

ASX RELEASE

26 February 2014

FIRST HALF 2013/2014 FINANCIAL YEAR RESULTS AND OPERATIONS UPDATE

The Directors of Lycopodium are pleased to report the results from the first half for the 2013/2014 financial year, delivering \$95.8 million of revenue and net profit after tax of \$6.3 million.

The Directors have resolved to pay an interim dividend to 5 cents per share fully franked, payable on 15 April 2014 with a record date of 2 April 2014.

The full year revenue for 2013/2014 is forecast at \$140 million with an after tax profit of \$9.5 million. The forecast is a reflection of the continued deterioration of the minerals industry segment, as outlined below. The revenue is at the lower end of our prior guidance, however continued pressure on margins and delays in project awards have reduced the profit forecast.

Corporate Overview

In August 2013 the Board advised of the strong headwinds in our sector and the decreased demand for Lycopodium's services when compared to the preceding two years. Reiterating our prior advice, the reduction in demand is attributable to the following factors:

- Lower commodity prices across a wider range of commodities including gold.
- Major mining companies belt tightening across all facets of their business, a focus on optimising existing assets and limiting capital expenditure.
- Junior mining companies finding it difficult to raise equity for studies and projects.
- The manufacturing sector continuing its decline in Australia. This is also coupled with continuing austerity measures.
- Increasing competition between services providers, increasing appetite for risk, as well as lower margin expectations.

Lycopodium will continue to react to these market factors and adjust our business to remain competitive.

The difficult question for us to answer is how long the industry will be at these low levels of activity. There has been a minor increase in the level of tendering for studies and projects since commencing the new calendar year, which is an improvement over the prior half. However our collective view is that our sector will remain subdued through the next 12 -18 months. Lycopodium is adopting austerity measures in line with this potential timeline, but note that success on any of a number of tenders could quickly alter our view.

Lycopodium is unable to provide any further details in relation to the potential acquisition of a majority interest in a South African based engineering group at this time.

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.

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 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 2013

Segment Description	Segment Revenues		Segment Results	
	Dec-13	Dec-12	Dec-13	Dec-12
EPCM	37,514,699	72,188,814	5,485,804	10,587,344
Design & construct (lump sum)	1,466,278	6,961,990	713,192	862,075
Study services	11,923,132	8,400,822	1,968,407	1,687,934
Project services	43,952,681	35,223,252	5,544,047	6,329,676
	94,856,790	122,774,877	13,711,451	19,467,028
Unallocated revenue	986,531	726,199	0	0
Unallocated revenue less unallocated expenses			(3,982,465)	(2,742,554)
Profit before income tax expense			9,728,986	16,724,474
Income tax expense			(3,455,929)	(3,874,643)
Profit for the half-year			6,273,057	12,849,831

Lycopodium Limited

ABN 83 098 556 159

Interim financial report 31 December 2013

Lycopodium Limited ABN 83 098 556 159
ASX Half-year information - 31 December 2013

Lodged with the ASX under Listing Rule 4.2A.
This information should be read in conjunction with the
30 June 2013 Annual report

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Results for announcement to the market

				\$
Revenue from ordinary activities <i>(Appendix 4D item 2.1)</i>	Down	22.4%	to	95,843,321
Profit / (loss) from ordinary activities after tax attributable to members <i>(Appendix 4D item 2.2)</i>	Down	51.2%	to	6,273,057
Net profit / (loss) for the period attributable to members	Down	51.2%	to	6,273,057

	cents	cents
	Amount per security	Franked amount per security
Dividends / distributions <i>(Appendix 4D item 2.4)</i>		
Final dividend <i>(Prior year)</i>	21.0	21.0
Interim dividend recommended but not provided for	5.0	5.0

Key ratios	2013	2012
	December	December
Net tangible assets per ordinary shares (cents)	155	150

Record date for determining entitlements to the interim dividend is 2 April 2014.

The Directors have recommended the payment of the interim dividend of 5 cents per fully paid ordinary share, fully franked based on a tax paid at 30% to be paid on 15 April 2014.

Lycopodium Limited ABN 83 098 556 159
Interim financial report - 31 December 2013

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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 2013 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 2013.

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	
	2013 \$	2012 \$	2013 \$	2012 \$
Corporate Services	11,539,721	6,177,327	(666,985)	(712,788)
Minerals	92,387,623	97,576,038	8,283,058	10,664,130
Project Services - Africa	10,258,831	14,419,365	1,523,346	2,230,760
Other	19,689,766	27,244,973	612,067	4,564,873
Intersegment eliminations	(38,032,620)	(21,916,627)		
Unallocated revenue less unallocated expenses			(22,500)	(22,500)
Total revenue / profit before income tax expense	95,843,321	123,501,076	9,728,986	16,724,475
Income tax expense			(3,455,929)	(3,874,643)
Profit for the year			6,273,057	12,849,832
Loss/(profit) attributable to non-controlling interests			28,759	(271,489)
Profit attributable to owners of Lycopodium Ltd			6,301,816	12,578,343

- (a) *Corporate Services*
The Corporate Services segment consists of managerial, accounting 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 \$1,947,755 which represents a fully franked dividend of 5 cents per fully paid ordinary share.

With the exceptions of the above, no other matter or circumstance has arisen since 31 December 2013 that has significantly affected, or may significantly affect:

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

Auditor's independence declaration

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

Auditor

Grant Thornton Audit Pty Ltd have been newly appointed 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
25 February 2014

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**Auditor's Independence Declaration
To The Directors of Lycopodium Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Lycopodium Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M J Hillgrove
Partner - Audit & Assurance

Perth, 25 February 2014

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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Lycopodium Limited
Consolidated statement of comprehensive income
For the half-year ended 31 December 2013

		Half-year	
		2013	2012
Notes		\$	\$
	Revenue from operations	95,843,321	123,501,076
	Employee benefits expense	(46,704,460)	(59,579,614)
	Depreciation and amortisation expense	(1,257,151)	(1,021,124)
	Project expenses	(2,651,518)	(4,961,609)
	Equipment and materials used	(753,284)	(3,862,498)
	Contractors	(29,087,371)	(30,495,969)
	Administration and management costs	(7,314,480)	(9,132,815)
	Finance costs	(89,400)	(129,519)
	Share of net profit of joint ventures accounted for using the equity method	1,743,329	2,406,547
	Profit before income tax	9,728,986	16,724,475
	Income tax expense	(3,455,929)	(3,874,643)
3	Profit for the half-year	6,273,057	12,849,832
	Other comprehensive (loss)/income		
	<i>Items that may be reclassified to profit or loss</i>		
	Changes in the fair value of available-for-sale financial assets	5(a) (2,000)	(1,000)
	Exchange differences on translation of foreign operations	5(a) (351,578)	(4,116)
	Income tax relating to components of other comprehensive income	600	300
	Other comprehensive (loss)/income for the half-year, net of tax	(352,978)	(4,816)
	Total comprehensive income for the half-year	5,920,079	12,845,016
	Profit for the half-year is attributable to:		
	Owners of Lycopodium Limited	6,301,816	12,578,343
	Non-controlling interests	(28,759)	271,489
		6,273,057	12,849,832
	Total comprehensive income for the half-year is attributable to:		
	Owners of Lycopodium Limited	5,948,838	12,573,527
	Non-controlling interests	(28,759)	271,489
		5,920,079	12,845,016
		Cents	Cents
	Earnings per share for profit attributable to the ordinary equity holders of the company:		
	Basic earnings per share	16.3	32.5
	Diluted earnings per share	16.3	31.8

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 2013

	31 December 2013	30 June 2013
Notes	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	35,936,615	34,997,159
Trade and other receivables	35,929,445	53,254,129
Current tax receivables	3,229,815	1,199,056
Other current assets	4,517,136	4,549,506
Total current assets	79,613,011	93,999,850
Non-current assets		
Available-for-sale financial assets	5,000	7,000
Property, plant and equipment	4,016,854	4,659,138
Intangible assets	7,028,056	7,163,778
Other receivables	943,135	1,050,335
Deferred tax assets	5,058,739	8,026,369
Investments accounted for using the equity method	5,748,929	5,905,599
Total non-current assets	22,800,713	26,812,219
Total assets	102,413,724	120,812,069
LIABILITIES		
Current liabilities		
Trade and other payables	28,917,013	44,857,595
Borrowings	1,444,805	1,763,637
Current tax liabilities	1,689,812	1,493,638
Provisions	1,097,956	1,097,956
Total current liabilities	33,149,586	49,212,826
Non-current liabilities		
Borrowings	554,909	1,012,359
Provisions	1,205,805	1,157,067
Total non-current liabilities	1,760,714	2,169,426
Total liabilities	34,910,300	51,382,252
Net assets	67,503,424	69,429,817
EQUITY		
Contributed equity	4 18,951,697	18,951,697
Reserves	5(a) 1,073,678	1,140,385
Retained profits	5(b) 46,760,997	48,639,753
Parent entity interest	66,786,372	68,731,835
Non-controlling interests	6 717,052	697,982
Total equity	67,503,424	69,429,817

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 2013

Notes	Contributed equity \$	Retained earnings \$	Foreign currency translation reserve \$	Available for sale investment revaluation reserve \$	Performance rights reserve \$	Non-con- trolling interests \$	Total equity \$	
Balance at 1 July 2012	18,730,297	40,689,644	(604,666)	(77,700)	977,272	164,740	59,879,587	
Profit for the half-year	-	12,578,343	-	-	-	271,489	12,849,832	
Other comprehensive income	-	-	(4,116)	(700)	-	-	(4,816)	
Total comprehensive income for the half-year	-	12,578,343	(4,116)	(700)	-	271,489	12,845,016	
Transactions with owners in their capacity as owners:								
Foreign currency translation with non-controlling interest	-	-	-	-	-	(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		73,800	-	-	-	-	73,800	
		73,800	(8,138,572)	-	-	(50,786)	(811)	(8,116,369)
Balance at 31 December 2012	18,804,097	45,129,415	(608,782)	(78,400)	926,486	435,418	64,608,234	
Balance at 1 July 2013	18,951,697	48,639,753	440,599	(79,100)	778,886	697,982	69,429,817	
Profit for the half-year	-	6,301,816	-	-	-	(28,759)	6,273,057	
Other comprehensive income	-	-	(351,578)	(1,400)	-	-	(352,978)	
Total comprehensive income for the half-year	-	6,301,816	(351,578)	(1,400)	-	(28,759)	5,920,079	
Transactions with owners in their capacity as owners:								
Foreign currency translation with non-controlling interest	-	-	-	-	-	47,829	47,829	
Dividends provided for or paid	7	(8,180,572)	-	-	-	-	(8,180,572)	
Performance rights - value of rights	5	-	-	-	286,271	-	286,271	
		-	(8,180,572)	-	-	286,271	47,829	(7,846,472)
Balance at 31 December 2013	18,951,697	46,760,997	89,021	(80,500)	1,065,157	717,052	67,503,424	

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 2013

	Half-year	
	2013	2012
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	109,657,758	135,218,596
Payments to suppliers and employees (inclusive of goods and services tax)	(98,821,704)	(116,241,825)
Dividends received from joint venture	1,900,000	-
Interest received	364,601	416,605
Income taxes paid	(2,322,884)	(5,105,112)
Net cash inflow from operating activities	10,777,771	14,288,264
Cash flows from investing activities		
Payments for property, plant and equipment	(410,208)	(766,760)
Payments for intangible assets	(137,496)	(482,906)
Net cash outflow from investing activities	(547,704)	(1,249,666)
Cash flows from financing activities		
Proceeds from borrowings	621,062	621,480
Repayment of borrowings	(665,163)	(565,346)
Dividends paid to company's shareholders	(8,180,571)	(8,138,572)
Repayment of hire purchase and lease liabilities	(821,561)	(775,348)
Proceeds from repayment of loans under the senior manager share acquisition plan	107,200	107,000
Net cash outflow from financing activities	(8,939,033)	(8,750,786)
Net increase in cash and cash equivalents	1,291,034	4,287,812
Cash and cash equivalents at the beginning of the financial year	34,997,159	27,768,444
Effects of exchange rate changes on cash and cash equivalents	(351,578)	(10,674)
Cash and cash equivalents at end of period	35,936,615	32,045,582

During the half-year, \$410,208 (2012: \$945,333) of property, plant and equipment was acquired, of which no amount was financed through finance lease (2012: \$178,573).

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 2013 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 2013 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, accounting 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 2013 and 2012 are as follows:

	Corporate Services	Minerals	Project services Africa	Other	Total
Half-year 2013					
	\$	\$	\$	\$	\$
Total segment revenue	11,539,721	92,387,623	10,258,831	19,689,766	133,875,941
Inter-segment revenue	(11,397,756)	(18,090,350)	(42,293)	(8,502,221)	(38,032,620)
Revenue from external customers	141,965	74,297,273	10,216,538	11,187,545	95,843,321
Profit / (loss) before tax	(666,985)	8,283,058	1,523,346	612,067	9,751,486
Total segment assets	13,331,461	67,739,790	4,877,808	19,970,756	105,919,815
	Corporate Services	Minerals	Project services Africa	Other	Total
Half-year 2012					
	\$	\$	\$	\$	\$
Total segment revenue	6,177,327	97,576,038	14,419,365	27,244,973	145,417,703
Inter-segment revenue	(6,118,694)	(8,182,030)	(350,881)	(7,265,022)	(21,916,627)
Revenue from external customers	58,633	89,394,008	14,068,484	19,979,951	123,501,076
Profit / (loss) before tax	(712,788)	10,664,130	2,230,760	4,564,873	16,746,975
Total segment assets - as at 30 June 2013	12,791,180	71,005,059	12,060,806	24,193,836	120,050,881

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	
	2013	2012
	\$	\$
Reportable segment revenue	133,875,941	145,417,703
Intersegment eliminations	(38,032,620)	(21,916,627)
Revenue as per statement of comprehensive income	95,843,321	123,501,076

(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	
	2013	2012
	\$	\$
Reportable segment profit before tax	9,751,486	16,746,975
Amortisation of customer relationships	(22,500)	(22,500)
Profit before income tax as per statement of comprehensive income	9,728,986	16,724,475

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 2013	30 June 2013
	\$	\$
Reportable segment assets	105,919,815	120,050,881
Intersegment eliminations	(9,090,833)	(4,852,804)
Intangibles arising on consolidation	5,631,992	5,654,492
Deferred tax arising on consolidation	(47,250)	(40,500)
Total assets as per the consolidated balance sheet	102,413,724	120,812,069

3 Income tax expense

(a) Income tax expense

	Half-year	
	2013	2012
	\$	\$
Current tax	1,080,362	5,386,658
Deferred tax	2,991,949	(1,089,383)
Adjustments for current tax of prior periods	(616,382)	(422,632)
	3,455,929	3,874,643

3 Income tax expense (continued)

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

	Half-year	
	2013	2012
	\$	\$
Profit before income tax expense	9,728,986	16,724,475
Tax at the Australian tax rate of 30% (2012: 30%)	2,918,696	5,017,343
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payment	85,881	6,904
Sundry items	116,713	63,647
Non-assessable, non-exempt income and related non-deductible expenses	(958)	(27,073)
	3,120,332	5,060,821
Adjustments for current tax of prior periods - over provision of prior year income tax	(616,382)	(422,632)
Difference in overseas tax rates	210,574	193,881
Previously unrecognised tax losses now recouped to reduce current tax expense	-	(576,667)
Deferred tax asset not recognised	1,231,752	283,418
Movement in exchange rates	32,652	57,786
Share of net profit of joint ventures accounted for using the equity method	(522,999)	(721,964)
Income tax expense	3,455,929	3,874,643

4 Contributed equity

(a) Share capital

	31 December 2013	30 June 2013	31 December 2013	30 June 2013
	Shares	Shares	\$	\$
Ordinary shares Fully paid	38,955,103	38,955,103	18,951,697	18,951,697

5 Reserves

(a) Reserves

	31 December 2013	30 June 2013
	\$	\$
Available-for-sale investment revaluation reserve	(80,500)	(79,100)
Performance rights reserve	1,065,157	778,886
Foreign currency translation reserve	89,021	440,599
	1,073,678	1,140,385

	31 December 2013	30 June 2013
	\$	\$

Movements:

<i>Available-for-sale investment revaluation reserve</i>		
Balance 1 July	(79,100)	(77,700)
Revaluation - gross	(2,000)	(2,000)
Deferred tax	600	600
Balance 31 December / 30 June	(80,500)	(79,100)

<i>Performance rights reserve</i>		
Balance 1 July	778,886	977,272
Performance rights plan expense	286,271	23,014
Transfer to share capital - exercise of rights	-	(221,400)
Balance 31 December / 30 June	1,065,157	778,886

<i>Foreign currency translation reserve</i>		
Balance 1 July	440,599	(604,666)
Currency translation differences arising during the year	(351,578)	1,045,265
Balance 31 December / 30 June	89,021	440,599

5 Reserves (continued)

(b) Retained earnings

Movements in retained earnings were as follows:

	31 December 2013 \$	30 June 2013 \$
Balance 1 July	48,639,753	40,689,644
Net profit for the half-year / year	6,301,816	21,931,946
Dividends paid or payable	(8,180,572)	(13,981,837)
Balance 31 December / 30 June	<u>46,760,997</u>	<u>48,639,753</u>

6 Non-controlling interests

	31 December 2013 \$	30 June 2013 \$
Interest in:		
Share capital	28	28
Reserves	(25,291)	(73,120)
Retained earnings	742,315	771,074
	<u>717,052</u>	<u>697,982</u>

7 Dividends

(a) Ordinary shares

	31 December 2013 \$	Half-year 31 December 2012 \$
Final dividend for the year ended 30 June 2013 of 21.0 cents (2012: 21.0 cents) per fully paid share paid on 15 October 2013 Fully franked based on tax paid @ 30% (2012: 30%)	<u>8,180,572</u>	<u>8,138,572</u>

7 Dividends (continued)

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

	Half-year	
	31 December 2013	31 December 2012
	\$	\$

In addition to the above dividends, since period end the Directors have recommended the payment of an interim dividend of 5 cents per fully paid ordinary share (2012: 15 cents), fully franked based on tax paid at 30% (2012: 30%). The aggregate amount of the proposed dividend expected to be paid on 15 April 2014 out of Group retained earnings at 31 December 2013, but not recognised as a liability at period end, is

	1,947,755	5,813,265
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8 Contingencies

(a) Contingent liabilities

(i) Guarantees

Guarantees are given in respect of rental bonds \$1,521,328 (2012: \$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; 156-163 Leichhardt Street, Spring Hill and 253-269 Wellington Road, Mulgrave.

No material losses are anticipated in respect of any of the above contingent liabilities (2012: Nil).

9 Related party transactions

(a) Transactions with other related parties

The following transactions occurred with related parties:

	Half-year	
	31 December 2013	31 December 2012
	\$	\$
<i>Sales of goods and services</i>		
Sales to joint venture	1,473,002	3,859,079
<i>Purchases of goods and services</i>		
Purchases from joint venture	298,441	132,414

9 Related party transactions (continued)

(b) Loans to related parties

	31 December 2013 \$	30 June 2013 \$
<i>Loans to joint venture</i>		
Beginning of the year	999,999	999,999
Repayments made	(999,999)	-
End of period	-	999,999

(c) 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 \$1,947,755 which represents a fully franked dividend of 5 cents per fully paid ordinary share.

With the exceptions of the above, no other matter or circumstance that has arisen since 31 December 2013 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 2013 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
25 February 2014

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

We have reviewed the accompanying half-year financial report of Lycopodium Limited ("Company"), which comprises the consolidated financial statements being the consolidated balance sheet as at 31 December 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of Lycopodium Limited 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 controls 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 consolidated half-year financial report based on our review. We conducted our review in accordance with the 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 Lycopodium Limited consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Lycopodium Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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 2013 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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M J Hillgrove
Partner - Audit & Assurance

Perth, 25 February 2014