

# **Lycopodium Limited and Controlled Entities**

ABN 83 098 556 159

## **Appendix 4E - Preliminary Final Report for the year ended 30 June 2019**

# **Lycopodium Limited and Controlled Entities** ABN 83 098 556 159

## **Appendix 4E - Preliminary Final Report - 30 June 2019**

Lodged with the ASX under Listing Rule 4.3A.  
This information should be read in conjunction with the  
Annual report

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**Lycopodium Limited and Controlled Entities**  
**Appendix 4E - Preliminary Final Report**  
**For the year ended 30 June 2019**

**Results for announcement to the market**

				\$
<b>Revenue</b> from ordinary activities <i>(Appendix 4E item 2.1)</i>	Down	20.8%	to	154,033,409
<b>Profit</b> from ordinary activities after tax attributable to members <i>(Appendix 4E item 2.2)</i>	Down	10.8%	to	16,507,378
<b>Net profit</b> for the period attributable to members <i>(Appendix 4E item 2.3)</i>	Down	10.8%	to	16,507,378

	cents	cents
<b>Dividends / distributions</b> <i>(Appendix 4E item 2.4)</i>	Amount per security	Franked amount per security
Final dividend <i>(cents)</i>	15.0	15.0

<b>Key ratios</b>	<b>2019</b>	2018
	<b>June</b>	June
Basic earnings per share (cents)	<b>41.5</b>	46.6
Net tangible assets per shares (cents)	<b>182.9</b>	182.6

**Record date** for determining entitlements to the final dividends

27 September 2019

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 11 October 2019.

Additional Appendix 4E disclosure requirements can be found in the Directors' Report and the consolidated financial statements for the year ended 30 June 2018.

**Lycopodium Limited and Controlled Entities**  
**Appendix 4E - Preliminary Final Report**  
**Preliminary Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 30 June 2019**

		<b>Consolidated</b>	
	Notes	2019 \$	2018 \$
Revenue from contracts with customers		<b>151,141,564</b>	192,016,864
Interest income		<b>1,809,966</b>	1,883,705
Other income		<b>1,081,879</b>	630,588
Revenue from operations	3	<b>154,033,409</b>	194,531,157
Employee benefits expense		<b>(66,674,748)</b>	(67,562,580)
Depreciation and amortisation expense	4	<b>(1,452,682)</b>	(1,228,479)
Project expenses		<b>(5,488,508)</b>	(5,338,038)
Equipment and materials		<b>(18,418,452)</b>	(23,838,936)
Contractors		<b>(32,128,652)</b>	(41,753,703)
Occupancy expense		<b>(8,111,165)</b>	(8,577,494)
Impairment of goodwill	6	-	(1,095,048)
Other expenses		<b>(12,164,121)</b>	(8,293,117)
Warranty provision reversal/expenses		<b>13,361,009</b>	(12,080,213)
Finance costs		<b>(72,270)</b>	(120,741)
Share of net profit of associates and joint ventures accounted for using the equity method		<b>659,932</b>	1,112,681
<b>Profit before income tax</b>		<b>23,543,752</b>	25,755,489
Income tax expense	5	<b>(7,144,537)</b>	(7,096,593)
<b>Profit for the year</b>		<b>16,399,215</b>	18,658,896
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange gains/(losses) on translation of foreign operations		<b>327,699</b>	(26,508)
<b>Total comprehensive income for the year</b>		<b>16,726,914</b>	18,632,388
Profit for the year is attributable to:			
Owners of Lycopodium Limited		<b>16,507,378</b>	18,495,695
Non-controlling interests		<b>(108,163)</b>	163,201
		<b>16,399,215</b>	18,658,896
Total comprehensive income for the year is attributable to:			
Owners of Lycopodium Limited		<b>16,835,077</b>	18,469,187
Non-controlling interests		<b>(108,163)</b>	163,201
		<b>16,726,914</b>	18,632,388
		<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	14(a)	<b>41.5</b>	46.6
Diluted earnings per share	14(b)	<b>41.5</b>	46.6

*The above preliminary statement of profit or loss and other 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 2019**

		<b>Consolidated</b>	
	Notes	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		60,451,048	74,287,788
Trade and other receivables		34,394,839	37,616,637
Contract and other assets	3(b)	-	2,669,078
Inventories		884,337	819,844
Current tax receivables		1,783,966	1,334,151
Other current assets		3,835,651	1,740,851
<b>Total current assets</b>		<u>101,349,841</u>	<u>118,468,349</u>
<b>Non-current assets</b>			
Investments in listed equities		801,945	1,256,106
Property, plant and equipment		3,768,452	3,434,487
Intangible assets	6	6,737,447	6,792,017
Other receivables		241,252	332,356
Deferred tax assets		4,062,995	8,350,798
Investments accounted for using the equity method		1,392,465	2,767,690
<b>Total non-current assets</b>		<u>17,004,556</u>	<u>22,933,454</u>
<b>Total assets</b>		<u>118,354,397</u>	<u>141,401,803</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		26,049,056	23,147,178
Contract and other liabilities	3(b)	8,185,494	11,271,131
Borrowings		419,344	696,905
Derivative financial liabilities		163,044	27,694
Current tax liabilities		494,412	9,568,881
Provisions	7	3,000,000	16,361,009
<b>Total current liabilities</b>		<u>38,311,350</u>	<u>61,072,798</u>
<b>Non-current liabilities</b>			
Borrowings		296,216	562,066
Provisions		328,931	416,531
<b>Total non-current liabilities</b>		<u>625,147</u>	<u>978,597</u>
<b>Total liabilities</b>		<u>38,936,497</u>	<u>62,051,395</u>
<b>Net assets</b>		<u>79,417,900</u>	<u>79,350,408</u>
<b>EQUITY</b>			
Contributed equity		20,823,772	20,823,772
Reserves	8(a)	(602,928)	(930,627)
Retained profits	8(b)	59,636,154	56,480,343
Parent entity interest		79,856,998	76,373,488
Non-controlling interests	9	(439,098)	2,976,920
<b>Total equity</b>		<u>79,417,900</u>	<u>79,350,408</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 2019**

Consolidated entity	Notes	Share capital \$	Retained profits \$	Foreign currency translation reserve \$	Available for sale investment revaluation reserve \$	Performance rights reserve \$	Non-con- trolling interests \$	Total equity \$
<b>Balance at 1 July 2017</b>		20,823,772	46,412,369	(904,119)	(83,923)	-	2,975,233	69,223,332
Adjustment on adoption of AASB 9 (net of tax)		-	(83,923)	-	83,923	-	-	-
<b>Adjusted balance as at 1 July 2017</b>		<b>20,823,772</b>	<b>46,328,446</b>	<b>(904,119)</b>	<b>-</b>	<b>-</b>	<b>2,975,233</b>	<b>69,223,332</b>
Profit for the year		-	18,495,695	-	-	-	163,201	18,658,896
Other comprehensive income / (expense)		-	-	(26,508)	-	-	-	(26,508)
<b>Total comprehensive income for the year</b>		<b>20,823,772</b>	<b>64,824,141</b>	<b>(930,627)</b>	<b>-</b>	<b>-</b>	<b>3,138,434</b>	<b>87,855,720</b>
<b>Transactions with owners in their capacity as owners:</b>								
Foreign currency translation with non-controlling interest		-	-	-	-	-	(161,514)	(161,514)
Dividends provided for or paid	10	-	(8,343,798)	-	-	-	-	(8,343,798)
		-	(8,343,798)	-	-	-	(161,514)	(8,505,312)
<b>Balance at 30 June 2018</b>		<b>20,823,772</b>	<b>56,480,343</b>	<b>(930,627)</b>	<b>-</b>	<b>-</b>	<b>2,976,920</b>	<b>79,350,408</b>
<b>Balance at 1 July 2018</b>		20,823,772	56,480,343	(930,627)	-	-	2,976,920	79,350,408
Profit for the year		-	16,507,378	-	-	-	(108,163)	16,399,215
Other comprehensive income / (expense)		-	-	327,699	-	-	-	327,699
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>16,507,378</b>	<b>327,699</b>	<b>-</b>	<b>-</b>	<b>(108,163)</b>	<b>16,726,914</b>
<b>Transactions with owners in their capacity as owners:</b>								
Non-controlling interests on acquisition of subsidiary		-	(239,884)	-	-	-	(3,122,048)	(3,361,932)
Foreign currency translation with non-controlling interest		-	-	-	-	-	(185,807)	(185,807)
Dividends provided for or paid	10	-	(13,111,683)	-	-	-	-	(13,111,683)
		-	(13,351,567)	-	-	-	(3,307,855)	(16,659,422)
<b>Balance at 30 June 2019</b>		<b>20,823,772</b>	<b>59,636,154</b>	<b>(602,928)</b>	<b>-</b>	<b>-</b>	<b>(439,098)</b>	<b>79,417,900</b>

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 Statement of Cash Flows**  
**For the year ended 30 June 2019**

		<b>Consolidated</b>	
		<b>2019</b>	<b>2018</b>
Notes		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
	Receipts from customers (inclusive of GST)	<b>158,276,427</b>	170,346,647
	Payments to suppliers and employees (inclusive of GST)	<b>(146,585,727)</b>	(168,124,948)
		<b>11,690,700</b>	2,221,699
	Interest received	<b>1,809,179</b>	1,847,145
	Income taxes paid	<b>(12,381,019)</b>	(5,909,452)
	<b>Net cash inflow/(outflow) from operating activities</b>	<b>13 1,118,860</b>	<b>(1,840,608)</b>
<b>Cash flows from investing activities</b>			
	Dividends received from joint ventures and associate	<b>2,035,157</b>	572,726
	Payments for acquisition of non-controlling interests	<b>(3,361,932)</b>	-
	Payments for property, plant and equipment	<b>(1,605,111)</b>	(1,053,110)
	Proceeds from sale of property, plant and equipment	<b>1,064</b>	20,240
	Payments for intangible assets	<b>(144,819)</b>	(631,529)
	Proceeds from sale of available-for-sale financial assets at FVPL	<b>970,838</b>	1,187,036
	Payment for available-for-sale financial assets at FVPL	<b>-</b>	(75,000)
	<b>Net cash (outflow)/inflow from investing activities</b>	<b>(2,104,803)</b>	<b>20,363</b>
<b>Cash flows from financing activities</b>			
	Proceeds from borrowings	<b>461,841</b>	1,274,258
	Repayments of borrowings	<b>(691,959)</b>	(1,203,222)
	Dividends paid to company's shareholders	<b>(13,111,682)</b>	(8,343,798)
	Repayments of hire purchase and lease liabilities	<b>(544,955)</b>	(504,329)
	Loans repaid/(advanced) from/to joint venture	<b>400,000</b>	(884,000)
	Repayment of loans from associate	<b>-</b>	387,500
	Rebates from leasehold improvement allowance	<b>171,865</b>	-
	Proceeds from repayment of loans under the senior manager share acquisition plan	<b>91,104</b>	110,261
	<b>Net cash outflow from financing activities</b>	<b>(13,223,786)</b>	<b>(9,163,330)</b>
	<b>Net increase/ in cash and cash equivalents</b>	<b>(14,209,729)</b>	<b>(10,983,575)</b>
	Cash and cash equivalents at the beginning of the financial year	<b>74,287,788</b>	85,334,768
	Effects of exchange rate changes on cash and cash equivalents	<b>372,989</b>	(63,405)
	<b>Cash and cash equivalents at end of year</b>	<b>60,451,048</b>	<b>74,287,788</b>

*The above preliminary statement of cash flows 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 the 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 2018 and with any public announcement made by Lycopodium Limited during the period in accordance with the continuous 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 three (2018: three) are reportable in accordance with the requirements of AASB 8.

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

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

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

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

The remaining operating segments that are not reportable consists of:

Infrastructure:                    asset management, engineering, architectural and project delivery services to a wide range of private and public clients across Australia.

Metallurgical:                    metallurgical consulting providing a range of services to the mineral processing community, primarily in the field of comminution, hydrometallurgy and mineral processing design.

Project Services Asia:            provision of drafting services for offshore Lycopodium entities.

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



Lycopodium Limited and Controlled Entities  
Appendix 4E - Preliminary Final Report  
Preliminary Selected Notes to the Financial Statements  
For the year ended 30 June 2019  
(continued)

## 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 2019 and 30 June 2018 are as follows:

2019	Minerals			Project Services - Africa	Process Industries	Other	Total
	Asia Pacific	North America	Africa				
	\$	\$	\$	\$	\$	\$	\$
Total segment revenue	81,606,278	26,492,806	31,712,530	6,451,670	5,800,985	45,619,749	197,684,018
Inter-segment revenue	(830,401)	(13,798,369)	-	-	(330,193)	(28,691,646)	(43,650,609)
<b>Revenue from external customers</b>	<b>80,775,877</b>	<b>12,694,437</b>	<b>31,712,530</b>	<b>6,451,670</b>	<b>5,470,792</b>	<b>16,928,103</b>	<b>154,033,409</b>
<b>Profit / (Loss) before tax</b>	<b>21,951,933</b>	<b>1,368,624</b>	<b>371,783</b>	<b>2,101,063</b>	<b>158,922</b>	<b>(2,408,573)</b>	<b>23,543,752</b>
Interest in the profit of equity accounted joint ventures	15,951	-	-	-	-	643,981	659,932
Depreciation and amortisation	805,066	76,893	224,618	-	66,720	279,385	1,452,682
Income tax benefit / (expense)	(7,292,057)	(121,113)	(423,535)	(564,432)	(18,105)	1,274,705	(7,144,537)
<b>Total segment assets</b>	<b>45,840,030</b>	<b>10,695,072</b>	<b>17,504,999</b>	<b>6,919,620</b>	<b>3,976,347</b>	<b>32,078,897</b>	<b>117,014,965</b>
Total assets includes:							
Investment in joint ventures	-	-	-	-	-	1,392,465	1,392,465
Additions to non-current assets (other than financial assets and deferred tax)	473,908	148,719	231,845	-	7,561	887,897	1,749,930
<b>Total segment liabilities</b>	<b>19,236,195</b>	<b>6,852,573</b>	<b>6,725,915</b>	<b>5,280,265</b>	<b>1,470,309</b>	<b>4,102,556</b>	<b>43,667,813</b>

Lycopodium Limited and Controlled Entities  
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Preliminary Selected Notes to the Financial Statements  
For the year ended 30 June 2019  
(continued)

## 2 Segment information (continued)

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

2018	Minerals			Project Services - Africa	Process Industries	Other	Total
	Asia Pacific	North America	Africa				
	\$	\$	\$	\$	\$	\$	\$
Total segment revenue	117,508,883	17,163,303	32,673,738	22,382,754	9,840,954	38,234,760	237,804,392
Inter-segment revenue	(4,659,510)	(6,777,315)	-	(8,665,611)	(334,146)	(22,836,653)	(43,273,235)
<b>Revenue from external customers</b>	<b>112,849,373</b>	<b>10,385,988</b>	<b>32,673,738</b>	<b>13,717,143</b>	<b>9,506,808</b>	<b>15,398,107</b>	<b>194,531,157</b>
<b>Profit / (Loss) before tax</b>	<b>18,469,665</b>	<b>1,167,134</b>	<b>1,705,232</b>	<b>4,559,880</b>	<b>(76,389)</b>	<b>1,025,015</b>	<b>26,850,537</b>
Interest in the profit of equity accounted joint ventures	416,194	-	-	-	-	696,487	1,112,681
Depreciation and amortisation	716,478	70,962	219,818	1,653	59,249	160,319	1,228,479
Income tax benefit / (expense)	(5,055,650)	(302,819)	(776,598)	(1,179,354)	(52,701)	270,529	(7,096,593)
<b>Total segment assets</b>	<b>67,792,701</b>	<b>9,446,818</b>	<b>17,106,363</b>	<b>7,641,097</b>	<b>5,118,600</b>	<b>34,261,107</b>	<b>141,366,686</b>
Total assets includes:							
Investment in joint ventures	1,274,049	-	-	-	-	1,493,641	2,767,690
Additions to non-current assets (other than financial assets and deferred tax)	864,816	129,863	256,563	-	142,493	543,909	1,937,644
<b>Total segment liabilities</b>	<b>41,894,169</b>	<b>5,982,709</b>	<b>5,876,314</b>	<b>5,772,947</b>	<b>2,753,378</b>	<b>5,811,077</b>	<b>68,090,594</b>

## 2 Segment information (continued)

### (c) Other segment information

#### (i) Segment revenue

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

The entity is domiciled in Australia. The result of its revenue from external customers in Australia is \$27,879,623 (2018: \$59,252,590), and the total of revenue from external customers from other countries is \$126,153,786 (2018: \$135,278,567). Segment revenues are allocated based on the country in which the customer is located.

Revenues of approximately \$28,177,025 (2018: \$70,186,213) are derived from the top 3 customers. These revenues are attributable to the Minerals segment.

#### (ii) Segment profit before tax

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

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

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Segment profit before tax</b>	<b>23,543,752</b>	26,850,537
Goodwill impairment	-	(1,095,048)
<b>Profit before income tax as per preliminary statement of profit or loss and other comprehensive income</b>	<b>23,543,752</b>	<b>25,755,489</b>

#### (iii) Segment assets

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

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

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Segment assets</b>	<b>117,014,965</b>	141,366,686
Intersegment eliminations	<b>(4,786,796)</b>	(6,091,111)
Intangibles arising on consolidation	<b>6,126,228</b>	6,126,228
<b>Total assets as per the preliminary balance sheet</b>	<b>118,354,397</b>	<b>141,401,803</b>

#### (iv) Segment liabilities

The amounts provided to the Board of Directors with respect to total liabilities are measured in a manner consistent with that of the financial report. These liabilities are allocated based on the operations of the segment.

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

Lycopodium Limited and Controlled Entities  
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Preliminary Selected Notes to the Financial Statements  
For the year ended 30 June 2019  
(continued)

## 2 Segment information (continued)

### (c) Other segment information (continued)

(iv) Segment liabilities (continued)

	Consolidated	
	2019	2018
	\$	\$
<b>Segment liabilities</b>	<b>43,667,813</b>	68,090,594
Intersegment eliminations	<b>(4,731,316)</b>	(6,039,199)
<b>Total liabilities as per the preliminary balance sheet</b>	<b>38,936,497</b>	62,051,395

## 3 Revenue

### (a) Disaggregation of revenue

	2019			2018		
	Engineering & related services \$	Construction contracts \$	Total \$	Engineering & related services \$	Construction contracts \$	Total \$
Minerals	116,933,914	8,248,930	125,182,844	111,301,821	44,607,279	155,909,100
Project Services - Africa	6,451,670	-	6,451,670	13,717,143	-	13,717,143
Process Industries	5,470,792	-	5,470,792	9,506,808	-	9,506,808
Other	16,928,103	-	16,928,103	15,398,106	-	15,398,106
<b>Total revenue</b>	<b>145,784,479</b>	<b>8,248,930</b>	<b>154,033,409</b>	149,923,878	44,607,279	194,531,157

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

	Consolidated	
	2019	2018
	\$	\$
Asset recognised for costs incurred to fulfil a contract	-	2,669,078
<b>Total contract assets</b>	<b>-</b>	<b>2,669,078</b>
Advances received for construction contract work	<b>5,724,263</b>	1,981,214
Deferred service expenses	<b>2,461,231</b>	9,289,917
<b>Total contract liabilities</b>	<b>8,185,494</b>	11,271,131

(i) Significant changes in contract assets and liabilities

Advances received for construction contract work and deferred service income represent customer payments received in advance of performance (contract liabilities) that are expected to be recognised as revenue in 2020.

The amounts recognised as a contract liability will generally be utilised within the next reporting period.

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#### 4 Expenses

	2019	2018
	\$	\$
<b>Profit before income tax includes the following specific expenses:</b>		
<i>Depreciation</i>		
Fixtures and fittings	580,145	528,652
Leasehold improvements	186,159	52,830
Motor vehicles	10,091	9,956
Leased plant and equipment	474,044	454,110
Total depreciation	1,250,439	1,045,548
<i>Amortisation</i>		
Computer software	202,243	182,931
Total depreciation and amortisation	1,452,682	1,228,479
<i>Finance costs</i>		
Interest and finance charges paid/payable	72,270	120,741

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## 5 Income tax expense

### (a) Income tax expense

	Consolidated	
	2019	2018
	\$	\$
Current tax on profits for the year	3,917,222	11,980,891
Deferred tax on profits for the year	4,197,604	(4,533,986)
Adjustments for current tax of prior periods	(970,289)	(350,314)
	7,144,537	7,096,591
Deferred income tax included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets	4,573,766	(4,345,535)
Increase/(decrease) in deferred tax liabilities	(376,162)	(188,451)
	4,197,604	(4,533,986)

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

	Consolidated	
	2019	2018
	\$	\$
Profit before income tax expense	23,543,752	25,755,489
Tax at the Australian tax rate of 30% (2018: 30%)	7,063,126	7,726,647
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Goodwill impairment	-	328,514
Sundry items	43,456	191,858
Withholding tax gross-up	733,072	-
	7,839,654	8,247,019
Adjustments for current tax of prior periods - under/(over) provision of prior year income tax	(970,290)	(350,314)
Difference in overseas tax rates	(99,300)	(567,357)
Deferred taxes not recognised	202,723	101,048
Share of net profit of joint ventures accounted for using the equity method	(181,880)	(333,804)
Unfranked dividends received from joint ventures accounted for using the equity method	353,630	-
Income tax expense	7,144,537	7,096,592

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## 6 Non-current assets - Intangible assets

	Goodwill \$	Software \$	Customer lists and contracts \$	Total \$
<b>At 1 July 2017</b>				
Cost	8,885,406	1,878,728	315,000	11,079,134
Accumulated amortisation and impairment	(1,583,084)	(1,759,877)	(315,000)	(3,657,961)
<b>Net book amount</b>	<b>7,302,322</b>	<b>118,851</b>	<b>-</b>	<b>7,421,173</b>
<b>Year ended 30 June 2018</b>				
Opening net book amount	7,302,322	118,851	-	7,421,173
Additions	-	631,529	-	631,529
Amortisation charge *	-	(182,931)	-	(182,931)
Impairment loss recognised	(1,095,048)	-	-	(1,095,048)
Disposal	-	17,895	-	17,895
Exchange differences	-	(601)	-	(601)
<b>Closing net book amount</b>	<b>6,207,274</b>	<b>584,743</b>	<b>-</b>	<b>6,792,017</b>
Cost	8,885,406	2,478,811	315,000	11,679,217
Accumulated amortisation and impairment	(2,678,132)	(1,894,068)	(315,000)	(4,887,200)
<b>Net book amount</b>	<b>6,207,274</b>	<b>584,743</b>	<b>-</b>	<b>6,792,017</b>
<b>Year ended 30 June 2019</b>				
Opening net book amount	6,207,274	584,743	-	6,792,017
Additions	-	144,819	-	144,819
Amortisation charge *	-	(202,243)	-	(202,243)
Exchange differences	-	2,854	-	2,854
<b>Closing net book amount</b>	<b>6,207,274</b>	<b>530,173</b>	<b>-</b>	<b>6,737,447</b>
<b>At 30 June 2019</b>				
Cost	8,885,406	2,644,899	315,000	11,845,305
Accumulated amortisation	(2,678,132)	(2,114,726)	(315,000)	(5,107,858)
<b>Net book amount</b>	<b>6,207,274</b>	<b>530,173</b>	<b>-</b>	<b>6,737,447</b>

\* Group amortisation of \$202,243 (2018: \$182,931) is included in depreciation and amortisation expense in the statement of comprehensive income.

## 6 Non-current assets - Intangible assets (continued)

### (a) Impairment tests for goodwill

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

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

	Australia \$	Other countries \$	Total \$
<b>2019</b>			
Minerals	3,622,991	2,465,026	6,088,017
Metallurgical	119,257	-	119,257
	<b>3,742,248</b>	<b>2,465,026</b>	<b>6,207,274</b>
	Australia \$	Other countries \$	Total \$
<b>2018</b>			
Minerals	3,622,991	2,465,026	6,088,017
Metallurgical	119,257	-	119,257
	<b>3,742,248</b>	<b>2,465,026</b>	<b>6,207,274</b>

## 7 Current liabilities - Provisions

	Consolidated	
	2019 \$	2018 \$
Service and equipment warranties	<b>3,000,000</b>	16,361,009

### (a) Movements in provisions

	Service and equipment warranties \$	Total \$
<b>2019</b>		
Carrying amount at beginning of year	16,361,009	16,361,009
Expired warranty provisions reversed	(13,361,009)	(13,361,009)
<b>Carrying amount at end of year</b>	<b>3,000,000</b>	<b>3,000,000</b>

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



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## 8 Reserves and retained profits

### (a) Reserves

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Foreign currency translation reserve	<b>(602,928)</b>	(930,627)

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>

#### Movements:

<i>Foreign currency translation reserve</i>		
Balance 1 July	<b>(930,627)</b>	(904,119)
Currency translation differences arising during the year	<b>327,699</b>	(26,508)
Balance 30 June	<b>(602,928)</b>	(930,627)

### (b) Retained profits

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Balance 1 July	<b>56,480,343</b>	46,328,446
Profit for the year	<b>16,507,378</b>	18,495,695
Dividends	<b>(13,111,683)</b>	(8,343,798)
Acquisition of non-controlling interests (i)	<b>(3,361,932)</b>	-
Transfer from non-controlling interests	<b>3,122,048</b>	-
Balance 30 June	<b>59,636,154</b>	56,480,343

## 9 Non-controlling interests

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Interest in:		
Share capital	<b>14,937</b>	14,937
Reserves	<b>4,377</b>	(1,986)
Retained profits	<b>2,663,636</b>	2,963,969
Transfer to retained earnings	<b>(3,122,048)</b>	-
	<b>(439,098)</b>	2,976,920

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## 10 Dividends

### (a) Ordinary shares

	<b>Parent entity</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Final dividend for the year ended 30 June 2018 of 18.0 cents (2017: 9.0 cents) per fully paid share paid on 12 October 2018 (2017: 13 October 2017) Fully franked based on tax paid @ 30% (2017: 30%)	<b>7,151,827</b>	3,575,914
Interim dividend for the year ended 30 June 2019 of 15.0 cents (2018: 12.0 cents) per fully paid share paid on 12 April 2019 (2018: 10 April 2018) Fully franked based on tax paid @ 30% (2018: 30%)	<b>5,959,856</b>	4,767,885
<b>Total dividends provided for or paid</b>	<b>13,111,683</b>	<b>8,343,799</b>

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

	<b>Parent entity</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
In addition to the above dividends, since year end the Directors have recommended the payment of a final dividend of 15.0 cents per fully paid ordinary share (2018: 18.0 cents), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 11 October 2019 out of retained earnings at 30 June 2019, but not recognised as a liability at year end, is	<b>5,959,856</b>	7,151,827

## **11 Business combination**

### **(a) Summary of acquisition**

### **(b) Acquisition of additional interest in ADP Holdings (Pty) Ltd**

On 30 November 2018, Lycopodium acquired the remaining 26% of the issued share capital of ADP Holdings (Pty) Ltd ("ADP"), increasing its ownership interest to 100%. Cash consideration of \$3,361,932 was paid to the non-controlling shareholders.

Following is a schedule of additional interest acquired in ADP:

	<b>2019</b>
	<b>\$</b>
Cash consideration paid to non-controlling shareholders	3,361,932
Carrying value of the additional interest in ADP	<u>(3,122,048)</u>
Difference recognised in retained earnings	<u>239,884</u>

## **12 Events occurring after the reporting period**

With the exception of 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.

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

	Consolidated	
	2019	2018
	\$	\$
Profit for the year	<b>16,399,215</b>	18,658,896
Depreciation and amortisation	<b>1,452,682</b>	1,228,479
Impairment of goodwill	-	1,095,048
Loans advanced to joint venture (incl at cash flows from financing activities)	<b>(400,000)</b>	884,000
Repayment of loans from associate (incl at cash flow from financing activities)	-	(387,500)
Proceeds from available-for-sale financial assets (incl at cash flow from investing activities)	<b>(576,586)</b>	(1,187,036)
Non-cash shares received in lieu of payment for services	<b>59,909</b>	(1,204,384)
Net (gain)/loss on sale of non-current assets	<b>25,575</b>	(35,653)
Share of net profit of associate and joint venture accounted for using the equity method	<b>(659,932)</b>	(1,112,681)
Interest relating to financing activities	<b>59,797</b>	96,617
Net (gain)/loss on acquisition of NCI in ADP	<b>(239,884)</b>	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade debtors and other receivables	<b>3,221,799</b>	(697,349)
Increase in inventories	<b>(64,493)</b>	(492,414)
Decrease/(increase) in deferred tax assets	<b>4,287,803</b>	(4,552,868)
(Increase)/decrease in other operating assets	<b>(2,094,800)</b>	408,836
Increase/(decrease) in trade creditors	<b>2,485,318</b>	(32,331,738)
(Decrease)/increase in provision for income taxes payable	<b>(9,524,284)</b>	5,600,504
Decrease in derivative financial assets	<b>135,350</b>	192,688
(Decrease)/increase in other provisions	<b>(13,448,609)</b>	11,995,947
Net cash inflow from operating activities	<b>1,118,860</b>	(1,840,608)

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## 14 Earnings per share

### (a) Basic earnings per share

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share attributable to the ordinary equity holders of the company	<b>41.5</b>	46.6

### (b) Diluted earnings per share

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>Cents</b>	<b>Cents</b>
Diluted earnings per share attributable to the ordinary equity holders of the company	<b>41.5</b>	46.6

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

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<i>Basic earnings per share</i> Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	<b>16,507,378</b>	18,495,695
<i>Diluted earnings per share</i> Used in calculating diluted earnings per share	<b>16,507,378</b>	18,495,695

### (d) Weighted average number of shares used as denominator

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
<i>Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share</i>	<b>39,732,373</b>	39,732,373

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

Details of dividends/distributions declared or paid during or subsequent to the year ended 30 June 2019 are as follows:

Record date	Payment date	Type	Amount per security	Total dividend	Franked amount per security
02 April 2019	12 April 2019	Interim	15.0 cents	5,959,856	15.0 cents
27 September 2019	11 October 2019	Final	15.0 cents	5,959,856	15.0 cents

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

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