

Lycopodium Limited and Controlled Entities

ABN 83 098 556 159

Appendix 4E Preliminary final report for the year ended 30 June 2008

Lycopodium Limited and Controlled Entities ABN 83 098 556 159

Appendix 4E

Preliminary final report - 30 June 2008

Lodged with the ASX under Listing Rule 4.3A

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Lycopodium Limited and Controlled Entities
Appendix 4E - Preliminary Final Report
For the year ended 30 June 2008
(Previous corresponding period: Year ended 30 June 2007)

Results for Announcement to the Market
Year Ended 30 June 2008

				\$
Revenue from ordinary activities <i>(Appendix 4E item 2.1)</i>	up	15.2 %	to	120,578,416
Profit / (loss) from ordinary activities after tax attributable to members <i>(Appendix 4E item 2.2)</i>	up	40.2 %	to	12,477,268
Net profit / (loss) for the period attributable to members <i>(Appendix 4E item 2.3)</i>	up	40.2 %	to	12,477,268

Dividends / distributions <i>(Appendix 4E item 2.4)</i>	Amount per security	Franked amount per security
Final dividend (cents)	20	20

Key Ratios	2008	2007
Basic earnings per share (cents)	33.0	23.6

Net tangible assets per share (cents)	74.9	59.4
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Record date for determining entitlements to the final dividend

1 October 2008

Explanation of Revenue *(Appendix 4E item 2.6)*

Refer to attached Company Update

Explanation of Profit/(loss) from ordinary activities after tax *(Appendix 4E item 2.6)*

Refer to attached Company Update

Explanation of Net Profit/(loss) *(Appendix 4E item 2.6)*

Refer to attached Company Update

Explanation of Dividends *(Appendix 4E item 2.6)*

Refer to attached Company Update

Other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position *(Appendix 4E item 12)*

Refer to attached Company Update

The Preliminary Final Report is based on accounts which are in the process of being audited *(Appendix 4E item 15)*

Lycopodium Limited and Controlled Entities
Appendix 4E - Preliminary Final Report
Consolidated Income Statement
For the year ended 30 June 2008

		Consolidated	
	Notes	2008 \$	2007 \$
Revenue from operations	3	120,578,416	104,647,440
Other income	4	72,124	51,673
Employee benefits expense		(49,099,820)	(34,654,571)
Depreciation and amortisation expense	5	(1,485,445)	(1,079,497)
Other project expenses		(5,102,515)	(7,048,887)
Equipment and materials used		(423,101)	(146,494)
Contractors		(35,813,701)	(42,535,029)
Administration and management costs		(10,880,248)	(6,726,159)
Loss on disposal of asset	5	(6,665)	(11,795)
Finance costs	5	(225,376)	(186,401)
Share of net profits of associates accounted for using the equity method		50,883	95,964
Profit before income tax		17,664,552	12,406,244
Income tax expense		(5,187,734)	(3,508,581)
Profit for the year		12,476,818	8,897,663
Profit is attributable to:			
Equity holders of Lycopodium Limited		12,477,268	8,897,663
Profit attributable to Minority interest		(450)	-
		12,476,818	8,897,663
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share	12	33.0	23.6
Diluted earnings per share	12	32.9	23.5

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

Lycopodium Limited and Controlled Entities
Appendix 4E - Preliminary Final Report
Consolidated Balance Sheet
As at 30 June 2008

	Notes	Consolidated 2008 \$	2007 \$
ASSETS			
Current assets			
Cash and cash equivalents		9,987,106	13,405,517
Trade and other receivables		31,342,277	22,695,353
Inventories		-	94,914
Other current assets		1,314,998	1,000,373
Non-current assets classified as held for sale	6	<u>2,078,180</u>	-
Total current assets		<u>44,722,561</u>	<u>37,196,157</u>
Non-current assets			
Investments accounted for using the equity method		346,848	295,965
Available-for-sale financial assets		99,000	120,000
Property, plant and equipment		3,788,669	2,414,049
Investment properties		-	975,564
Deferred tax assets		2,514,477	1,828,959
Intangible assets		<u>5,484,053</u>	<u>5,908,859</u>
Total non-current assets		<u>12,233,047</u>	<u>11,543,396</u>
Total assets		<u>56,955,608</u>	<u>48,739,553</u>
LIABILITIES			
Current liabilities			
Trade and other payables		14,561,054	15,134,769
Borrowings		2,113,375	1,173,133
Current tax liabilities		3,196,357	1,957,929
Provisions		<u>396,000</u>	<u>189,290</u>
Total current liabilities		<u>20,266,786</u>	<u>18,455,121</u>
Non-current liabilities			
Borrowings		2,500,372	1,754,925
Provisions		<u>338,750</u>	<u>222,639</u>
Total non-current liabilities		<u>2,839,122</u>	<u>1,977,564</u>
Total liabilities		<u>23,105,908</u>	<u>20,432,685</u>
Net assets		<u>33,849,700</u>	<u>28,306,868</u>
EQUITY			
Contributed equity		17,656,497	17,546,497
Reserves	7(a)	(718,488)	(288,967)
Retained profits	7(b)	<u>16,912,106</u>	<u>11,049,338</u>
Parent entity interest		<u>33,850,115</u>	28,306,868
Minority interest	8	<u>(415)</u>	-
Total equity		<u>33,849,700</u>	<u>28,306,868</u>

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

Lycopodium Limited and Controlled Entities
Appendix 4E - Preliminary Final Report
Consolidated Statement of Changes in Equity
For the year ended 30 June 2008

	Notes	Consolidated	
		2008	2007
		\$	\$
Total equity at the beginning of the financial year		<u>28,306,868</u>	<u>25,259,457</u>
Changes in the fair value of available-for-sale financial assets, net of tax	7	<u>(14,700)</u>	20,000
Exchange differences on translation of foreign operations	7	<u>(414,821)</u>	<u>(275,752)</u>
Net income recognised directly in equity		<u>(429,521)</u>	<u>(255,752)</u>
Profit for the year		<u>12,476,818</u>	<u>8,897,663</u>
Total recognised income and expense for the year		<u>12,047,297</u>	<u>8,641,911</u>
Transactions with equity holders in their capacity as equity holders:			
Contributions of equity, net of transaction costs		<u>110,000</u>	60,000
Dividends provided for or paid	9	<u>(6,614,500)</u>	<u>(5,654,500)</u>
Minority interest on acquisition of subsidiary		<u>35</u>	-
		<u>(6,504,465)</u>	<u>(5,594,500)</u>
Total equity at the end of the financial year		<u>33,849,700</u>	<u>28,306,868</u>
Total recognised income and expense for the year is attributable to:			
Equity holders of Lycopodium Limited		<u>12,047,747</u>	8,641,911
Minority interest		<u>(450)</u>	-
		<u>12,047,297</u>	<u>8,641,911</u>

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

Lycopodium Limited and Controlled Entities
Appendix 4E - Preliminary Final Report
Consolidated Cash Flow Statement
For the year ended 30 June 2008

	Consolidated	
	2008	2007
Notes	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	117,699,999	106,529,885
Payments to suppliers and employees (inclusive of goods and services tax)	<u>(108,254,982)</u>	<u>(96,520,425)</u>
	9,445,017	10,009,460
Interest received	752,620	677,727
Interest paid	(175,564)	(161,226)
Income taxes (paid)/received	<u>(4,628,524)</u>	<u>(2,966,786)</u>
Net cash inflow from operating activities	11 <u>5,393,549</u>	<u>7,559,175</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(383,683)	(174,732)
Proceeds from sale of property, plant and equipment	38,415	7,200
Payments for intangible assets	(252,320)	(907,217)
Payments for available-for-sale financial assets	-	(28,715)
Payments for investments accounted for using the equity method	-	(200,000)
Proceeds from sale of intangible assets	72	-
Proceeds from sale of available-for-sale financial assets	-	72,989
Net cash (outflow) from investing activities	<u>(597,516)</u>	<u>(1,230,475)</u>
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities	110,035	60,000
Repayment of borrowings	(782,092)	-
Repayment of hire purchase and lease liabilities	(585,190)	(538,873)
Dividends paid to company's shareholders	9 <u>(6,614,500)</u>	<u>(5,654,500)</u>
Net cash (outflow) from financing activities	<u>(7,871,747)</u>	<u>(6,133,373)</u>
Net increase (decrease) in cash and cash equivalents		
	(3,075,714)	195,327
Cash and cash equivalents at the beginning of the financial year	13,405,517	13,478,543
Effects of exchange rate changes on cash and cash equivalents	<u>(342,697)</u>	<u>(268,353)</u>
Cash and cash equivalents at end of year	<u>9,987,106</u>	<u>13,405,517</u>

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

1 Summary of significant accounting policies

(a) Basis of preparation of preliminary financial report

This preliminary financial report has been prepared in accordance with the Australian Securities Exchange Listing Rules as they relate to Appendix 4E and in accordance with the measurement requirements of 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 2007 and with any public announcements made by Lycopodium Limited during the reporting period in accordance with the disclosure requirements of the *Corporations Act 2001*.

Certain Australian Accounting Standards and Interpretations have been recently issued or amended but are not yet effective. The Directors are in the process of finalising their assessment of the impact of these standards and interpretations to the extent relevant to the company.

The accounting policies have been consistently applied to all the years presented, unless otherwise stated.

2 Segment information

(a) Description of segments

Business segments

The consolidated entity is organised into the following divisions by product and service type.

Engineering, Procurement and Construction Management (EPCM)

This industry segment comprises assignments for delivery of the full suite of project delivery services comprising project management, all disciplines of engineering, drafting, procurement, construction management and commissioning. EPCM services are provided on either an hourly rate or fixed fee basis.

Design and Construct (Lump Sum)

This industry segment comprises the delivery of turn key projects comprising EPCM services together with supply and installation of the plant and equipment. Turn key projects are provided on a fixed lump sum basis.

Study Services

This industry segment comprises the delivery of the services required to prepare project studies. These project studies range from concept studies through to definitive feasibility studies and require delivery of a wide range of services comprising study management, all disciplines of engineering, drafting, procurement, estimating, financial modelling and secretarial. Study services are provided on either an hourly rate or fixed fee basis.

Project Services

This industry segment comprises the delivery of selected project services required to assist others with the delivery of a project. These project services range from providing superintendent services through to preparation of complete design packages and therefore comprise selected EPCM services. Project services are provided on either an hourly rate or fixed fee basis.

Geographical segments

The consolidated entity operates in two main geographical areas.

Australia

The home country of the parent entity and four of its subsidiaries.

Africa

Comprises operations carried on in Africa.

2 Segment information (continued)

(b) Primary reporting format - business segments

2008	EPCM \$	Design and Construct (Lump Sum) \$	Study Services \$	Project Services \$	Total \$
Segment revenue					
Sales to external customers	74,817,031	11,704,849	26,278,720	5,854,979	118,655,579
Intersegment elimination					-
Unallocated revenue					1,922,837
Consolidated revenue					120,578,416
Segment result					
Segment result	17,178,820	865,240	5,374,262	1,419,626	24,837,948
Intersegment elimination					-
Unallocated revenue less unallocated expenses					(7,173,396)
Profit before income tax					17,664,552
Income tax expense					(5,187,734)
Profit for the year					12,476,818
Segment assets and liabilities					
Segment assets	22,072,194	2,546,900	6,334,102	2,433,981	33,387,177
Intersegment elimination					-
Unallocated assets					23,568,431
Total assets					56,955,608
Segment liabilities	5,198,232	1,257,368	1,193,293	521,570	8,170,463
Intersegment elimination					-
Unallocated liabilities					14,935,445
Total liabilities					23,105,908
Other segment information					
Investments in associates and joint venture partnership	-	-	-	346,848	346,848
Share of net profits of associates and joint venture partnership	-	-	-	50,883	50,883
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	1,088,184	72,970	306,002	49,637	1,516,793
Unallocated					2,118,566
Total acquisitions					3,635,359
Depreciation and amortisation expense	612,696	56,718	199,109	35,433	903,956
Unallocated					581,489
Total depreciation and amortisation					1,485,445

2 Segment information (continued)

2007	EPCM \$	Design and Construct (Lump Sum) \$	Study Services \$	Project Services \$	Total \$
Segment revenue					
Sales to external customers	54,400,170	26,978,846	13,919,484	9,115,378	104,413,878
Intersegment elimination					(898,310)
Unallocated revenue					1,131,872
Consolidated revenue					104,647,440
Segment result					
Segment result	14,812,117	1,209,920	3,213,311	2,393,655	21,629,003
Intersegment elimination					(18,995)
Unallocated revenue less unallocated expenses					(9,203,764)
Profit before income tax					12,406,244
Income tax expense					(3,508,581)
Profit for the year					8,897,663
Segment assets and liabilities					
Segment assets	13,490,949	5,136,371	4,501,247	1,447,200	24,575,767
Intersegment elimination					(373,611)
Unallocated assets					24,537,397
Total assets					48,739,553
Segment liabilities	3,609,136	5,427,827	913,626	1,276,150	11,226,739
Intersegment elimination					(188,000)
Unallocated liabilities					9,393,946
Total liabilities					20,432,685
Other segment information					
Investments in associates and joint venture partnership	-	-	-	295,965	295,965
Share of net profits of associates and joint venture partnership	-	-	-	95,964	95,964
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	355,678	23,974	111,244	30,356	521,252
Unallocated					756,087
Total acquisitions					1,277,339
Depreciation and amortisation expense	535,126	68,882	144,465	51,242	799,715
Unallocated					279,782
Total depreciation and amortisation					1,079,497

(i) *Inter-segment transfers*

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an "arms-length" basis and are eliminated on consolidation.

3 Revenue

	Consolidated	
	2008	2007
	\$	\$
From continuing operations		
Contract revenue	<u>119,515,997</u>	<u>103,657,877</u>
<i>Other revenue</i>		
Rents and sub-lease rentals	192,977	216,886
Bank interest	752,620	677,727
Other revenue	<u>116,822</u>	<u>94,950</u>
	<u>1,062,419</u>	<u>989,563</u>
Revenue from operations	<u>120,578,416</u>	<u>104,647,440</u>

4 Other income

	Consolidated	
	2008	2007
	\$	\$
Net gain on sale of available-for-sale financial assets	-	44,274
Foreign exchange gains (net)	<u>72,124</u>	<u>7,399</u>
	<u>72,124</u>	<u>51,673</u>

5 Expenses

	Consolidated	
	2008	2007
	\$	\$
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Buildings	39,207	39,206
Plant and equipment	432,993	401,317
Motor Vehicles	<u>14,854</u>	<u>16,236</u>
Total depreciation	<u>487,054</u>	<u>456,759</u>
<i>Amortisation</i>		
Leasehold improvements	95,096	62,132
Leased plant and equipment	228,203	192,421
Computer software	<u>675,092</u>	<u>368,185</u>
Total amortisation	<u>998,391</u>	<u>622,738</u>
Total depreciation and amortisation	<u>1,485,445</u>	<u>1,079,497</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable	225,376	186,401
<i>Net loss on disposal of property, plant and equipment</i>	6,665	11,795
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	2,106,306	2,092,053

6 Current assets - Non-current assets classified as held for sale

	Consolidated	
	2008	2007
	\$	\$
Land and buildings	2,078,180	-
<p>The Directors have decided to sell the land and buildings located at Belmont, Western Australia. These assets were previously classified under investment properties and property, plant and equipment in the prior year.</p>		

7 Reserves and retained profits

	Consolidated	
	2008	2007
	\$	\$
(a) Reserves		
Foreign currency translation reserve	(703,788)	(288,967)
Available-for-sale investments revaluation reserve	(14,700)	-
	(718,488)	(288,967)

	Consolidated	
	2008	2007
	\$	\$
Movements:		
<i>Available-for-sale investments revaluation reserve</i>		
Balance at the beginning of the financial year	-	(20,000)
Revaluation - gross	(21,000)	20,000
Deferred tax	6,300	-
Balance at the end of the financial year	(14,700)	-

	Consolidated	
	2008	2007
	\$	\$
Movements:		
<i>Foreign currency translation reserve</i>		
Balance at the beginning of the financial year	(288,967)	(13,215)
Currency translation differences arising during the year	(414,821)	(275,752)
Balance at the end of the financial year	(703,788)	(288,967)

7 Reserves and retained profits (continued)

(b) Retained profits

Movements in retained profits were as follows:

	Consolidated	
	2008	2007
	\$	\$
Balance at the beginning of the financial year	11,049,338	7,806,175
Net profit for the year	12,477,268	8,897,663
Dividends	<u>(6,614,500)</u>	<u>(5,654,500)</u>
Balance at the end of the financial year	<u>16,912,106</u>	<u>11,049,338</u>

8 Minority interest

	Consolidated	
	2008	2007
	\$	\$
Interest in:		
Share capital	35	-
Retained profits	<u>(450)</u>	<u>-</u>
	<u>(415)</u>	<u>-</u>

9 Dividends

	Parent	
	2008	2007
	\$	\$
(a) Ordinary shares		
Final dividend for the year ended 30 June 2007 of 12.5 cents (2006 - 10 cents) per fully paid share paid on 15 October 2007 (2006 - 15 November 2006) Fully franked based on tax paid @ 30%	4,722,500	3,768,000
Interim dividend for the year ended 30 June 2008 of 5 cents (2007 - 5 cents) per fully paid share paid 15 April 2008 (2007 - 13 April 2007) Fully franked based on tax paid @ 30%	<u>1,892,000</u>	<u>1,886,500</u>
Total dividends provided for or paid during the financial year	<u>6,614,500</u>	<u>5,654,500</u>
Dividends paid in cash during the financial years were as follows:	<u>6,614,500</u>	<u>5,654,500</u>

(b) Dividends not recognised at year end

In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 20 cents per fully paid ordinary share (2007 - 12.5 cents), fully franked based on tax paid at 30%.

The aggregate amount of the proposed dividend expected to be paid on 17 October 2008 out of Group retained profits at 30 June 2008, but not recognised as a liability at year end, is

<u>7,568,000</u>	<u>4,716,250</u>
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10 Events occurring after the balance sheet date

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

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

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

	Consolidated	
	2008	2007
	\$	\$
Profit for the financial year	12,476,818	8,897,663
Depreciation and amortisation	1,485,445	1,079,497
Write off of assets	49,329	-
Net loss on sale of non-current assets	6,665	11,795
Net gain on sale of available-for-sale financial assets	-	(44,274)
Share of profits of associates not received as dividends or distributions	(50,883)	(95,964)
Net exchange differences	(72,124)	(7,399)
Non-cash interest expense	49,810	25,175
Change in operating assets and liabilities		
(Increase) in trade debtors and other receivables	(8,646,924)	(5,243,742)
Decrease in inventories	94,914	403,427
(Increase) in deferred tax assets	(573,289)	(722,628)
(Increase) in other operating assets	(314,625)	(650,976)
Increase (decrease) in trade creditors and other payables	(573,715)	1,803,694
Increase in other operating liabilities	6,808	782,092
Increase in provision for income taxes payable	1,238,428	835,502
Increase (decrease) in deferred tax liabilities	(105,929)	428,921
Increase in other provisions	322,821	56,392
Net cash inflow from operating activities	<u>5,393,549</u>	<u>7,559,175</u>

12 Earnings per share

	Consolidated	
	2008	2007
	Cents	Cents
(a) Basic earnings per share		
Profit attributable to the ordinary equity holders of the company	33.0	23.6
(b) Diluted earnings per share		
Profit attributable to the ordinary equity holders of the company	32.9	23.5

Lycopodium Limited and Controlled Entities
Appendix 4E - Preliminary Final Report
Supplementary information
30 June 2008

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

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

Record date	Payment date	Type	Amount per security	Total dividend	Franked amount per security
2 October 2007	15 October 2007	Final	12.5 cents	\$ 4,722,500	12.5 cents
1 April 2008	15 April 2008	Interim	5.0 cents	\$ 1,892,000	5.0 cents
1 October 2008	17 October 2008	Final	20.0 cents	\$ 7,568,000	20.0 cents

Associates and Joint Venture entities (Appendix 4D item 7)

Name	Ownership interest		Aggregate share of profits/(losses), where material	
	2008	2007	2008	2007

	2008	2007	2008	2007
	%	%	\$	\$
MLH Management Pty Ltd	33	33	-	-
Sherwood Utilities Pty Ltd	40	-	50,883	95,964