

ASX RELEASE

LYCOPODIUM LIMITED 2010/11 RESULTS

24 August 2011

Revenue	:	\$169.8 million, up 41% from 2010 result
Profit Before Tax	:	\$24.9 million, up 33% from 2010 result
Profit After Tax	:	\$17.1 million, up 6.6% from 2010 result
Earnings Per Share	:	44.3 cents per share, up 6.5% from 2010
Total Dividend	:	30 cents per share, up 11.1% from 2010

The Directors of Lycopodium are pleased to be able to report a strong performance for the 2010/11 financial year. We are particularly proud of the achievements of our staff over the year and appreciative of the continued support from our valued clients, both of which underpin the current results.

During the financial year ended 30 June 2011, Lycopodium realised revenues of \$170 million, a 41% increase on the \$120 million in the previous financial year. Net profit after tax was \$17 million, as compared to \$16 million in the previous financial year, a 6.5% increase. As compared to the 2009/10 profit figures, there were no extraordinary items in the profit figures for 2010/11.

In addition to the segment reporting format in the Appendix 4E report, we are also including our prior segment reporting format.

Basic earnings per share increased from 41.6 cents for the previous financial year to 44.3 cents and in accordance with the company's dividend policy the Directors have resolved to pay a final dividend of 20 cents fully franked. The total dividend for the year is 30 cents fully franked as compared to 27 cents in the prior year.

The 2010/11 financial year saw the organisation transition from a period of high study activity into a more balanced operating environment comprising a combination of major projects supported by smaller projects and feasibility studies. The organisation is currently operating at normal manhour utilisation rates. Potential growth is constrained on a macro scale by the economic uncertainty in Europe and the USA, and on a company level by our continued objective of executing projects and studies to a consistently high standard and our ability within the current competitive marketplace to recruit and train additional staff.

The Company has forecast revenues of \$188 million and profit after tax of \$18.5 million for 2011/12, underpinned by several projects that have been committed during the 2010/11 financial year and which are continuing through 2011/12.

Dividend Entitlements

The final dividend of 20.0 cents per share fully franked will be paid to shareholders on 14 October 2010, with a record date of 3 October 2010.

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Lycopodium Ltd
Segment reporting
FYE 30 June 2011

	Segment revenues		Segment results	
	Jun-11	Jun-10	Jun-11	Jun-10
EPCM	102,064,644	34,109,503	18,980,687	9,498,627
Design & construct (lump sum)	1,731,098	4,390,655	751,237	1,113,718
Study services	34,202,725	31,959,598	4,422,573	5,019,694
Project services	29,137,275	48,630,280	6,357,569	9,965,890
	<u>167,135,742</u>	<u>119,090,036</u>	<u>30,512,067</u>	<u>25,597,929</u>
Unallocated revenue	2,707,174	1,244,479	0	0
	<u>169,842,916</u>	<u>120,334,514</u>	<u>30,512,067</u>	<u>25,597,929</u>
Unallocated revenue less unallocated expenses			<u>(5,604,177)</u>	<u>(6,886,151)</u>
Profit before income tax expense			24,907,889	18,711,778
Income tax expense			<u>(7,795,136)</u>	<u>(2,653,312)</u>
Profit for the half-year			17,112,753	16,058,466
Less: profit attributable to minority interest			0	0
Profit attributable to members of Lycopodium Ltd			<u>17,112,753</u>	<u>16,058,466</u>

Lycopodium Limited and Controlled Entities

ABN 83 098 556 159

Appendix 4E - Preliminary final report for the year ended 30 June 2011

Lycopodium Limited and Controlled Entities 83 098 556 159
Appendix 4E - Preliminary final report - 30 June 2011

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Lycopodium Limited and Controlled Entities
Appendix 4E - Preliminary Final Report
For the year ended 30 June 2011

Results for Announcement to the Market
30 June 2011

				\$
Revenue from continuing operations <i>(Appendix 4E item 2.1)</i>	up	41.1 %	to	169,842,916
Profit / (loss) from continuing operations after tax attributable to members <i>(Appendix 4E item 2.2)</i>	up	6.6 %	to	17,112,753
Profit / (loss) for the period attributable to members <i>(Appendix 4E item 2.3)</i>	up	6.6 %	to	17,112,753

Dividends / distributions <i>(Appendix 4E item 2.4)</i>	Amount per security	Franked amount per security
Final dividend (cents)	20.0	20.0

Key Ratios	2011	2010
	June	June
Basic earnings per share (cents)	44.3	41.6
Net tangible assets per share (cents)	112.6	100.1

Record date for determining entitlements to the final dividend

3 October 2011

Lycopodium Limited
Appendix 4E - Preliminary Final Report
Preliminary Statement of Comprehensive Income
For the year ended 30 June 2011

		Consolidated	
	Notes	2011 \$	2010 \$
Revenue from operations	3	169,842,916	120,334,515
Other income	4	-	466,947
Employee benefits expense		(83,588,572)	(62,205,326)
Depreciation and amortisation expense	5	(1,286,219)	(1,608,491)
Project expenses		(4,181,481)	(446,985)
Equipment and materials used		(216,994)	(417,512)
Contractors		(41,516,936)	(26,832,329)
Administration and management costs		(13,866,490)	(9,889,071)
Loss on disposal of asset		(25,503)	(868)
Finance costs	5	(252,832)	(715,142)
Share of net profit of associate accounted for using the equity method		-	26,042
Profit before income tax		<u>24,907,889</u>	<u>18,711,780</u>
Income tax expense	6	<u>(7,795,136)</u>	<u>(2,653,312)</u>
Profit for the year		<u>17,112,753</u>	<u>16,058,468</u>
Other comprehensive income / (expense)			
Changes in fair value of available-for-sale financial assets	7	(1,000)	(17,000)
Exchange differences on translation of foreign operations	7	79,326	6,813
Income tax relating to components of other comprehensive income	6	300	5,100
Other comprehensive income for the year, net of tax		<u>78,626</u>	<u>(5,087)</u>
Total comprehensive income for the year		<u>17,191,379</u>	<u>16,053,381</u>
Profit for the year is attributable to:			
Owners of Lycopodium Limited		17,162,237	16,058,468
Non-controlling interests		<u>(49,484)</u>	<u>-</u>
		<u>17,112,753</u>	<u>16,058,468</u>
Total comprehensive income for the year is attributable to:			
Owners of Lycopodium Limited		17,240,863	16,053,381
Non-controlling interests		<u>(49,484)</u>	<u>-</u>
		<u>17,191,379</u>	<u>16,053,381</u>
		Cents	Cents
Earnings per share attributable to the ordinary equity holders of the parent entity:			
Basic earnings per share	14	44.3	41.6
Diluted earnings per share	14	44.0	41.4

The above preliminary statement of comprehensive income should be read in conjunction with the accompanying notes.

Lycopodium Limited and Controlled Entities
Appendix 4E - Preliminary Final Report
Preliminary Balance Sheet
As at 30 June 2011

	Notes	Consolidated 2011 \$	2010 \$
ASSETS			
Current assets			
Cash and cash equivalents		26,199,742	23,395,487
Trade and other receivables		39,835,367	27,665,269
Current tax receivables		-	1,374,991
Other current assets		<u>1,639,824</u>	<u>1,415,739</u>
Total current assets		<u>67,674,933</u>	<u>53,851,486</u>
Non-current assets			
Available-for-sale financial assets		32,000	33,000
Property, plant and equipment		4,120,986	3,147,532
Intangible assets		6,148,994	6,018,211
Other receivables		1,629,874	1,858,515
Deferred tax assets		<u>4,273,369</u>	<u>2,152,651</u>
Total non-current assets		<u>16,205,223</u>	<u>13,209,909</u>
Total assets		<u>83,880,156</u>	<u>67,061,395</u>
LIABILITIES			
Current liabilities			
Trade and other payables		24,080,949	18,994,066
Borrowings		909,755	782,003
Current tax liabilities		6,242,748	-
Provisions		<u>316,431</u>	<u>475,000</u>
Total current liabilities		<u>31,549,883</u>	<u>20,251,069</u>
Non-current liabilities			
Borrowings		1,781,208	1,473,918
Provisions		<u>861,971</u>	<u>616,973</u>
Total non-current liabilities		<u>2,643,179</u>	<u>2,090,891</u>
Total liabilities		<u>34,193,062</u>	<u>22,341,960</u>
Net assets		<u>49,687,094</u>	<u>44,719,435</u>
EQUITY			
Contributed equity		18,730,297	18,730,297
Reserves	7(a)	89,318	(134,501)
Retained profits	7(b)	<u>30,916,243</u>	<u>26,123,639</u>
Parent entity interest		<u>49,735,858</u>	44,719,435
Non-controlling interest	8	<u>(48,764)</u>	-
Total equity		<u>49,687,094</u>	<u>44,719,435</u>

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

Lycopodium Limited and Controlled Entities
Appendix 4E - Preliminary Final Report
Preliminary Statement of Changes in Equity
For the year ended 30 June 2011

Consolidated	Notes	Contributed equity \$	Retained earnings \$	Foreign currency translation reserve \$	Available for sale investments revaluation reserve \$	Director performance share reserve \$	Non controlling interest \$	Total equity \$
Balance at 1 July 2009		17,656,497	21,622,524	(353,825)	(49,000)	244,682	606,422	39,727,300
Total comprehensive income for the year		-	16,058,468	6,813	(11,900)	-	-	16,053,381
Transactions with owners in their capacity as owners:								
Contributions of equity, net of transaction costs		1,073,800	-	-	-	-	-	1,073,800
Non-controlling interest on acquisition of subsidiary		-	(1,893,578)	-	-	-	(606,422)	(2,500,000)
Dividends provided for or paid		-	(9,663,775)	-	-	-	-	(9,663,775)
Director performance rights - value of rights		-	-	-	-	102,529	-	102,529
Director performance rights - transfer on exercise		-	-	-	-	(73,800)	-	(73,800)
Balance at 30 June 2010		<u>18,730,297</u>	<u>26,123,639</u>	<u>(347,012)</u>	<u>(60,900)</u>	<u>273,411</u>	<u>-</u>	<u>44,719,435</u>
Total comprehensive income for the year		-	17,162,237	79,326	(700)	-	(49,484)	17,191,380
Transactions with owners in their capacity as owners:								
Non-controlling interest on acquisition of subsidiary		-	-	-	-	-	1	1
Foreign currency transactions with non- controlling interest		-	-	-	-	-	719	719
Dividends provided for or paid		-	(12,369,633)	-	-	-	-	(12,369,633)
Director performance rights - value of rights		-	-	-	-	145,193	-	145,193
Balance at 30 June 2011		<u>18,730,297</u>	<u>30,916,243</u>	<u>(267,686)</u>	<u>(61,600)</u>	<u>418,604</u>	<u>(48,764)</u>	<u>49,687,094</u>

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

Lycopodium Limited and Controlled Entities
Appendix 4E - Preliminary Final Report
Preliminary Cash Flow Statement
For the year ended 30 June 2011

	Notes	Consolidated 2011 \$	2010 \$
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		157,441,484	123,545,413
Payments to suppliers and employees (inclusive of goods and services tax)		<u>(138,010,980)</u>	<u>(105,358,861)</u>
		19,430,504	18,186,552
Interest received		1,224,656	632,640
Interest paid		(252,832)	(470,593)
Income taxes paid		<u>(2,298,113)</u>	<u>(5,172,935)</u>
Net cash inflow from operating activities	13	<u>18,104,215</u>	<u>13,175,664</u>
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	10	(400,000)	(870,132)
Payment for acquisition of minority interest	10	-	(1,500,000)
Payments for property, plant and equipment		(538,485)	(378,469)
Payments for intangible assets		(389,988)	(54,717)
Proceeds from sale of property, plant and equipment		<u>89,596</u>	<u>51,144</u>
Net cash outflow from investing activities		<u>(1,238,877)</u>	<u>(2,752,174)</u>
Cash flows from financing activities			
Repayment of hire purchase and lease liabilities		(1,116,544)	(1,045,577)
Repayment of borrowings		(882,872)	(829,223)
Dividends paid to company's shareholders	9	(12,369,633)	(9,663,775)
Loans provided under the senior manager share acquisition plan		-	(1,858,515)
Repayment of loans provided under the Senior Manager Share Acquisition Plan		<u>228,641</u>	<u>-</u>
Net cash outflow from financing activities		<u>(14,140,408)</u>	<u>(13,397,090)</u>
Net increase / (decrease) in cash and cash equivalents		2,724,930	(2,973,600)
Cash and cash equivalents at the beginning of the financial year		23,395,487	26,362,861
Effects of exchange rate changes on cash and cash equivalents		<u>79,325</u>	<u>6,226</u>
Cash and cash equivalents at end of year		<u>26,199,742</u>	<u>23,395,487</u>

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

1 Summary of significant accounting policies

(a) Basis of preparation

This preliminary financial report has been prepared in accordance with Australian Securities Exchange Listing Rules as they relate to Appendix 4E and in accordance with the recognition and measurement requirements of the Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

As such, this preliminary financial report does not include all the notes of the type included in an annual financial report and accordingly, should be read in conjunction with the annual report for the year ended 30 June 2010 and with any public announcements made by Lycopodium Limited during the period in accordance with the disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted in the preparation of the financial report are consistent with those of the previous financial year.

2 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 are reportable in accordance with the requirements of AASB 8.

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

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

2 Segment information (continued)

(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 2011 and 2010 are as follows:

2011	Corporate Services	Minerals	Other	Total
	\$	\$	\$	\$
Total segment revenue	16,658,193	148,721,029	36,174,002	201,553,224
Inter-segment revenue	(16,325,746)	(8,333,247)	(7,051,315)	(31,710,308)
Revenue from external customers	<u>332,447</u>	<u>140,387,782</u>	<u>29,122,687</u>	<u>169,842,916</u>
Segment net profit before tax	<u>(933,655)</u>	<u>22,390,717</u>	<u>3,520,559</u>	<u>24,977,621</u>
Depreciation and amortisation	(367,075)	(541,141)	(378,003)	(1,286,219)
Income tax expense	175,238	(6,953,135)	(1,017,239)	(7,795,136)
Total segment assets	<u>11,677,751</u>	<u>51,974,557</u>	<u>17,419,745</u>	<u>81,072,053</u>
Total assets includes: Additions to non-current assets (other than financial assets and deferred tax)	566,419	1,031,155	956,150	2,553,724
Total segment liabilities	<u>(1,763,516)</u>	<u>(26,075,807)</u>	<u>(8,973,336)</u>	<u>(36,812,659)</u>

2 Segment information (continued)

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

2010				Total
	Corporate Services	Minerals	Other	
	\$	\$	\$	\$
Total segment revenue	8,563,387	111,868,242	22,286,590	142,718,219
Inter-segment revenue	<u>(8,251,717)</u>	<u>(8,670,996)</u>	<u>(5,460,991)</u>	<u>(22,383,704)</u>
Revenue from external customers	<u>311,670</u>	<u>103,197,246</u>	<u>16,825,599</u>	<u>120,334,515</u>
Segment net profit before tax	<u>(530,956)</u>	<u>16,409,671</u>	<u>2,821,301</u>	<u>18,700,016</u>
Depreciation and amortisation	(631,943)	(619,259)	(357,288)	(1,608,490)
Income tax expense	(10,750)	(2,036,351)	(606,211)	(2,653,312)
Share of profit of associate	26,042	-	-	26,042
Total segment assets	<u>11,429,478</u>	<u>38,130,396</u>	<u>14,360,016</u>	<u>63,919,890</u>
Total assets includes: Additions to non-current assets (other than financial assets and deferred tax)	-	462,855	241,595	704,450
Total segment liabilities	<u>(2,282,391)</u>	<u>(14,419,380)</u>	<u>(7,917,089)</u>	<u>(24,618,860)</u>

(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 statement of comprehensive income.

Segment revenue reconciles to total revenue from operations as per the preliminary statement of comprehensive income as follows:

	Consolidated	
	2011	2010
	\$	\$
Total segment revenue	201,553,224	142,718,219
Intersegment eliminations	<u>(31,710,308)</u>	<u>(22,383,704)</u>
Total revenue as per the preliminary statement of comprehensive income	<u>169,842,916</u>	<u>120,334,515</u>

The entity is domiciled in Australia. The amount of its revenue from external customers in Australia is \$102,159,000 (2010 - \$67,050,000), and the total revenue from external customers in other countries is \$67,684,000 (2010 - \$53,285,000). Segment revenues are allocated based on the country in which the customer is located.

Revenues of approximately \$69,858,000 (2010 - \$47,503,000) are derived from the group's 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 profit before tax.

2 Segment information (continued)

(c) Other segment information (continued)

A reconciliation of reportable segment profit before tax to the profit before tax in the preliminary statement of comprehensive income is provided as follows:

	Consolidated	
	2011	2010
	\$	\$
Segment profit before tax	24,977,621	18,700,016
Amortisation of customer relationships	(45,000)	(45,000)
Share of net profit of associate accounted for using the equity method	-	26,042
Other	(24,732)	30,722
Profit before income tax as per the preliminary statement of comprehensive income	<u>24,907,889</u>	<u>18,711,780</u>

(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 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 in the preliminary balance sheet as follows:

	Consolidated	
	2011	2010
	\$	\$
Segment assets	81,072,053	63,919,890
Intersegment eliminations	(2,866,979)	(2,565,075)
Intangibles arising on consolidation	5,742,582	5,787,580
Deferred tax arising on consolidation	(67,500)	(81,000)
Total assets as per the preliminary balance sheet	<u>83,880,156</u>	<u>67,061,395</u>

The total of non-current assets located in Australia is \$9,994,000 (2010 - \$8,799,000), and the total of these non-current assets located in other countries is \$276,000 (2010 - \$367,000). Segment assets are allocated to countries based on where the assets are located.

(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 statements. These liabilities are allocated based on the operations of the segment.

Reportable segments' liabilities are reconciled to total liabilities as per the preliminary balance sheet as follows:

	Consolidated	
	2011	2010
	\$	\$
Segment liabilities	36,812,659	24,618,860
Intersegment eliminations	(2,619,597)	(2,276,900)
Total liabilities as per the preliminary balance sheet	<u>34,193,062</u>	<u>22,341,960</u>

3 Revenue

	Consolidated	
	2011	2010
	\$	\$
From operations		
<i>Sales revenue</i>		
Contract revenue	<u>168,507,990</u>	<u>119,570,470</u>
 <i>Other revenue</i>		
Rents and sub-lease rentals	28,283	36,080
Bank interest	1,225,791	646,893
Other revenue	<u>80,852</u>	<u>81,072</u>
	<u>1,334,926</u>	<u>764,045</u>
 Total revenue from operations	 <u>169,842,916</u>	 <u>120,334,515</u>

4 Other income

	Consolidated	
	2011	2010
	\$	\$
Gain on step-up of investment in associate (note 10)	<u>-</u>	<u>466,947</u>

5 Expenses

	Consolidated	
	2011	2010
	\$	\$
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	258,868	301,588
Motor Vehicles	<u>22,854</u>	<u>18,561</u>
Total depreciation	<u>281,722</u>	<u>320,149</u>
 <i>Amortisation</i>		
Leasehold improvements	79,408	83,964
Leased plant and equipment	746,794	694,252
Computer software	133,295	465,126
Customer contracts and relationships	<u>45,000</u>	<u>45,000</u>
Total amortisation	<u>1,004,497</u>	<u>1,288,342</u>
 Total depreciation and amortisation	 <u>1,286,219</u>	 <u>1,608,491</u>
 <i>Finance costs</i>		
Interest and finance charges paid/payable	252,832	715,142
 <i>Net loss on disposal of property, plant and equipment</i>	 25,503	 868
 <i>Rental expense relating to operating leases</i>		
Minimum lease payments	5,094,450	4,329,130
 <i>Earn out right paid to vendors of Sherwood Utilities Pty Ltd (note 10)</i>	 400,000	 -

6 Income tax expense

	Consolidated	
	2011	2010
	\$	\$
(a) Income tax expense		
Current tax	9,998,653	6,127,823
Deferred tax	(2,120,718)	749,844
Adjustments for current tax of prior periods - overprovision of prior year income tax	20,301	(158,247)
Adjustments for current tax of prior periods - research and development concessions	(103,100)	(180,239)
Adjustments for current tax of prior periods - Non-assessable, non-exempt income and related non-deductible expenses	-	(3,885,869)
	<u>7,795,136</u>	<u>2,653,312</u>
Deferred income tax (revenue) included in income tax expense comprises:		
Decrease / (Increase) in deferred tax assets	(1,914,112)	598,465
Increase / (Decrease) in deferred tax liabilities	(206,606)	151,379
	<u>(2,120,718)</u>	<u>749,844</u>
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax expense	24,907,889	18,711,780
Tax at the Australian tax rate of 30% (2010 - 30%)	7,472,366	5,613,534
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non deductible depreciation and amortisation	-	2,992
Share based payment (note 7)	43,558	30,759
Sundry items	195,292	117,223
Subsidiary acquisition costs (note 10)	120,000	-
Non-assessable, non-exempt income and related non-deductible expenses relating to foreign jurisdiction	(118,142)	804,196
	<u>7,713,074</u>	<u>6,568,704</u>
Adjustments for current tax of prior periods - research and development concessions	(103,100)	(180,239)
Adjustments for current tax of prior periods - overprovision of prior year income tax	20,301	(158,247)
Adjustments for current tax of prior periods - Non-assessable, non-exempt income and related non-deductible expenses	-	(3,885,869)
Difference in overseas tax rates	45,917	431,682
Previously unrecognised tax losses now recouped to reduce current tax expense	(92,661)	(122,128)
Deferred tax asset not recognised	211,605	-
Movement in exchange rates	-	(590)
Total income tax expense	<u>7,795,136</u>	<u>2,653,313</u>

	Consolidated	
	2011	2010
	\$	\$
(c) Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity		
Net deferred tax - (credited) directly to equity	<u>(300)</u>	<u>(5,100)</u>

6 Income tax expense (continued)

	Consolidated	
	2011	2010
	\$	\$
(d) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	<u>2,134,860</u>	1,969,435
Potential tax benefit @ 30%	<u>640,458</u>	<u>590,831</u>

All unused tax losses were incurred by Australian entities.

7 Reserves and retained profits

	Consolidated	
	2011	2010
	\$	\$
(a) Reserves		
Director performance share reserve	418,604	273,411
Foreign currency translation reserve	(267,686)	(347,012)
Available-for-sale investments revaluation reserve	<u>(61,600)</u>	<u>(60,900)</u>
	<u>89,318</u>	<u>(134,501)</u>

	Consolidated	
	2011	2010
	\$	\$

Movements:

<i>Director performance rights reserve</i>		
Balance 1 July	273,411	244,682
Director performance share plan expense	145,193	102,529
Transfer to share capital (rights exercised)	-	(73,800)
Balance 30 June	<u>418,604</u>	<u>273,411</u>

	Consolidated	
	2011	2010
	\$	\$

Movements:

<i>Foreign currency translation reserve</i>		
Balance 1 July	(347,012)	(353,825)
Currency translation differences arising during the year	<u>79,326</u>	<u>6,813</u>
Balance 30 June	<u>(267,686)</u>	<u>(347,012)</u>

7 Reserves and retained profits (continued)

(a)

	Consolidated	
	2011	2010
	\$	\$
Movements:		
<i>Available-for-sale investments revaluation reserve</i>		
Balance 1 July	(60,900)	(49,000)
Revaluation - gross	(1,000)	(17,000)
Deferred tax	300	5,100
Balance 30 June	<u>(61,600)</u>	<u>(60,900)</u>

(b) Retained profits

Movements in retained profits were as follows:

	Consolidated	
	2011	2010
	\$	\$
Balance 1 July	26,123,639	21,622,524
Net profit for the year	17,162,237	16,058,468
Dividends	(12,369,633)	(9,663,775)
Transfer from minority interest	-	606,422
Acquisition of minority interest	-	(2,500,000)
Balance 30 June	<u>30,916,243</u>	<u>26,123,639</u>

8 Non-controlling interests

	Consolidated	
	2011	2010
	\$	\$
Interest in:		
Share capital	1	35
Reserves	719	-
Retained profits	(49,484)	606,387
Transfer to retained earnings	-	(606,422)
	<u>(48,764)</u>	<u>-</u>

The transfer to retained profits in June 2010 relates to the acquisition of the remaining 25% issued capital in Lycopodium Minerals QLD Pty Ltd as noted in Note 10.

9 Dividends

	Parent entity	
	2011	2010
	\$	\$
(a) Ordinary shares		
Final dividend for the year ended 30 June 2010 of 22.0 cents (2009 - 20.0 cents) per fully paid share paid on 15 October 2010 (2009 - 16 October 2009)		
Fully franked based on tax paid @ 30% (2009 - 30%)	8,504,123	7,731,021
Interim dividend for the year ended 30 June 2011 of 10.0 cents (2010 - 5.0 cents) per fully paid share paid 15 April 2011 (2010 - 15 April 2010)		
Fully franked based on tax paid @ 30% (2010 - 30%)	<u>3,865,510</u>	<u>1,932,754</u>
Total dividends provided for or paid	<u>12,369,633</u>	<u>9,663,775</u>
 Dividends paid in cash during the year were as follows:	 <u>12,369,633</u>	 <u>9,663,775</u>

	Parent entity	
	2011	2010
	\$	\$
(b) Dividends not recognised at year end		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 20.0 cents per fully paid ordinary share (2010 - 22.0 cents), fully franked based on tax paid at 30% (2010 - 30%). The aggregate amount of the proposed dividend expected to be paid on 14 October 2011 out of Group retained profits at 30 June 2011, but not recognised as a liability at year end, is		
	<u>7,731,021</u>	<u>8,504,123</u>

10 Business combination

Acquisition of remaining 60% interest in Sherwood Utilities Pty Ltd

(a) Summary of acquisition

On 31 August 2009 Lycopodium Ltd acquired the remaining 60% of the issued share capital of its associate Sherwood Utilities Pty Ltd not held by it.

The acquired business contributed revenues of \$5,750,000 and net profit of \$510,000 to the Group for the period from 31 August 2009 to 30 June 2010. If the acquisition had occurred on 1 July 2009, consolidated revenue and consolidated profit for the year ended 30 June 2010 would have been \$121,406,000 and \$16,127,000 respectively. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiary to reflect the additional amortisation that would have been charged assuming the fair value adjustments to intangible assets (customer contracts and relationships) had applied from 1 July 2009, together with the consequential tax effects.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

Purchase consideration	
Cash paid	<u>1,400,000</u>
Total purchase consideration	<u>1,400,000</u>
 Fair value of net identifiable assets acquired (60% of \$1,238,284) (refer to (c) below)	 <u>742,971</u>
Goodwill in respect of 60% of interest acquired	<u>657,029</u>

The goodwill arises on the acquisition of the remaining 60% interest in Sherwood Utilities Pty Ltd.

10 Business combination (continued)

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

Based on the above purchase consideration, the value of the previously equity accounted investment was revalued. A gain of \$466,947 is included in the other income for the 2010 year.

(b) Purchase consideration

	2010 \$
Outflow of cash to acquire business, net of cash acquired	
Cash consideration	1,400,000
Less: Balances acquired	
Cash	<u>529,868</u>
Outflow of cash	<u>870,132</u>

(c) Assets and liabilities acquired

The assets and liabilities recognised as a result of the acquisition are as follows:

	Acquiree's carrying amount \$	Fair value \$
Cash and cash equivalents	529,868	529,868
Trade and other receivables	841,858	841,858
Property, plant and equipment	121,356	121,356
Intangibles	390	315,390
Trade and other payables	(251,705)	(251,705)
Employee benefit liabilities, including superannuation	(231,591)	(231,591)
Borrowings	(61,869)	(61,869)
Net deferred tax asset (liability)	<u>69,477</u>	<u>(25,023)</u>
Net assets	<u>1,017,784</u>	<u>1,238,284</u>
 Net identifiable assets acquired		 <u>1,238,284</u>

Earn out right

The earn out right by the vendors of Sherwood Utilities Pty Ltd as disclosed in the annual report for the year ended 30 June 2010 has now been settled. A payment of \$400,000 was made which has been expensed in the income statement of the consolidated entity for the year ended 30 June 2011.

Acquired receivables

The fair value of acquired trade and other receivables is \$841,858 and includes trade receivable with a fair value of \$811,768. The gross contractual amount for trade receivables due is \$811,768, of which the full amount is expected to be collectible.

10 Business combination (continued)

Acquisition of remaining 25% minority interest in Lycopodium Minerals QLD Pty Ltd

(a) Summary of acquisition

On 13 July 2009 Lycopodium Limited completed the acquisition of all the minority interests' shares in its subsidiary Lycopodium Minerals QLD Pty Ltd pursuant to the exercise of an existing option, for a total consideration of \$2,500,000.

In addition, a maximum of five equal instalments of \$200,000 per annum is payable on successive anniversary dates of completion of the business combination. These payments are considered to be post acquisition employment benefits and will be recognised as part of employee benefits expense in the period to which the service relates.

The Group recognised a decrease in minority interest of \$606,422 in 2010 as noted in Note 8.

11 Subsidiaries

(a) Significant investments in subsidiaries

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

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2011	2010
Lycopodium Minerals Pty Ltd	Australia	Ordinary	100	100
Orway Mineral Consultants (WA) Pty Ltd	Australia	Ordinary	100	100
Lycopodium Process Industries Pty Ltd	Australia	Ordinary	100	100
Lycopodium (Ghana) Pty Ltd	Australia	Ordinary	100	100
Lycopodium (Ghana) Limited	Ghana	Ordinary	100	100
Lycopodium Tanzania Limited	Tanzania	Ordinary	100	100
Lycopodium (Philippines) Pty Ltd	Australia	Ordinary	100	100
Lycopodium Minerals QLD Pty Ltd	Australia	Ordinary	100	100
Lycopodium Infrastructure Pty Ltd	Australia	Ordinary	100	100
Sherwood Utilities Pty Ltd	Australia	Ordinary	100	100
Process Design & Fabrication Pty Ltd	Australia	Ordinary	100	100
Lycopodium Share Plan Pty Ltd	Australia	Ordinary	100	100
Lycopodium Mauritius (i)	Mauritius	Ordinary	100	-
Lycopodium Mauritania SARL (ii)	Mauritania	Ordinary	100	-
Lycopodium Americas Pty Ltd (iii)	Australia	Ordinary	85	-
Lycopodium Minerals U.S.A. Inc. (iv)	America	Ordinary	100	-
Lycopodium Minerals Canada Ltd (v)	Canada	Ordinary	100	-
Orway Minerals Consultants Americas Pty Ltd (vi)	Australia	Ordinary	85	-
Orway Minerals Consultants Canada Ltd (vii)	Canada	Ordinary	100	-
Lycopodium PNG Ltd (viii)	Papua New Guinea	Ordinary	100	-

- (i) Lycopodium Mauritius was incorporated on 7 October 2010.
- (ii) Lycopodium Mauritania SARL was incorporated on 19 July 2010.
- (iii) Lycopodium Americas Pty Ltd was incorporated on 6 September 2010.
- (iv) Lycopodium Minerals U.S.A. Inc. was incorporated on 20 September 2010.
- (v) Lycopodium Minerals Canada Ltd was incorporated on 19 October 2010.
- (vi) Orway Minerals Consultants Americas Pty Ltd was incorporated on 5 May 2011.
- (vii) Orway Minerals Consultants Canada Ltd was incorporated on 21 April 2011.
- (viii) Lycopodium PNG Ltd was incorporated on 6 December 2010.

12 Events occurring after the reporting period

With the exception the dividends as noted in note 9(b), no other matter or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect:

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

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

	Consolidated	
	2011	2010
	\$	\$
Profit for the year	17,112,753	16,058,468
Depreciation and amortisation	1,286,216	1,608,491
Non-cash employee benefits expense - share-based payments	145,193	102,529
Gain on step-up of investment in associate	-	(466,947)
Share of profit of associate not received as dividends or distributions	-	(26,042)
Net exchange differences	1,024	4,353
Non cash interest expense	225,320	221,728
Change in operating assets and liabilities		
Increase in trade and other receivables	(11,260,821)	(2,722,845)
(Increase) / Decrease in deferred tax assets	(2,120,716)	769,179
Decrease in other operating assets	658,786	805,970
Increase in trade creditors and other payables	3,025,999	2,166,426
Increase / (Decrease) in provision for income taxes payable	7,617,739	(4,224,904)
Increase / (Decrease) in other provisions	1,412,722	(1,120,742)
Net cash inflow from operating activities	<u>18,104,215</u>	<u>13,175,664</u>

14 Earnings per share

	Consolidated	
	2011	2010
	Cents	Cents
(a) Basic earnings per share		
Profit attributable to the ordinary equity holders of the company	44.3	41.6
(b) Diluted earnings per share		
Profit attributable to the ordinary equity holders of the company	44.0	41.4
(c) Reconciliations of earnings used in calculating earnings per share		
	Consolidated	
<i>Basic earnings per share</i>		
Profit from operations	17,162,237	16,058,467
Loss from operations attributable to non-controlling interests	(49,484)	-
	17,112,753	16,058,467
<i>Diluted earnings per share</i>		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	17,112,753	16,058,467
Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	17,112,753	16,058,467
(d) Weighted average number of shares used as the denominator		
	Consolidated	
	2011	2010
	Number	Number
<i>Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share</i>	38,655,103	38,617,878
Adjustments for calculation of diluted earnings per share:		
Performance rights	280,092	164,807
<i>Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share</i>	38,935,195	38,782,685

Lycopodium Limited and Controlled Entities
Appendix 4E - Preliminary Final Report
Supplementary Appendix 4E information
30 June 2011

Additional dividend/distribution information (*Appendix 4E item 6*)

Details of dividends/distributions declared or paid during or subsequent to the year ended 30 June 2011 are as follows:

Record date	Payment date	Type	Amount per security	Total dividend	Franked amount per security
1 October 2010	15 October 2010	Final	22.0 cents	\$ 8,504,123	22.0 cents
1 April 2011	15 April 2011	Interim	10.0 cents	\$ 3,865,510	10.0 cents
3 October 2011	14 October 2011	Final	20.0 cents	\$ 7,731,021	20.0 cents

Audit Alert (*Appendix 4E items 15 - 17*)

This report is based on accounts which are in the process of being audited.