

## ASX RELEASE

22 February 2013

### FIRST HALF 2012/2013 FINANCIAL YEAR RESULTS AND OPERATIONS UPDATE

The Directors of Lycopodium are pleased to announce a strong first half for the 2012/2013 financial year, delivering \$123.5 million of revenue and net profit after tax of \$12.8 million. Consistent with our guidance update at the annual general meeting in November, the forecast revenue for 2012/2013 remains materially in line with the prior year at \$232 million with an after tax profit of \$22.4 million.

The Directors have resolved to increase the interim dividend to 15 cents per share from 12 cents per share fully franked, payable on 15 April 2012 with a record date of 2 April 2012.

#### ***Corporate Overview***

In November the Board provided a guidance update for the balance of the 2012/13 financial year and our view of a modest pull back in 2013/14. There have been no developments in the intervening period which would alter our prior advice.

Three major projects, comprising Tropicana, Akyem and Marandoo, remain on track for completion through the 2013 calendar year. The greenfield Bissa Project in Burkina Faso, our first project in this country, was completed and handed over to the Client prior to the New Year, ahead of schedule and under budget.

A number of studies and projects have been secured through the year as replacement work, however to date these have been insufficient to maintain the record revenues which prevail in the current and prior financial years.

From a group wide perspective the Board is pleased with the ongoing performance of the company. We are particularly pleased with the positive Client feedback from recently completed studies and projects and the follow on work awarded as a result of these successes.

Further detail on Lycopodium's financial results during the first half can be found in the attached ASX Half Year Information. The first half results are also supplemented by our historical segment reporting format, which is appended to this update.

On behalf of the Board of Directors I would like to extend our appreciation to Lycopodium's management and staff for their continued contribution to the company's success.

While we endeavour to keep you informed of the Company's activities through the year, you can visit us through our website at [www.lycopodium.com.au](http://www.lycopodium.com.au) or feel free to call us if there is anything about the company and its activities you would like to discuss.

For further information:

**ROD LEONARD**  
**MANAGING DIRECTOR**

Telephone: +61 (0)8 6210 5222

**Lycopodium Ltd**  
**Segment Reporting (unaudited)**  
**HYE 31 December 2012**

Segment Description	Segment Revenues		Segment Results	
	Dec-12	Dec-11	Dec-12	Dec-11
EPCM	72,188,814	76,255,450	10,587,344	12,965,728
Design & construct (lump sum)	6,961,990	521,818	862,075	121,538
Study services	8,400,822	15,531,337	1,687,934	2,629,101
Project services	35,223,252	16,531,147	6,329,676	2,742,262
	<u>122,774,877</u>	<u>108,839,752</u>	<u>19,467,028</u>	<u>18,458,629</u>
Unallocated revenue	726,199	1,110,882	0	0
	<u>123,501,076</u>	<u>109,950,634</u>	<u>19,467,028</u>	<u>18,458,629</u>
Unallocated revenue less unallocated expenses			<u>(2,742,554)</u>	<u>(3,640,217)</u>
Profit before income tax expense			16,724,474	14,818,411
Income tax expense			<u>(3,874,643)</u>	<u>(4,632,502)</u>
Profit for the half-year			<u>12,849,831</u>	<u>10,185,909</u>
Profit for the half-year is attributable to:				
Owners of Lycopodium Limited			12,578,342	10,129,023
Non-controlling interests			<u>271,489</u>	<u>56,886</u>
			<u>12,849,831</u>	<u>10,185,909</u>

**Lycopodium Limited**

ABN 83 098 556 159

**Interim financial report  
31 December 2012**

**Lycopodium Limited** ABN 83 098 556 159  
**ASX Half-year information - 31 December 2012**

Lodged with the ASX under Listing Rule 4.2A.  
This information should be read in conjunction with the  
30 June 2012 Annual report

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**Results for announcement to the market**

				\$
<b>Revenue</b> from ordinary activities <i>(Appendix 4D item 2.1)</i>	Up	12.3%	to	123,501,076
<b>Profit / (loss)</b> from ordinary activities after tax attributable to members <i>(Appendix 4D item 2.2)</i>	Up	26.2%	to	12,849,832
<b>Net profit / (loss)</b> for the period attributable to members	Up	26.2%	to	12,849,832

	cents	cents
<b>Dividends / distributions</b> <i>(Appendix 4D item 2.4)</i>	Amount per security	Franked amount per security
Final dividend <i>(Prior year)</i>	21.0	21.0
Interim dividend recommended but not provided for	15.0	15.0

<b>Key ratios</b>	<b>2012</b>	2011
	<b>December</b>	December
Net tangible assets per ordinary shares (cents)	<b>150</b>	120

**Record date** for determining entitlements to the interim dividend is 2 April 2013.

**The Directors have recommended the payment of the interim dividend of 15 cents per fully paid ordinary share, fully franked based on a tax paid at 30% to be paid on 15 April 2013.**

**Lycopodium Limited** ABN 83 098 556 159  
**Interim financial report - 31 December 2012**

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by Lycopodium Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

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

Its registered office and principal place of business is:

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



## Directors' report

Your Directors present their report on the consolidated entity ("the group") consisting of Lycopodium Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2012.

### Directors

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

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

### 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	
	2012	2011	2012	2011
	\$	\$	\$	\$
Corporate Services	6,177,327	12,452,376	(712,788)	(677,423)
Minerals	97,576,038	97,603,639	10,664,130	13,253,176
Project Services - Africa	14,419,365	13,378,402	2,230,760	1,913,446
Other	27,244,973	11,766,487	4,564,873	351,712
Intersegment eliminations	(21,916,627)	(25,250,270)		
Unallocated revenue less unallocated expenses			(22,500)	(22,500)
Total revenue / profit before income tax expense	123,501,076	109,950,634	16,724,475	14,818,411
Income tax expense			(3,874,643)	(4,632,502)
Profit for the year			12,849,832	10,185,909
Profit attributable to non-controlling interests			(271,489)	(56,886)
Profit attributable to owners of Lycopodium Ltd			12,578,343	10,129,023

- (a) *Corporate Services*  
 The Corporate Services segment consists of managerial and legal services provided to the Group in addition to strategic investment holdings.
- (b) *Minerals*  
 The Minerals segment consists of engineering and related services provided to the extractive mining industry. The clients, including junior exploration companies and major multi-national 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.
- (c) *Project Services - Africa*  
 The Project Services Africa segment consists of project management, construction management and commissioning services provided to the extractive mining industry in Africa.
- (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 year**

Since half year end the directors have recommended the payment of an interim dividend on ordinary shares in respect of the 2013 financial year. The total amount of dividend is \$5,813,265 which represents a fully franked dividend of 15 cents per fully paid ordinary share.

With the exceptions of the above, no other matter or circumstance has arisen since 31 December 2012 that has significantly affected, or may significantly affect:

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

**Auditor's independence declaration**

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

**Auditor**

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

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



Rodney Lloyd Leonard  
Managing Director

Perth  
22 February 2013





## Auditor's Independence Declaration

As lead auditor for the review of Lycopodium Limited for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in black ink, appearing to read 'PD', with a long horizontal stroke extending to the right.

Pierre Dreyer  
Partner  
PricewaterhouseCoopers

Perth  
22 February 2013

**Lycopodium Limited**  
**Consolidated statement of comprehensive income**  
**For the half-year ended 31 December 2012**

	Half-year	
Notes	2012 \$	2011 \$
<b>Revenue from operations</b>	<b>123,501,076</b>	109,950,634
Employee benefits expense	(59,579,614)	(52,902,836)
Depreciation and amortisation expense	(1,021,124)	(815,602)
Project expenses	(4,961,609)	(4,944,757)
Equipment and materials used	(3,862,498)	(257,747)
Contractors	(30,495,969)	(28,015,272)
Administration and management costs	(9,132,815)	(8,041,653)
Loss on disposal of asset	-	(20)
Finance costs	(129,519)	(154,336)
Share of net profit of joint ventures accounted for using the equity method	2,406,547	-
<b>Profit before income tax</b>	<b>16,724,475</b>	14,818,411
Income tax expense	3 (3,874,643)	(4,632,502)
<b>Profit for the half-year</b>	<b>12,849,832</b>	10,185,909
<b>Other comprehensive (expense)/income</b>		
<i>Items that may be reclassified to profit or loss</i>		
Changes in the fair value of available-for-sale financial assets	5(a) (1,000)	(17,000)
Exchange differences on translation of foreign operations	5(a) (4,116)	56,684
Income tax relating to components of other comprehensive income	300	5,100
<b>Other comprehensive (expense)/income for the half-year, net of tax</b>	<b>(4,816)</b>	44,784
<b>Total comprehensive income for the half-year</b>	<b>12,845,016</b>	10,230,693
Profit for the half-year is attributable to:		
Owners of Lycopodium Limited	12,578,343	10,129,023
Non-controlling interests	271,489	56,886
	<b>12,849,832</b>	10,185,909
Total comprehensive income for the half-year is attributable to:		
Owners of Lycopodium Limited	12,573,527	10,173,807
Non-controlling interests	271,489	56,886
	<b>12,845,016</b>	10,230,693
	<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for profit attributable to the ordinary equity holders of the company:</b>		
Basic earnings per share	32.5	26.2
Diluted earnings per share	31.8	25.8

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

**Lycopodium Limited**  
**Consolidated balance sheet**  
**As at 31 December 2012**

	31 December 2012	30 June 2012
Notes	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	32,045,582	27,768,444
Trade and other receivables	54,870,365	52,590,370
Other current assets	4,240,859	3,547,988
<b>Total current assets</b>	<u>91,156,806</u>	<u>83,906,802</u>
<b>Non-current assets</b>		
Available-for-sale financial assets	8,000	9,000
Property, plant and equipment	5,356,396	5,308,394
Intangible assets	6,478,606	6,113,748
Other receivables	1,126,835	1,233,835
Deferred tax assets	5,562,558	4,535,790
Investments accounted for using the equity method	2,686,811	280,264
<b>Total non-current assets</b>	<u>21,219,206</u>	<u>17,481,031</u>
<b>Total assets</b>	<u>112,376,012</u>	<u>101,387,833</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	40,944,060	34,158,533
Borrowings	1,711,369	1,622,503
Current tax liabilities	1,972,953	2,176,954
Provisions	1,097,956	1,097,956
<b>Total current liabilities</b>	<u>45,726,338</u>	<u>39,055,946</u>
<b>Non-current liabilities</b>		
Borrowings	1,034,922	1,535,136
Provisions	1,006,518	917,164
<b>Total non-current liabilities</b>	<u>2,041,440</u>	<u>2,452,300</u>
<b>Total liabilities</b>	<u>47,767,778</u>	<u>41,508,246</u>
<b>Net assets</b>	<u>64,608,234</u>	<u>59,879,587</u>
<b>EQUITY</b>		
Contributed equity	4 18,804,097	18,730,297
Reserves	5(a) 239,304	294,906
Retained profits	5(b) 45,129,415	40,689,644
Parent entity interest	64,172,816	59,714,847
Non-controlling interests	6 435,418	164,740
<b>Total equity</b>	<u>64,608,234</u>	<u>59,879,587</u>

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

**Lycopodium Limited**  
**Consolidated statement of changes in equity**  
**For the half-year ended 31 December 2012**

Notes	Contributed equity \$	Retained earnings \$	Foreign currency translation reserve \$	Available for sale investment revaluation reserve \$	Performance rights reserve \$	Non-con- trolling interests \$	Total equity \$
<b>Balance at 1 July 2011</b>	<b>18,730,297</b>	<b>30,916,243</b>	<b>(267,686)</b>	<b>(61,600)</b>	<b>418,604</b>	<b>(48,764)</b>	<b>49,687,094</b>
Profit for the half-year	-	10,129,023	-	-	-	56,886	10,185,909
Other comprehensive income	-	-	56,684	(11,900)	-	-	44,784
<b>Total comprehensive income for the half-year</b>	<b>-</b>	<b>10,129,023</b>	<b>56,684</b>	<b>(11,900)</b>	<b>-</b>	<b>56,886</b>	<b>10,230,693</b>
<b>Transactions with owners in their capacity as owners:</b>							
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	27	27
Foreign currency transactions with non-controlling interests	-	-	-	-	-	(285)	(285)
Dividends provided for or paid	7	(7,731,020)	-	-	-	-	(7,731,020)
Performance rights - value of rights	5	-	-	-	338,425	-	338,425
		<b>(7,731,020)</b>	<b>-</b>	<b>-</b>	<b>338,425</b>	<b>(258)</b>	<b>(7,392,853)</b>
<b>Balance at 31 December 2011</b>	<b>18,730,297</b>	<b>33,314,246</b>	<b>(211,002)</b>	<b>(73,500)</b>	<b>757,029</b>	<b>7,864</b>	<b>52,524,934</b>
<b>Balance at 1 July 2012</b>	<b>18,730,297</b>	<b>40,689,644</b>	<b>(604,666)</b>	<b>(77,700)</b>	<b>977,272</b>	<b>164,740</b>	<b>59,879,587</b>
Profit for the half-year	-	12,578,343	-	-	-	271,489	12,849,832
Other comprehensive income	-	-	(4,116)	(700)	-	-	(4,816)
<b>Total comprehensive income for the half-year</b>	<b>-</b>	<b>12,578,343</b>	<b>(4,116)</b>	<b>(700)</b>	<b>-</b>	<b>271,489</b>	<b>12,845,016</b>
<b>Transactions with owners in their capacity as owners:</b>							
Foreign currency transactions with non-controlling interests	-	-	-	-	-	(811)	(811)
Dividends provided for or paid	7	(8,138,572)	-	-	-	-	(8,138,572)
Performance rights - value of rights	5	-	-	-	23,014	-	23,014
Performance rights - transfer on exercise	5	-	-	-	(73,800)	-	(73,800)
Exercise of performance rights	4	73,800	-	-	-	-	73,800
		<b>(8,138,572)</b>	<b>-</b>	<b>-</b>	<b>(50,786)</b>	<b>(811)</b>	<b>(8,116,369)</b>
<b>Balance at 31 December 2012</b>	<b>18,804,097</b>	<b>45,129,415</b>	<b>(608,782)</b>	<b>(78,400)</b>	<b>926,486</b>	<b>435,418</b>	<b>64,608,234</b>

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



**Lycopodium Limited**  
**Consolidated statement of cash flows**  
**For the half-year ended 31 December 2012**

	Half-year	
	2012	2011
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	135,218,596	118,625,533
Payments to suppliers and employees (inclusive of goods and services tax)	(115,620,345)	(99,459,326)
Income taxes paid	(5,105,112)	(8,041,148)
Interest received	416,605	604,288
<b>Net cash inflow from operating activities</b>	<u>14,909,744</u>	<u>11,729,347</u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(766,760)	(858,020)
Payments for intangible assets	(482,906)	(97,229)
<b>Net cash outflow from investing activities</b>	<u>(1,249,666)</u>	<u>(955,249)</u>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(565,346)	(568,660)
Dividends paid to company's shareholders	(8,138,572)	(7,731,020)
Repayments of hire purchase and lease liabilities	(775,348)	(572,804)
Proceeds from repayment of loans under the senior manager share acquisition plan	107,000	150,741
<b>Net cash outflow from financing activities</b>	<u>(9,372,266)</u>	<u>(8,721,743)</u>
<b>Net increase in cash and cash equivalents</b>	4,287,812	2,052,355
Cash and cash equivalents at the beginning of the financial year	27,768,444	26,199,742
Effects of exchange rate changes on cash and cash equivalents	(10,674)	65,290
<b>Cash and cash equivalents at end of period</b>	<u>32,045,582</u>	<u>28,317,387</u>

During the half-year, \$945,333 (2011: \$1,397,646) of property, plant and equipment was acquired, of which \$178,573 (2011: \$539,626) was financed through finance lease.

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

## **1 Summary of significant accounting policies**

This condensed consolidated interim financial report for the half year reporting period ended 31 December 2012 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by Lycopodium Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

### **(a) Basis of preparation**

The principal accounting policies adopted in the preparation of the financial report are consistent with those of the previous financial year and corresponding interim reporting period.

The impact of accounting standards issued but not yet effective is not considered to be material.

## **2 Segment information**

### **(a) Description of segments**

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

The Board considers the business from both a product and geographic perspective and has identified nine operating segments of which three 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.

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

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



## 2 Segment information (continued)

### (b) Other segment information

The segment information provided to the Board of Directors for the reportable segments for the half-year ended 31 December 2012 and 2011 are as follows:

Half-year 2012	Corporate Services	Minerals	Project services Africa	Other	Total
Half-year 2012	Corporate Services	Minerals	Project services Africa	Other	Total
	\$	\$	\$	\$	\$
Total segment revenue	6,177,327	97,576,038	14,419,365	27,244,973	145,417,703
Inter-segment revenue	<u>(6,118,694)</u>	<u>(8,182,030)</u>	<u>(350,881)</u>	<u>(7,265,022)</u>	<u>(21,916,627)</u>
<b>Revenue from external customers</b>	<b><u>58,633</u></b>	<b><u>89,394,008</u></b>	<b><u>14,068,484</u></b>	<b><u>19,979,951</u></b>	<b><u>123,501,076</u></b>
<b>Profit / (loss) before tax</b>	<b><u>(712,788)</u></b>	<b><u>10,664,130</u></b>	<b><u>2,230,760</u></b>	<b><u>4,564,873</u></b>	<b><u>16,746,975</u></b>
<b>Total segment assets</b>	<b><u>5,281,587</u></b>	<b><u>77,121,208</u></b>	<b><u>9,839,127</u></b>	<b><u>22,561,571</u></b>	<b><u>114,803,493</u></b>
Half-year 2011	Corporate Services	Minerals	Project services Africa	Other	Total
	Corporate Services	Minerals	Project services Africa	Other	Total
	\$	\$	\$	\$	\$
Total segment revenue	12,452,376	97,603,639	13,378,402	11,766,487	135,200,904
Inter-segment revenue	<u>(12,239,277)</u>	<u>(8,556,874)</u>	<u>(835,298)</u>	<u>(3,618,821)</u>	<u>(25,250,270)</u>
<b>Revenue from external customers</b>	<b><u>213,099</u></b>	<b><u>89,046,765</u></b>	<b><u>12,543,104</u></b>	<b><u>8,147,666</u></b>	<b><u>109,950,634</u></b>
<b>Profit / (loss) before tax</b>	<b><u>(677,423)</u></b>	<b><u>13,253,176</u></b>	<b><u>1,913,446</u></b>	<b><u>351,712</u></b>	<b><u>14,840,911</u></b>
<b>Total segment assets - as at 30 June 2012</b>	<b><u>11,049,357</u></b>	<b><u>65,494,878</u></b>	<b><u>10,110,613</u></b>	<b><u>20,837,718</u></b>	<b><u>107,492,566</u></b>

## 2 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 comprehensive income.

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

	Half-year	
	2012	2011
	\$	\$
Reportable segment revenue	145,417,703	135,200,904
Intersegment eliminations	<u>(21,916,627)</u>	<u>(25,250,270)</u>
<b>Revenue as per statement of comprehensive income</b>	<b><u>123,501,076</u></b>	<b><u>109,950,634</u></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 statement of comprehensive income is provided as follows:

	Half-year	
	2012	2011
	\$	\$
Reportable segment profit before tax	16,746,975	14,840,911
Amortisation of customer relationships	<u>(22,500)</u>	<u>(22,500)</u>
<b>Profit before income tax as per statement of comprehensive income</b>	<b><u>16,724,475</u></b>	<b><u>14,818,411</u></b>

## 2 Segment information (continued)

### (iii) Segment assets

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

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

	31 December 2012 \$	30 June 2012 \$
Reportable segment assets	114,803,493	107,492,566
Intersegment eliminations	(8,057,223)	(11,750,223)
Intangibles arising on consolidation	5,676,992	5,699,490
Deferred tax arising on consolidation	(47,250)	(54,000)
<b>Total assets as per the consolidated balance sheet</b>	<b>112,376,012</b>	<b>101,387,833</b>

## 3 Income tax expense

### (a) Income tax expense

	Half-year	
	2012 \$	2011 \$
Current tax	5,386,658	5,055,867
Deferred tax	(1,089,383)	73,457
Adjustments for current tax of prior periods	(422,632)	(496,822)
	<b>3,874,643</b>	<b>4,632,502</b>

### 3 Income tax expense (continued)

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

	Half-year	
	2012	2011
	\$	\$
Profit before income tax expense	16,724,475	14,818,411
Tax at the Australian tax rate of 30% (2011: 30%)	5,017,343	4,445,523
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payment	6,904	101,528
Sundry items	63,647	17,408
Non-assessable, non-exempt income and related non-deductible expenses	(27,073)	3,664
	5,060,821	4,568,123
Adjustments for current tax of prior periods - over provision of prior year income tax	(422,632)	(496,822)
Difference in overseas tax rates	193,881	(1,121)
Previously unrecognised tax losses now recouped to reduce current tax expense	(576,667)	-
Deferred tax asset not recognised	283,418	514,694
Movement in exchange rates	57,786	47,628
Share of net profit of joint ventures accounted for using the equity method	(721,964)	-
Income tax expense	3,874,643	4,632,502

### 4 Contributed equity

#### (a) Share capital

	31 December 2012 Shares	30 June 2012 Shares	31 December 2012 \$	30 June 2012 \$
Ordinary shares Fully paid	38,755,103	38,655,103	18,804,097	18,730,297

#### (b) Movements in ordinary share capital

Date	Details	Number of shares	Issue price	\$
1 July 2011	Opening balance	38,655,103		18,730,297
	No movements during the year	-		-
30 June 2012	Closing balance	38,655,103		18,730,297
1 July 2012	Opening balance	38,655,103		18,730,297
29 August 2012	Exercise of performance rights	100,000	\$0.74	73,800
31 December 2012	Closing balance	38,755,103		18,804,097

## 5 Reserves

### (a) Reserves

	31 December 2012 \$	30 June 2012 \$
Available-for-sale investment revaluation reserve	(78,400)	(77,700)
Performance rights reserve	926,486	977,272
Foreign currency translation reserve	(608,782)	(604,666)
	239,304	294,906

	31 December 2012 \$	30 June 2012 \$
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#### Movements:

##### *Available-for-sale investment revaluation reserve*

Balance 1 July	(77,700)	(61,600)
Revaluation - gross	(1,000)	(23,000)
Deferred tax	300	6,900
Balance 31 December / 30 June	(78,400)	(77,700)

##### *Performance rights reserve*

Balance 1 July	977,272	418,604
Performance rights plan expense	23,014	558,668
Transfer to share capital - exercise of rights	(73,800)	-
Balance 31 December / 30 June	926,486	977,272

##### *Foreign currency translation reserve*

Balance 1 July	(604,666)	(267,686)
Currency translation differences arising during the year	(4,116)	(336,980)
Balance 31 December / 30 June	(608,782)	(604,666)



## 5 Reserves (continued)

### (b) Retained earnings

Movements in retained earnings were as follows:

	31 December 2012 \$	30 June 2012 \$
Balance 1 July	40,689,644	30,916,243
Net profit for the half-year / year	12,578,343	22,143,034
Dividends paid or payable	(8,138,572)	(12,369,633)
Balance 31 December / 30 June	<u>45,129,415</u>	<u>40,689,644</u>

## 6 Non-controlling interests

	31 December 2012 \$	30 June 2012 \$
<b>Interest in:</b>		
Share capital	28	28
Reserves	1,319	2,131
Retained earnings	434,071	162,581
	<u>435,418</u>	<u>164,740</u>

## 7 Dividends

### (a) Ordinary shares

	Half-year 31 December 2012 \$	31 December 2011 \$
Final dividend for the year ended 30 June 2012 of 21.0 cents (2011: 20.0 cents) per fully paid share paid on 15 October 2012 Fully franked based on tax paid @ 30% (2011: 30%)	<u>8,138,572</u>	<u>7,731,020</u>



## 7 Dividends (continued)

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

	Half-year	
	31 December 2012	31 December 2011
	\$	\$
In addition to the above dividends, since period end the Directors have recommended the payment of an interim dividend of 15 cents per fully paid ordinary share (2011: 12 cents), fully franked based on tax paid at 30% (2011: 30%). The aggregate amount of the proposed dividend expected to be paid on 15 April 2013 out of Group retained earnings at 31 December 2012, but not recognised as a liability at period end, is	5,813,265	4,638,612

## 8 Contingencies

### (a) Contingent liabilities

#### (i) Claims

A claim for damages against the company in relation to project management services has been lodged. Liability is limited to \$175,000 excess payable under the company's insurance cover.

#### (ii) Guarantees

Guarantees are given in respect of rental bonds \$1,571,021 (2011: 1,571,021)

These guarantees may give rise to liabilities in the event that the company defaults on its obligations under the terms of the lease agreement for its premises at 1 Adelaide Terrace, East Perth; 163 Wharf Street, Spring Hill; 156-163 Leichhardt Street, Spring Hill; 253-269 Wellington Road, Mulgrave and 191 St Georges Terrace, Perth.

No material losses are anticipated in respect of any of the above contingent liabilities (2011: Nil).

## 9 Related party transactions

### (a) Transactions with other related parties

The following transactions occurred with related parties:

	Half-year	
	31 December 2012	31 December 2011
	\$	\$
<i>Sales of goods and services</i>		
Sales to joint ventures	3,859,079	-
<i>Purchases of goods and services</i>		
Purchases of services provided by joint ventures	132,414	-

### (b) Terms and conditions

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

## **10 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 2013 financial year. The total amount of dividend is \$5,813,265 which represents a fully franked dividend of 15 cents per fully paid ordinary share.

With the exceptions of the above, no other matter or circumstance that has arisen since 31 December 2012 that has significantly affected or may significantly affect:

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

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 8 to 20 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 2012 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, and

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

  
Rodney Lloyd Leonard  
Managing Director

Perth  
22 February 2013



## **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), which comprises the balance sheet as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Lycopodium Limited Group (the consolidated entity). The consolidated entity comprises both the company and the entities it controlled during that 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 (including the Australian Accounting Interpretations) 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 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 2012 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.

### ***Independence***

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

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**PricewaterhouseCoopers, ABN 52 780 433 757**

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

### *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 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in cursive script, likely belonging to Pierre Dreyer.

Pierre Dreyer  
Partner

Perth  
22 February 2013