
Equipment and materials		(15,675,749)	(11,914,811)
Contractors		(22,146,516)	(12,348,647)
Occupancy expense		(819,495)	(861,340)
Other expenses		(6,653,253)	(6,306,086)
Warranty provision reversal/(expenses)	8	10,924,400	(779,324)
Finance costs		(445,725)	(422,715)
Share of net profit of associates and joint ventures accounted for using the equity method		(1,610,915)	2,314,735
<b>Profit before income tax expense from continuing operations</b>		<b>21,949,705</b>	<b>8,083,208</b>
Income tax expense	4	(6,691,647)	(1,847,737)
<b>Profit after income tax expense for the half-year</b>		<b>15,258,058</b>	<b>6,235,471</b>

## Other comprehensive income/(loss):

Item that may be reclassified to profit or loss

Foreign currency translation	9(b)	1,205,259	(198,534)
<b>Total comprehensive income for the half-year</b>		<b>16,463,317</b>	<b>6,036,937</b>

Profit for the half-year is attributable to:

Owners of Lycopodium Limited	15,264,305	6,319,890
Non-controlling interests	(6,247)	(84,419)
	<b>15,258,058</b>	<b>6,235,471</b>

Total comprehensive income for the half-year is attributable to:

Owners of Lycopodium Limited	16,469,564	6,121,356
Non-controlling interests	(6,247)	(84,419)
	<b>16,463,317</b>	<b>6,036,937</b>

## Earnings per share for profit attributable to the owners of Lycopodium Limited:

	Cents	Cents
Basic earnings per share	38.4	15.4
Diluted earnings per share	38.1	15.3

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

# Consolidated Statement of Financial Position

For the half-year ended 31 December 2021

	Notes	31 December 2021 \$	30 June 2021 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		63,624,304	76,841,139
Trade and other receivables		89,794,815	43,887,117
Inventories		461,147	1,540,415
Current tax receivables		1,971,240	1,971,240
Other current assets		4,442,044	2,482,762
<b>Total current assets</b>		<b>160,293,550</b>	<b>126,722,673</b>
<b>Non-current assets</b>			
Investments in listed equities at fair value through profit or loss		1,330,076	739,920
Property, plant and equipment		5,121,217	4,671,757
Right-of-use assets		15,032,563	14,925,280
Intangible assets		6,607,725	6,743,650
Other receivables		83,538	189,413
Deferred tax assets		4,764,038	6,189,450
Investments accounted for using the equity method	5	1,702,597	3,870,307
<b>Total non-current assets</b>		<b>34,641,754</b>	<b>37,329,777</b>
<b>Total assets</b>		<b>194,935,304</b>	<b>164,052,450</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		24,859,147	22,971,867
Contract and other liabilities	3(a)	44,339,867	17,055,363
Borrowings		1,866,825	760,274
Lease liabilities	7	3,190,769	2,669,183
Derivative liabilities		159,683	-
Current tax liabilities		9,066,128	4,941,195
Provisions	8	2,293,859	13,340,431
<b>Total current liabilities</b>		<b>85,776,277</b>	<b>61,738,313</b>
<b>Non-current liabilities</b>			
Borrowings		1,018,653	1,404,749
Provisions		179,070	165,864
Lease liabilities	7	12,997,163	13,069,705
<b>Total non-current liabilities</b>		<b>14,194,886</b>	<b>14,640,318</b>
<b>Total liabilities</b>		<b>99,971,163</b>	<b>76,378,631</b>
<b>Net assets</b>		<b>94,964,141</b>	<b>87,673,819</b>
<b>EQUITY</b>			
Contributed equity	9(a)	19,951,075	20,854,574
Reserves	9(b)	(1,298,218)	(229,936)
Retained profits	9(c)	77,055,835	67,758,811
Equity attributable to the owners of Lycopodium Limited		95,708,693	88,383,449
<b>Non-controlling interests</b>	10	(744,552)	(709,630)
<b>Total equity</b>		<b>94,964,141</b>	<b>87,673,819</b>

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



# Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2021

	Notes	Share capital \$	Retained earnings \$	Foreign currency translation reserve \$	Performance rights reserve \$	Non-controlling interests \$	Total equity \$
<b>Balance at 1 July 2020</b>		20,823,772	59,520,397	(2,062,155)	215,306	(654,697)	77,842,623
Profit after income tax expense for the half-year		-	6,319,890	-	-	(84,418)	6,235,472
Other comprehensive loss for the half-year, net of tax		-	-	(198,534)	-	74,078	(124,456)
<b>Total comprehensive income for the half-year</b>		-	<b>6,319,890</b>	<b>(198,534)</b>	-	<b>(10,340)</b>	<b>6,111,016</b>
<i>Transactions with owners in their capacity as owners:</i>							
Dividends provided for or paid	11	-	(1,987,011)	-	-	-	(1,987,011)
Performance rights - value of rights		-	-	-	174,757	-	174,757
Exercise of performance rights	9	30,802	-	-	(30,802)	-	-
		30,802	(1,987,011)	-	143,955	-	(1,812,254)
<b>Balance at 31 December 2020</b>		<b>20,854,574</b>	<b>63,853,276</b>	<b>(2,260,689)</b>	<b>359,261</b>	<b>(665,037)</b>	<b>82,141,385</b>
<b>Balance at 1 July 2021</b>		20,854,574	67,758,811	(852,957)	623,021	(709,629)	87,673,820
Profit after income tax expense for the half-year		-	15,258,058	-	-	(6,247)	15,251,811
Other comprehensive loss for the half-year, net of tax		-	-	(1,205,259)	-	-	(1,205,259)
<b>Total comprehensive income for the half-year</b>		-	<b>15,258,058</b>	<b>(1,205,259)</b>	-	<b>(6,247)</b>	<b>14,046,552</b>
<i>Transactions with owners in their capacity as owners:</i>							
Foreign currency translation with non-controlling interest		-	-	-	-	(28,676)	(28,676)
Dividends provided for or paid	11	-	(5,961,034)	-	-	-	(5,961,034)
Purchase of share under employee share trust	9(a)	(903,499)	-	-	-	-	(903,499)
Performance rights - value of rights	9(b)	-	-	-	199,174	-	199,174
Exercise of performance rights	9(b)	-	-	-	(62,196)	-	(62,196)
		(903,499)	(5,961,034)	-	136,978	(28,655)	(6,756,231)
<b>Balance at 31 December 2021</b>		<b>19,951,075</b>	<b>77,055,835</b>	<b>(2,058,216)</b>	<b>759,999</b>	<b>(744,552)</b>	<b>94,964,141</b>

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

# Consolidated Statement of Cash Flows

For the half-year ended 31 December 2021

	31 December 2021 \$	31 December 2020 \$
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	96,482,919	55,682,901
Payments to suppliers and employees (inclusive of GST)	(92,159,277)	(70,067,053)
	4,323,642	(14,384,152)
Interest paid	(445,725)	(53,782)
Income taxes paid	(1,283,692)	(1,645,508)
Interest received	238,602	368,528
<b>Net cash inflow/(outflow) from operating activities</b>	<b>2,832,827</b>	<b>(15,714,914)</b>
<b>Cash flows from investing activities</b>		
Dividends received from joint ventures and associate	556,795	576,477
Loan to Joint ventures	(8,000,000)	-
Payments for property, plant and equipment	(1,270,603)	(208,252)
Proceeds from sale of property, plant and equipment	-	18,198
Payments for intangible assets	(1,584)	(160,371)
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(8,715,392)</b>	<b>226,052</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	1,328,572	2,197,273
Repayments of borrowings	(302,781)	(1,043,935)
Dividends paid to company's shareholders	(5,961,034)	(1,987,011)
Reduction of lease liability	(1,446,638)	(1,926,582)
Loans repaid/(advanced) to joint ventures and associates	-	-
Purchase of shares by employee share trust	(903,499)	-
Proceeds from repayment of loans under the senior manager share acquisition plan	-	9,250
<b>Net cash outflow from financing activities</b>	<b>(7,285,380)</b>	<b>(2,751,005)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(13,167,945)</b>	<b>(18,239,867)</b>
Cash and cash equivalents at the beginning of the financial year	76,841,139	102,888,489
Effects of exchange rate changes on cash and cash equivalents	(48,890)	(198,534)
<b>Cash and cash equivalents at end of the half-year ended</b>	<b>63,624,304</b>	<b>84,450,088</b>

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

# Notes to the Consolidated Financial Statements

31 December 2021

## 1. Summary of significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

These general purpose financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Lycopodium Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

### New or amended Accounting Standards and interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The critical accounting estimates and judgements are consistent with those applied and disclosed in the 30 June 2021 annual report.

## 2. Segment information

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

### (a) Description of segments

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

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

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

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

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

The remaining operating segments that are not reportable consist of:

<b>Infrastructure:</b>	Asset management, engineering, architectural and project delivery services to a wide range of private and public clients across Australia.
<b>Metallurgical:</b>	Metallurgical consulting providing a range of services to the mineral processing community, primarily in the field of comminution, hydrometallurgy and mineral processing design.
<b>Project Services Asia:</b>	Provision of drafting services for offshore Lycopodium entities.

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

# Notes to the Consolidated Financial Statements (continued)

31 December 2021

## 2. Segment information (continued)

### (b) Other segment information

The segment information provided to the Board of Directors for the reportable segments for the half-year ended 31 December 2021 and 2020 are as follows:

Half-Year 2021	Minerals			Project Services - Africa	Process Industries	Other	Total
	Asia Pacific	North America	Africa				
Total segment revenue	52,518,053	19,282,176	16,478,307	2,846,486	4,613,210	14,228,879	109,967,111
Inter-segment revenue	(891,593)	(1,603,661)	-	-	(557,216)	(5,337,149)	(8,389,619)
Revenue from external customers	51,626,460	17,678,515	16,478,307	2,846,486	4,055,994	8,891,730	101,577,492
Profit / (Loss) before tax	22,508,407	991,405	1,158,966	856,094	416,898	815,955	26,747,725
Interest in the profit of equity accounted joint ventures	(1,610,915)	-	-	-	-	-	(1,610,915)
Depreciation and amortisation	282,541	186,004	314,965	60,983	94,161	464,143	1,402,797
Income tax benefit / (expense)	(6,720,048)	-	(256,867)	(236,769)	(109,632)	(228,463)	(7,551,779)
Total segment assets	44,049,719	47,794,374	26,581,363	5,982,958	5,674,036	15,915,425	145,977,875
Total segment liabilities	20,251,429	42,684,262	14,731,326	4,592,617	3,286,108	6,203,650	91,749,393

Half-Year 2020	Minerals			Project Services - Africa	Process Industries	Other	Total
	Asia Pacific	North America	Africa				
Total segment revenue	36,793,452	11,469,909	14,343,589	209,044	3,276,267	12,516,325	78,608,586
Inter-segment revenue	(770,676)	(3,705,931)	-	(162,213)	(106,485)	(3,153,146)	(7,898,451)
Revenue from external customers	36,022,776	7,763,978	14,343,589	46,831	3,169,782	9,363,179	70,710,135
Profit / (Loss) before tax	5,445,650	882,755	(256,650)	(18,735)	120,568	1,994,527	8,168,115
Interest in the profit of equity accounted joint ventures	2,314,735	-	-	-	-	-	2,314,735
Depreciation and amortisation	477,576	177,485	326,587	-	116,578	488,905	1,587,131
Income tax benefit / (expense)	(1,458,189)	(249,431)	(37,411)	-	16,910	(589,038)	(2,317,159)
Total segment assets	71,397,370	8,822,740	14,030,137	3,559,612	4,753,781	12,345,319	114,908,959
Total segment liabilities	47,329,386	5,529,904	6,149,131	2,835,109	1,980,251	5,422,760	69,246,541

# Notes to the Consolidated Financial Statements (continued)

31 December 2021

## 2. Segment information (continued)

### (b) Other segment information (continued)

#### (i) Segment revenue

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the Statement of Profit or Loss and Other Comprehensive Income.

Segment revenue reconciles to revenue from operations as per the Statement of Profit or Loss and Other Comprehensive Income as follows:

	31 December 2021 \$	31 December 2020 \$
Reportable segment revenue	101,577,492	70,710,135
Unallocated	801,820	332,467
<b>Revenue as per statement of profit or loss and other comprehensive income</b>	<b>102,379,312</b>	<b>71,042,602</b>

#### (ii) Segment profit before tax

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

A reconciliation of reportable segment profit before tax to the profit before tax in the Consolidated Statement of Profit or Loss and Other Comprehensive Income is provided as follows:

	31 December 2021 \$	31 December 2020 \$
Segment profit before tax	26,747,725	8,093,235
Unallocated	(4,798,020)	(10,027)
<b>Profit before income tax as per statement of profit or loss and other comprehensive income</b>	<b>21,949,705</b>	<b>8,083,208</b>

#### (iii) Segment assets

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

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

	31 December 2021 \$	31 December 2020 \$
Reportable segment assets	145,977,875	114,908,959
Intersegment eliminations	(2,910,336)	(7,328,713)
Intangibles arising on consolidation	6,126,228	6,126,228
Unallocated	45,741,537	41,064,546
<b>Total assets as per the Consolidated Statement of Financial Position</b>	<b>194,935,304</b>	<b>154,771,020</b>

#### (iv) Segment liabilities

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

	31 December 2021 \$	31 December 2020 \$
Reportable segment liabilities	91,749,393	69,246,541
Intersegment eliminations	(9,136,399)	7,194,845
Unallocated	17,358,169	(3,811,751)
<b>Total liabilities as per the Consolidated Statement of Financial Position</b>	<b>99,971,163</b>	<b>72,629,635</b>

# Notes to the Consolidated Financial Statements (continued)

31 December 2021

## 3. Revenue from contracts with customers

Revenue from contracts with customers for the half-year ended 31 December 2021 and 2020 are as follows:

	2021			2020		
	Engineering & related services \$	Construction contracts \$	Total \$	Engineering & related services \$	Construction contracts \$	Total \$
Minerals	58,355,586	27,427,695	85,783,281	42,240,770	15,889,573	58,130,343
Project Services - Africa	2,846,486	-	2,846,486	46,832	-	46,832
Process Industries	4,055,994	-	4,055,994	3,169,781	-	3,169,781
Other	8,617,582	-	8,617,582	6,891,799	-	6,891,799
<b>Total revenue</b>	<b>73,875,647</b>	<b>27,427,695</b>	<b>101,303,343</b>	<b>52,349,182</b>	<b>15,889,573</b>	<b>68,238,755</b>

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

	31 December 2021 \$	30 June 2021 \$
<b>Total contract assets</b>	-	-
Advances received for construction contract work	40,064,319	8,933,937
Deferred services income	4,275,548	8,121,426
<b>Total contract liabilities</b>	<b>44,339,867</b>	<b>17,055,363</b>

Advances received for construction contract work and deferred services income represent customer payments received in advance of performance (contract liabilities) that are expected to be recognised as revenue in the financial years ending June 2022 and June 2023.

## 4. Income tax expense

### (a) Income tax expense

	31 December 2021 \$	31 December 2020 \$
Current tax on profits for the year	6,323,504	3,171,132
Deferred tax on profits for the year	368,143	(1,181,276)
Adjustments for current tax of prior periods	-	(142,119)
	<b>6,691,647</b>	<b>1,847,737</b>

# Notes to the Consolidated Financial Statements (continued)

31 December 2021

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

### (a) Movements in carrying amounts

	Consolidated entity	
	31 December 2021 \$	30 June 2021 \$
Carrying amount at the beginning of the financial year	3,870,307	3,530,923
Share of profits after income tax	(2,167,710)	339,384
Carrying amount at the end of the financial period	1,702,597	3,870,307

### (b) Investment in Joint Ventures

Name of Joint Venture	Country of Incorporation & Principal Place of Business	Principal Activities	Proportion of Ownership Interest Held by the Group	
			31 December 2021	31 December 2020
Mondium Pty Ltd ('Mondium')	Australia	Engineering and construction services	40%	40%
Orway IQ Pty Ltd ('OIQ') Incorporated in May 2019	Australia	Remote optimisation consulting services	50%	50%

The Group's share of the results of its principal joint ventures:

	31 December 2021 \$	31 December 2020 \$
Profit from continuing operations	(2,093,622)	1,727,946
Other comprehensive income	-	-
Total comprehensive income	(2,093,622)	1,727,946

### (c) Investment in Associates

Name of Associate	Country of Incorporation & Principal Place of Business	Principal Activities	Proportion of Ownership Interest Held by the Group	
			31 December 2021	31 December 2020
ECG Engineering Pty Ltd	Australia	Electrical engineering services	31%	31%
Kholo Marine & Minerals (Pty) Ltd Incorporated in July 2019	South Africa	Engineering and consulting services	49%	49%

The Group's share of the results of its principal associates:

	31 December 2021 \$	31 December 2020 \$
Profit from continuing operations	482,708	586,789
Other comprehensive income	-	-
Total comprehensive income	482,708	586,789

# Notes to the Consolidated Financial Statements (continued)

31 December 2021

## 6. Fair value measurement of financial instruments

The following table details the group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement being:

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

The group considers all investments to be Level 1 investments.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>31 December 2021</b>				
<b>Financial assets / (liabilities)</b>				
Listed Securities	1,330,076	-	-	1,330,076
Net fair value	1,330,076	-	-	1,330,076
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>30 June 2021</b>				
<b>Financial assets / (liabilities)</b>				
Listed Securities	739,920	-	-	739,920
Net fair value	739,920	-	-	739,920

There were no transfers between Level 1 and Level 2 in 2022 and 2021.

## 7. Lease Liabilities

	31 December 2021 \$	30 June 2021 \$
Lease liabilities pertaining to leased properties		
Current	3,190,769	2,669,183
Non-current	12,997,163	13,069,705



# Notes to the Consolidated Financial Statements (continued)

31 December 2021

## 8. Current liabilities - Provisions

	31 December 2021 \$	30 June 2021 \$
Service and equipment warranties	2,293,859	13,340,431

### (a) Movements in provisions

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

Consolidated entity	Service and equipment warranties \$	Total \$
Carrying amount at 1 July 2021	13,340,431	13,340,431
Provision utilised during the period	(122,172)	(122,172)
Charged/(credited) to profit or loss	(10,924,400)	(10,924,400)
Carrying amount at 31 December 2021	2,293,859	2,293,859

The Group recognises service and equipment warranty provisions in accordance with its current policy. The amount provided takes into account the percentage completion of the project, forecast to complete costs plus any close-out obligations and potential contractual liabilities during the warranty period.

# Notes to the Consolidated Financial Statements (continued)

31 December 2021

## 9. Contributed equity

### (a) Share capital

	31 December 2021 Shares	30 June 2021 Shares	31 December 2021 \$	30 June 2021 \$
Ordinary shares				
Fully paid	39,740,226	39,740,226	20,854,574	20,854,574
Less: Treasury shares (Employee Share Trust)	(200,000)	-	(903,499)	-
Balance at the end of the period	39,540,226	39,740,226	19,951,075	20,854,574

The Group has in place a trust to administer the Group's employee share and share rights schemes. This trust is consolidated, as the substance of the relationship is that the trust is controlled by the Group. Shares held by the Lycopodium Employee Share Trust are disclosed as Treasury shares and deducted from contributed equity.

Movement in Treasury shares represent acquisition of the Company's shares on market and allocation of shares to the Company's employees from the vesting of awards and exercise of rights under the employee share-based payment trust.

### (b) Reserves

	31 December 2021 \$	30 June 2021 \$
Performance rights reserve	759,999	623,021
Foreign currency translation reserve	(2,058,216)	(852,957)
	(1,298,217)	(229,936)

#### Movements:

##### Performance rights reserve

	31 December 2021 \$	30 June 2021 \$
Opening Balance	623,021	215,306
Transfer to share capital - exercise of rights	(62,196)	438,517
Performance rights plan expense	199,174	(30,802)
<b>Balance at the end of the period</b>	<b>759,999</b>	<b>623,021</b>

##### Foreign currency translation reserve

	31 December 2021 \$	30 June 2021 \$
Opening Balance	(852,957)	(2,062,155)
Currency translation differences arising during the year	(1,205,259)	1,209,198
<b>Balance at the end of the period</b>	<b>(2,058,216)</b>	<b>(852,957)</b>

### (c) Retained earnings

	31 December 2021 \$	30 June 2021 \$
Balance 1 July	67,758,811	59,520,395
Net profit for the half-year / year	15,258,058	14,199,449
Dividends paid or payable	(5,961,034)	(5,961,033)
<b>Balance at the end of the period</b>	<b>77,055,835</b>	<b>67,758,811</b>

# Notes to the Consolidated Financial Statements (continued)

31 December 2021

## 10. Non-controlling interests

	31 December 2021 \$	30 June 2021 \$
<b>Interest in:</b>		
Share capital	13,264	13,264
Reserves	4,003	4,003
Non-controlling interest on acquisition	(288,240)	(288,240)
Retained earnings	(473,579)	(438,657)
	<b>(744,552)</b>	<b>(709,630)</b>

## 11. Dividends

### (a) Ordinary shares

	31 December 2021 \$	31 December 2020 \$
Final dividend for the year ended 30 June 2021 of 10.0 cents (2020: 5.0 cents) per fully paid share paid on 8 October 2021 (2020: 9 October 2020)		
Fully franked based on tax paid @ 30% (2020: 30%)	5,961,034	1,987,011

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

	31 December 2021 \$	31 December 2020 \$
Since half-year end the Directors have recommended the payment of an interim dividend of 18.0 cents per fully paid ordinary share (2020: 10.0 cents), fully franked based on tax paid at 30% (2020: 30%). The aggregate amount of the proposed dividend expected to be paid on 7 April 2022 out of Group retained earnings at 31 December 2021, but not recognised as a liability at period end, is:	7,153,241	3,974,022

## 12. Events occurring after the reporting period

Since half-year end the Directors have recommended the payment of an interim dividend on ordinary shares in respect of the 2022 financial year. The total amount of dividend is \$7,153,241 which represents a fully franked dividend of 18.0 cents per fully paid ordinary share.

With the exception of the above, no other matter or circumstance has arisen since 31 December 2021 that has significantly affected or may significantly affect:


- the Group's operations in future financial years, or
- the results of those operations in future financial years, or
- the Group's state of affairs in the future financial periods.

# Directors' Declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 5 to 17 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



**Peter De Leo**  
Managing Director  
Perth  
23 February 2022

# Independent Auditor's Review Report of Lycopodium Limited



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## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF LYCOPODIUM LIMITED

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Lycopodium Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

#### *Directors' Responsibility for the Half-Year Financial Report*

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

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Lycopodium Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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# Independent Auditor's Review Report of Lycopodium Limited (continued)



## *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Lycopodium Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

## *Conclusion*

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

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

RSM AUSTRALIA PARTNERS

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

James Komninos  
Partner

Perth, WA  
Dated: 23 February 2022

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