

## ASX Announcement



25 February 2022

ASX Market Announcements Office  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

### **Appendix 4D - 2022 Half-Year Report**

In accordance with ASX Listing Rule 4.2A, Cardno Limited (ASX: CDD) is announcing to market its 2022 Half-Year Results. Attached is the Appendix 4D.

Yours faithfully,

Cherie O'Riordan  
Joint Company Secretary

#### **For further information contact:**

##### **Authorised Officer and Investor enquiries:**

**Peter Barker**  
*Chief Financial Officer (until 3-3-2022)*  
t: +61 7 3139 2996  
m: +61 449 011 623  
e: [peter.barker@cardno.com](mailto:peter.barker@cardno.com)

**Cherie O'Riordan**  
*Chief Financial Officer (from 3-3-22)*  
t: +61 7 3413 3747  
m: +61 437 334 196  
e: [cherie.oriordan@cardno.com.au](mailto:cherie.oriordan@cardno.com.au)

## Supplementary Appendix 4D Information

Cardno Limited and its Controlled Entities for the period ended 31 December 2021

### Cardno Limited

ABN 70 108 112 303

## Appendix 4D

### 2022 Half-Year Report

### Results for Announcement to the Market

#### 1. REPORTING PERIOD

Reporting period: 31 December 2021

Previous Corresponding period: 31 December 2020

The Half-Year Financial Report should be read in conjunction with the 2021 Annual Report.

#### 2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	H1 2022 \$'000	H1 2021 \$'000 Restated	Up / Down	Movement
Revenue from continuing operations	138,660	143,614	Down	3.45%
Revenue from discontinued operations	263,548	289,956	Down	9.11%
Profit/(loss) after income tax from continuing operations	(35,607)	8,227	Down	43,834
Profit after income tax from discontinued operations	504,272	12,639	Up	491,633
Attributable to:				
Ordinary equity holders of the parent	468,665	20,866	Up	447,799

#### 3. DIVIDENDS

No interim dividend has been declared for the 2022 financial half-year (2021: 1.5 cents per share).

## Supplementary Appendix 4D Information

Cardno Limited and its Controlled Entities for the period ended 31 December 2021

### 4. NET TANGIBLE ASSETS ('NTA') PER SECURITY

	31 December 2021 cents	30 June 2021 Cents
NTA per security <sup>1</sup>	140.18	27.02

<sup>1</sup>On 31 December 2021, the company completed a share consolidation through the conversion of every 10 shares held by a shareholder to one share (10:1). FY21 ordinary shares are presented on a pre-consolidated basis, and ordinary shares at 31 December 2021 on a post-consolidated basis.

### 5. ASSOCIATES AND JOINT VENTURE ENTITIES

Associates and joint venture entities are not considered to be material to the Group.

### 6. OTHER SIGNIFICANT INFORMATION

Not applicable.

### 7. ACCOUNTING STANDARDS USED FOR FOREIGN ENTITIES

Not applicable. Australian Accounting Standards are utilised when compiling the report.

### 8. COMMENTARY ON THE RESULTS FOR THE PERIOD

Refer to 31 December 2021 Half-Year Financial Report and Media Release.

### 9. STATUS OF AUDIT

The Interim Financial Report for the half-year ended 31 December 2021, which contains the independent auditor's review report, is attached.

Cherie O'Riordan  
**Joint Company Secretary**

25 February 2022



# **HY22**

## INTERIM FINANCIAL REPORT

for the half-year ended  
31 December 2021

**Making a  
difference.**

Cardno Limited  
ABN 70 108 112 303  
and its controlled entities

# Financial Report

## for the half-year ended 31 December 2021

### CONTENTS

Directors' Report .....	2
Lead Auditor's Independence Declaration.....	9
Consolidated Interim Statement of Financial Performance .....	10
Consolidated Interim Statement of Comprehensive Income .....	11
Consolidated Interim Statement of Financial Position .....	12
Consolidated Interim Statement of Changes in Equity .....	13
Consolidated Interim Statement of Cash Flows .....	14
Notes to the Consolidated Interim Financial Statements .....	15
Directors' Declaration .....	30
Independent Auditor's Review Report .....	31
Corporate Directory .....	33

# Directors' Report

The directors present their report together with the consolidated financial report of Cardno Limited (“the Company”) and its controlled entities for the half-year ended 31 December 2021 and the auditor’s review report thereon.

## DIRECTORS

The directors of the Company in office during or since the end of the half-year ended 31 December 2021 are set out below:

---

<b>Michael Alscher</b>	Non-Executive Director and Chairman
<b>Susan Reisbord</b>	Chief Executive Officer and Managing Director (resigned 9 December 2021)
<b>Jeffrey Forbes</b>	Non-Executive Director
<b>Rebecca Ranich</b>	Non-Executive Director (resigned 9 December 2021)
<b>Steven Sherman</b>	Non-Executive Director (resigned 9 December 2021)
<b>Nathanial Thomson</b>	Non-Executive Director

---

All directors held office during and since the end of the half-year unless otherwise indicated.

## COMPANY SECRETARIES

---

<b>Peter Barker<sup>1</sup></b>	Chief Financial Officer and Joint Company Secretary
<b>Cherie O’Riordan</b>	Group Financial Controller and Joint Company Secretary

---

<sup>1</sup> Following completion of the sale of the Americas and Asia Pacific consulting divisions on 9 December 2021, Peter Barker’s final day with the company will be 3 March 2022.

# Directors' Report (continued)

## REVIEW OF RESULTS

PERFORMANCE (\$'m)	H1 2022	H1 2021 Restated <sup>1</sup>
Gross Revenue	138.7	143.6
Fee Revenue	84.1	86.2
Underlying EBITDAI <sup>2</sup>	4.8	4.2
Underlying NOPAT <sup>3</sup>	0.3	(0.8)
Net profit/(loss) after tax from continuing operations	(35.6)	8.2
Net profit after tax from discontinued operations	504.3	12.6
Net profit after tax	468.7	20.9
Operating Cash Flow	(22.0)	11.8
Dividend per share (cents)	-	1.5
Special dividend per share (cents)	57.0	-
Capital return per share (cents)	92.0	-
EPS from continuing operations – basic (cents)	(91.28)	19.10
NOPAT EPS - basic (cents) <sup>3</sup>	0.66	(1.91)

<sup>1</sup> Comparative information has been restated due to discontinued operations.

<sup>2</sup> EBITDAI = EBIT from continuing operations plus underlying adjustments, depreciation, amortisation and impairment losses

<sup>3</sup> NOPAT = NPAT from continuing operations plus underlying adjustments and tax effected impairment losses

EBITDAI and EBIT are unaudited. However, they are based on amounts extracted from the reviewed financial statements as reported in the consolidated interim statement of financial performance on page 10. These metrics provide a measure of Cardno's performance before the impact of non-cash expense items, such as depreciation and amortisation and impairment losses, as well as interest costs associated with Cardno's external debt facility and hire purchase arrangements.

NOPAT is unaudited. However, it is based on amounts extracted from the reviewed financial statements. This metric provides a measure of Cardno's operating performance before the impact of non-cash adjustments such as impairment losses of goodwill and other assets.

### Sale Transactions and Strategic Review

The company announced the completion of the sale of its Asia Pacific and Americas consulting divisions to Stantec Inc. on 9 December 2021 for a total aggregate cash consideration of USD\$500 million. A distribution of approximately \$582 million was made to shareholders on 22 December 2021, comprising both a capital return and unfranked special dividend.

Following completion of the transactions, the company remains an ASX listed company and continues to operate its engineering and consultancy business through its remaining International Development and Latin American (Entrix) group companies.

The Board continues its strategic review of Cardno's remaining operations to determine the best way to maximise returns for shareholders.

### First Half FY22 Financial Results

Cardno reports an underlying half year profit after tax from continuing operations of \$0.3 million (FY21: loss (\$0.8) million), up on prior year comparative and a statutory profit after tax of \$468.7 million (FY21: \$20.9 million).

Underlying EBITDAI of \$4.8 million (FY21: \$4.2 million) includes a \$1.9 million EBITDAI (pre AASB16 basis) recorded by the International Development segment, \$0.9 million EBITDAI in the Portfolio segment (also pre AASB16 basis), and \$2.0 million relating to AASB 16 Leases.

The statutory result includes an accounting gain from the sale of the Asia Pacific and Americas consulting divisions of \$488.3 million, and various other one-off items relating to the sale transactions.

The 1HY22 statutory result also benefited from continued progress in the wind down of part of the company's business in Latin America, with successful resolution of some outstanding matters.

## Directors' Report (*continued*)

The Group's underlying profit after tax from continuing and discontinuing operations was \$13.5 million (FY21: \$14.7 million).

### Balance Sheet

The carrying value of net assets of the Cardno Group entities sold to Stantec at completion was \$264.4 million. On receipt of the sale proceeds outlined above, the company repaid its syndicated debt facility in full at completion (\$22.7 million outstanding at 30 June 2021), resulting in no outstanding bank loans for the Group at 31 December 2021.

A distribution of approximately \$582 million was made to shareholders on 22 December 2021, comprising both a capital return and unfranked special dividend.

### Cash Flow

The company recorded a net operating cash outflow for the half of \$22.0 million. Cash paid to suppliers and employees includes \$17.5 million employee payments made on closure of the company's Performance Equity Plans. Excluding these significant items, net operating cash for the half was an outflow of \$4.5 million.

## SEGMENT OVERVIEW

### International Development (ID)

The ID business designs and implements large-scale sustainable solutions for both development assistance agencies and private clients. The ID business generally has long term high value contracts, which have a high pass-through component – Cardno manages the contract and receives a management fee for doing so. As previously advised, the company made a strategic decision to exit from its ID presence in the UK and Continental Europe. The successful sale of the ID businesses in the UK and Continental Europe in 2H of FY21 impacts year on year comparisons of the company's 1H FY22 review of results and statement of financial performance.

The ID business recorded gross revenue for the half of \$134.0 million (down 4.5% on prior period of \$140.3 million), impacted by reduced activity in the division's Americas business and the closure of its European business in FY21. Underlying EBITDA for the business of \$1.9 million was down on prior year due to increased business development activity and legal costs incurred in the current period, however still reflects strong project delivery, effective cost management and significant project wins.

Backlog at 31 December 2021 was approximately \$674 million (31 December 2020: \$747.6 million), the reduction in backlog contributed to by the exit from ID's presence in the UK and Continental Europe.

### Portfolio

Portfolio businesses include Latin America, which while an integral part of the Group's current suite of services, is not considered to be core and hence has slightly different operating methodologies, environments, and markets.

Latin America's (Entrix) underlying EBITDA for the period was \$0.3 million, up on prior year of \$45 thousand. Gross revenue was \$4.6 million (compared to prior period comparative of \$3.2 million), representing an increase and subsequent burn in backlog.

EBITDA margin of 6.5% was also up on prior year margin of 1.4%, representing strong project delivery and effective cost management.

Ingenieria Sustentable (INSUS) S.A. (formerly Caminosca) continues to wind down and incur some corporate costs such as legal expenses, which have been excluded from the underlying result.

# Directors' Report (continued)

## REVIEW OF RESULTS

\$'000	Statutory <sup>1</sup>		Underlying Adjustments <sup>2</sup>		Underlying <sup>1</sup>	
	Half-year ended		Half-year ended		Half-year ended	
	31-Dec-21	31-Dec-20 Restated <sup>7</sup>	31-Dec-21	31-Dec-20 Restated <sup>7</sup>	31-Dec-21	31-Dec-20 Restated <sup>7</sup>
ID	134,029	140,348	-	-	134,029	140,348
Portfolio	4,631	3,266	-	-	4,631	3,266
<b>Gross Revenue</b>	<b>138,660</b>	<b>143,614</b>	-	-	<b>138,660</b>	<b>143,614</b>
ID	1,778	1,700	145	549	1,923	2,249
Portfolio	7,930	10,673	(7,032)	(10,573)	898	100
<b>Continuing operations EBITDAI<sup>3, 5</sup></b>	<b>9,708</b>	<b>12,373</b>	<b>(6,887)</b>	<b>(10,024)</b>	<b>2,821</b>	<b>2,349</b>
Adjust for AASB 16 impact	1,983	1,827	-	-	1,983	1,827
<b>Adjusted EBITDAI<sup>3, 5</sup></b>	<b>11,691</b>	<b>14,200</b>	<b>(6,887)</b>	<b>(10,024)</b>	<b>4,804</b>	<b>4,176</b>
Unrealised foreign exchange gains/(losses)	172	(149)	-	-	172	(149)
<b>Total continuing operations EBITDAI<sup>3, 5</sup></b>	<b>11,863</b>	<b>14,051</b>	<b>(6,887)</b>	<b>(10,024)</b>	<b>4,976</b>	<b>4,027</b>
Depreciation, impairment and amortisation expenses	(1,106)	(2,062)	-	-	(1,106)	(2,062)
Amortisation of right-of-use assets	(1,632)	(1,686)	-	-	(1,632)	(1,686)
<b>EBIT<sup>4, 5</sup></b>	<b>9,125</b>	<b>10,303</b>	<b>(6,887)</b>	<b>(10,024)</b>	<b>2,238</b>	<b>279</b>
Finance costs	(1,387)	(1,617)	-	-	(1,387)	(1,617)
Finance costs on lease liabilities	(333)	(133)	-	-	(333)	(133)
<b>Profit/(loss) from continuing operations before income tax</b>	<b>7,405</b>	<b>8,553</b>	<b>(6,887)</b>	<b>(10,024)</b>	<b>518</b>	<b>(1,471)</b>
Income tax benefit/(expense) <sup>6</sup>	(43,012)	(326)	42,751	975	(261)	649
<b>Profit/(loss) from continuing operations after income tax</b>	<b>(35,607)</b>	<b>8,227</b>	<b>35,864</b>	<b>(9,049)</b>	<b>257</b>	<b>(822)</b>
Discontinued operations, net of tax	<b>504,272</b>	<b>12,639</b>	<b>(491,068)</b>	<b>2,905</b>	<b>13,204</b>	<b>15,544</b>
<b>Profit/(loss) after income tax</b>	<b>468,665</b>	<b>20,866</b>	<b>(455,204)</b>	<b>(6,144)</b>	<b>13,461</b>	<b>14,722</b>
Attributable to:						
Ordinary Equity holders	468,665	20,866	(455,204)	(6,144)	13,461	14,722

1. The use of the term 'Statutory' refers to International Financial Reporting Standards (IFRS) financial information and 'Underlying' refers to non-IFRS financial information. Underlying earnings are categorised as non-IFRS financial information and therefore have been presented in compliance with ASIC Regulatory Guide 230 – Disclosing non-IFRS information. Underlying adjustments have been considered in relation to their size and nature and have been adjusted from the Statutory information, for disclosure purposes, to assist readers to better understand the financial performance of the underlying business in each reporting period. These adjustments include transactions or costs that on their own or in combination with a number of similar transactions contribute to more than five percent of profit/(loss) after tax. Underlying adjustments are assessed on a consistent basis year-on-year and include both favourable and unfavourable items.

The exclusion of these items provides a result which, in the Directors' view, more closely reflects the ongoing operations of the Group.

2. Details of adjustments from Statutory to Underlying financial information are set out on page 6.

3. EBITDAI represents earnings before interest, income tax, and depreciation, amortisation and impairment.

4. EBIT represents earnings before interest and income tax.

5. EBITDAI and EBIT are unaudited. However, they are based on amounts extracted from the reviewed financial statements as reported in the consolidated interim statement of financial performance on page 10. These metrics provide a measure of Cardno's performance before the impact of non-cash expense items, such as depreciation, amortisation and impairment, as well as interest costs associated with Cardno's external debt facility and hire-purchase arrangements.

6. Income tax (expense)/benefit refer to note 6 in the accompanying financial statements.

7. Comparative information has been restated due to discontinued operations.

# Directors' Report (continued)

## REVIEW OF RESULTS (CONTINUED)

	Half-year ended	
	31-Dec-21 \$'000	31-Dec-20 \$'000 Restated <sup>6</sup>
Underlying Profit from Continuing and Discontinued Operations After Income Tax (Attributable to Ordinary Equity Holders)	13,461	14,722
<b>Underlying Adjustments to EBITDA:</b>		
Costs associated with restructuring <sup>1</sup>	145	549
Other non-trade income recognised <sup>2</sup>	(541)	-
Receipt of settlement proceeds <sup>3</sup>	(1,370)	(7,085)
Release of liabilities no longer required <sup>4</sup>	(3,623)	(468)
Recovery of debtors relating to INSUS <sup>4</sup>	(2,220)	(3,020)
Share based payment expense <sup>5</sup>	687	-
Other	35	-
<b>Total Underlying Adjustments to EBITDA</b>	<b>(6,887)</b>	<b>(10,024)</b>
<b>Underlying Adjustments to Income Tax:</b>		
Tax effect of underlying adjustments	(1,319)	975
Tax effect of derecognition of the Deferred Tax Assets relating to tax losses	44,070	-
<b>Total Underlying Adjustments to Income Tax</b>	<b>42,751</b>	<b>975</b>
Underlying adjustments relating to divested entities	(491,068)	2,905
<b>Total Underlying Adjustments to Discontinued Operations</b>	<b>(491,068)</b>	<b>2,905</b>
Statutory Profit After Income Tax (Attributable to Ordinary Equity Holders)	468,665	20,866

1. Termination and redundancy costs associated with the restructuring of ID Europe.

2. Successful recoveries on outstanding legal claims by INSUS, see note 10.

3. Settlement proceeds in relation to INSUS, see note 10.

4. Release of liabilities no longer required and recovery of debtors relating to INSUS, see note 10.

5. Share based payment expense from accelerated vesting of employee performance rights on settlement and closure of Performance Equity Plans.

6. Comparative information has been restated due to discontinued operations.

## Directors' Report (continued)

### DISCONTINUED OPERATIONS

\$'000	Half-year ended	
	31-Dec-21	31-Dec-20
Gross Revenue	263,548	289,956
Expenses	(226,524)	(255,132)
<b>Discontinued Operations EBITDA</b>	<b>37,024</b>	<b>34,824</b>
Gain on sale of discontinued operations	488,314	-
Underlying adjustments	(10,452)	(3,621)
Depreciation and amortisation expenses	(10,270)	(14,265)
Unrealised foreign exchange losses	(295)	-
<b>EBIT</b>	<b>504,321</b>	<b>16,938</b>
Finance costs	(1,419)	(2,005)
<b>Profit before income tax from discontinued operations</b>	<b>502,902</b>	<b>14,933</b>
Income tax (expense)/benefit	1,370	(2,294)
<b>Profit after income tax from discontinued operations</b>	<b>504,272</b>	<b>12,639</b>
Attributable to:		
Ordinary Equity holders	504,272	12,639

### DIVIDENDS

No dividends declared for the half year ended 31 December 2021 (2020: 1.5 cents per share).

### SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future years.

## **Directors' Report (*continued*)**

### **LEAD AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's independence declaration under Section 307C of the Corporations Act 2001 is set out on page 9 and forms part of the directors' report for the half-year ended 31 December 2021.

### **ROUNDING OF AMOUNTS**

The company is of a kind referred to in ASIC Corporations Instrument 2016/191 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars or, in certain cases, to the nearest dollar.

Signed in accordance with a resolution of Directors.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'M Alscher', with a long horizontal flourish extending to the right.

**MICHAEL ALSCHER**

Chairman

25 February 2022



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Cardno Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Cardno Limited for the half-year ended 31 December 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

A stylized, handwritten signature of the KPMG logo in black ink.

KPMG

A handwritten signature in black ink, appearing to read 'J Adams'.

Jason Adams  
Partner

Brisbane  
25 February 2022

# Consolidated Interim Statement of Financial Performance

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2021

	Note	31-Dec-21 \$'000	31-Dec-20 \$'000 Restated <sup>1</sup>
<b>Continuing operations</b>			
Revenue from continuing operations	3A	138,660	143,614
Other Income	3B	5,534	10,325
Employee expenses		(26,484)	(31,767)
Consumables and materials used		(69,746)	(70,946)
Sub-consultant and contractor costs		(33,787)	(33,301)
Depreciation and amortisation expenses		(2,738)	(3,748)
Net financing costs	4	(1,720)	(1,750)
Other expenses		(2,314)	(3,874)
Profit before income tax from continuing operations		7,405	8,553
Income tax expense	6	(43,012)	(326)
<b>Profit/(loss) from continuing operations, net of tax</b>		<b>(35,607)</b>	<b>8,227</b>
<b>Profit after tax for the period from discontinued operations</b>	2	<b>504,272</b>	<b>12,639</b>
<b>Profit attributable to:</b>			
Owners of the Company		468,665	20,866
		<b>468,665</b>	<b>20,866</b>
<b>Earnings per share attributable to ordinary equity holders of the parent from continuing operations</b>			
Basic earnings/(loss) per share (cents per share)	12	(91.28)	19.10
Diluted earnings/(loss) per share (cents per share)	12	(91.28)	18.94
<b>Earnings per share attributable to ordinary equity holders of the parent</b>			
Basic earnings per share (cents per share)	12	1,201.46	48.44
Diluted earnings per share (cents per share)	12	1,169.34	48.05

<sup>1</sup>Comparative information has been restated due to discontinued operations, see note 2.

# Consolidated Interim Statement of Comprehensive income

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2021

	31-Dec-21 \$'000	31-Dec-20 \$'000 Restated <sup>1</sup>
<b>Profit for the period</b>	<b>468,665</b>	<b>20,866</b>
Exchange differences on translation of foreign operations - discontinued	3,342	(17,307)
Exchange differences on translation of foreign operations - continuing	46	(847)
Reclassification of foreign currency reserves on the sale of the Americas and Asia Pacific Consulting divisions – discontinued operations	(78,712)	-
Other comprehensive income for the period, net of tax	(75,324)	(18,154)
<b>Total comprehensive income for the period</b>	<b>393,341</b>	<b>2,712</b>
<b>Total comprehensive income for the year, net of tax, attributable to members of the parent arising from:</b>		
Continuing operations	(35,561)	5,086
Discontinued operations	428,902	(2,374)
	<b>393,341</b>	<b>2,712</b>

<sup>1</sup>Comparative information has been restated due to discontinued operations, see note 2.

# Consolidated Interim Statement of Financial Position

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2021

\$'000	Note	31-Dec-21 \$'000	30-Jun-21 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		37,057	37,272
Trade and other receivables		34,649	92,911
Contract assets	3A	11,452	80,032
Work in progress		-	1,021
Other current assets		4,699	6,985
Current tax receivable		164	2,699
<b>TOTAL CURRENT ASSETS</b>		<b>88,021</b>	<b>220,920</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables		-	190
Other financial assets		-	2,464
Property, plant and equipment		439	15,238
Right-of-use assets		6,057	76,187
Deferred tax assets		3,094	66,211
Intangible assets		5,964	172,580
<b>TOTAL NON-CURRENT ASSETS</b>		<b>15,554</b>	<b>332,870</b>
<b>TOTAL ASSETS</b>		<b>103,575</b>	<b>553,790</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		18,965	86,969
Lease liabilities	8	2,090	21,607
Employee benefits		3,015	30,887
Provisions		2,090	4,022
Contract liabilities	3A	10,760	38,248
<b>TOTAL CURRENT LIABILITIES</b>		<b>36,920</b>	<b>181,733</b>
<b>NON-CURRENT LIABILITIES</b>			
Loans and borrowings	8	-	22,288
Lease liabilities	8	5,208	68,844
Employee benefits		726	3,227
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>5,934</b>	<b>94,359</b>
<b>TOTAL LIABILITIES</b>		<b>42,854</b>	<b>276,092</b>
<b>NET ASSETS</b>		<b>60,721</b>	<b>277,698</b>
<b>EQUITY</b>			
Issued capital	9	10,730	370,079
Reserves		137,891	225,920
Retained losses		(87,900)	(318,301)
<b>TOTAL EQUITY</b>		<b>60,721</b>	<b>277,698</b>

# Consolidated Interim Statement of Changes in Equity

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2021

	Note	Share Capital Ordinary \$'000	Retained Earnings / (losses) \$'000	Foreign Translation Reserve \$'000	General Reserve <sup>1</sup> \$'000	Demerger Reserve \$'000	Total \$'000
<b>BALANCE AT 1 JULY 2020</b>		<b>390,682</b>	<b>(344,940)</b>	<b>104,422</b>	<b>(14,611)</b>	<b>151,320</b>	<b>286,873</b>
Profit for the period		-	20,866	-	-	-	20,866
Exchange differences on translation of foreign operations		-	-	(18,154)	-	-	(18,154)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>20,866</b>	<b>(18,154)</b>	<b>-</b>	<b>-</b>	<b>2,712</b>
<b>Transactions with owners in their capacity as owners:</b>							
Unmarketable Parcel – Share Buyback	9	(642)	-	-	-	-	(642)
Share Buyback Program	9	(12,785)	-	-	-	-	(12,785)
Employee share based payments	9	876	-	-	-	-	876
		<b>(12,551)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12,551)</b>
<b>BALANCE AT 31 DECEMBER 2020</b>		<b>378,131</b>	<b>(324,074)</b>	<b>86,268</b>	<b>(14,611)</b>	<b>151,320</b>	<b>277,034</b>
<b>BALANCE AT 1 JULY 2021</b>		<b>370,079</b>	<b>(318,301)</b>	<b>89,211</b>	<b>(14,611)</b>	<b>151,320</b>	<b>277,698</b>
Profit for the period		-	468,665	-	-	-	468,665
Exchange differences on translation of foreign operations - discontinued		-	-	3,342	-	-	3,342
Exchange differences on translation of foreign operations - continuing		-	-	46	-	-	46
Recycle of FCTR relating to disposed entities		-	-	(78,712)	-	-	(78,712)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>468,665</b>	<b>(75,324)</b>	<b>-</b>	<b>-</b>	<b>393,341</b>
<b>Transactions with owners in their capacity as owners:</b>							
Employee share-based payments <sup>2</sup>		-	-	-	(12,705)	-	(12,705)
Dividends paid or provided	9	-	(15,624)	-	-	-	(15,624)
Return of capital	9	(359,349)	-	-	-	-	(359,349)
Special dividend	9	-	(222,640)	-	-	-	(222,640)
		<b>(359,349)</b>	<b>(238,264)</b>	<b>-</b>	<b>(12,705)</b>	<b>-</b>	<b>(610,318)</b>
<b>BALANCE AT 31 DECEMBER 2021</b>		<b>10,730</b>	<b>(87,900)</b>	<b>13,887</b>	<b>(27,316)</b>	<b>151,320</b>	<b>60,271</b>

<sup>1</sup> This comprised shares held in Cardno Limited Performance Equity Plan Trust (the Trust) for use in share-based payment plans with employees. No share-based payment plans remain active at 31 December 2021 and the Trust has been closed with all remaining amounts in the reserve reclassified into a General Reserve.

<sup>2</sup> Employee share-based payments recorded during the period relate to the cancellation and settlement of the Group's Performance Equity Plans concurrent with the sale of its Americas and Asia Pacific consulting divisions. Refer to note 9.

# Consolidated Interim Statement of Cash Flows

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2021

	Note	31-Dec-21 <sup>1</sup> \$'000	31-Dec-20 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		423,072	485,208
Interest received		234	256
Finance costs paid		(3,049)	(4,222)
Cash paid to suppliers and employees		(441,391)	(468,012)
Income tax paid		(839)	(1,394)
<b>NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>		<b>(21,973)</b>	<b>11,836</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Disposal of discontinued operation, net of cash disposed of	2	677,906	-
Transaction costs incurred on sale of discontinued operations	2	(24,505)	-
Receipt of settlement proceeds		1,370	5,027
Proceeds on disposal of business assets		691	2,760
Payments of deferred acquisition consideration		-	(2,992)
Proceeds from sale of property, plant and equipment		45	195
Payments for property, plant and equipment		(1,744)	(1,228)
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>		<b>653,763</b>	<b>3,762</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid	9	(238,264)	-
Return of capital	9	(359,349)	-
Share buy-back		-	(13,427)
Proceeds from borrowings		130,993	63,880
Repayment of borrowings		(156,305)	(70,942)
Lease liabilities payments		(9,916)	(12,678)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(632,841)</b>	<b>(33,167)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS HELD</b>		<b>(1,051)</b>	<b>(17,579)</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JULY</b>		<b>37,272</b>	<b>57,723</b>
Effects of exchange rate changes on cash and cash equivalents at the end of period		836	(2,007)
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>		<b>37,057</b>	<b>38,147</b>

<sup>1</sup> The Group has elected to present a statement of cash flows that analyses all cash flows in total – i.e. including both continuing and discontinued operations; significant amounts related to discontinued operations by operating, investing and financing activities are disclosed in note 2.

# Notes to the Consolidated Interim Financial Statements

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2021

## 1. SEGMENT INFORMATION

Cardno had four reportable segments during the half-year. Two segments were divested in the period and two reportable segments remain which are managed separately by location and services provided. The segments are an aggregate of businesses which provide similar services and markets.

Internal management reports on the performance of these reportable segments are reviewed weekly by divisional management and monthly by the Group's Chief Financial Officer (CFO) and the Board. The following summary describes the operations in each of Cardno's reportable segments.

- > **International Development (ID)** – the ID business designs and implements large-scale sustainable solutions for both development assistance agencies and private clients.
- > **Other non-reporting segments** – includes Portfolio Companies including LATAM (engineering, consulting operations in Latin America) and Group Head Office. These segments don't meet the quantitative thresholds for reportable segments.

Segment results that are reported to management and the Board include items directly attributed to the segment as well as those that can be allocated on a reasonable basis.

**Reconciliations of reportable segment revenues and profit or loss are shown on the following pages.**

# Notes to the Consolidated Interim Financial Statements

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2021

## 1. SEGMENT INFORMATION (CONTINUED)

31 Dec 2021 \$'000	Continuing operations			Discontinued Operations		
	ID	Other	Total	Asia Pacific	Americas	Total <sup>1</sup>
<b>SEGMENT REVENUE</b>						
Fees from consulting services	79,464	4,619	<b>84,083</b>	91,148	111,414	<b>202,562</b>
Fees from recoverable expenses	54,210	-	<b>54,210</b>	18,148	42,838	<b>60,986</b>
Segment Revenue	133,674	4,619	<b>138,293</b>	109,296	154,252	<b>263,548</b>
Other revenue	355	12	<b>367</b>	-	-	-
Total Segment Revenue	134,029	4,631	<b>138,660</b>	109,296	154,252	<b>263,548</b>
<b>Total Revenue</b>	<b>134,029</b>	<b>4,631</b>	<b>138,660</b>	<b>109,296</b>	<b>154,252</b>	<b>263,548</b>
<b>Segment Result</b>	<b>1,923</b>	<b>898</b>	<b>2,821</b>	<b>10,078</b>	<b>19,346</b>	<b>29,424</b>
Adjust for AASB 16 impact	1,631	352	<b>1,983</b>	3,770	3,830	<b>7,600</b>
<b>Adjusted Segment Result</b>	<b>3,554</b>	<b>1,250</b>	<b>4,804</b>	<b>13,848</b>	<b>23,176</b>	<b>37,024</b>
Sale of the Americas and Asia Pacific Consulting divisions <sup>1</sup>	-	-	-	-	-	<b>488,314</b>
Share based payment expense	-	(687)	<b>(687)</b>	-	-	<b>(3,744)</b>
Other non cash transactions relating to disposed entities	-	-	-	-	-	<b>(6,708)</b>
Costs associated with restructuring	(145)	-	<b>(145)</b>	-	-	-
Receipt of settlement proceeds	-	1,370	<b>1,370</b>	-	-	-
Release of liabilities no longer required	-	3,623	<b>3,623</b>	-	-	-
Recovery of debtors relating to INSUS	-	2,220	<b>2,220</b>	-	-	-
Other non-trade income recognised	-	541	<b>541</b>	-	-	-
Other	-	(35)	<b>(35)</b>	-	-	-
Depreciation and amortisation expense	(75)	(1,031)	<b>(1,106)</b>	(1,474)	(760)	<b>(2,234)</b>
Amortisation of right-of-use assets	(1,349)	(283)	<b>(1,632)</b>	(4,242)	(3,794)	<b>(8,036)</b>
Unrealised foreign exchange gains/(losses)	-	172	<b>172</b>	-	-	<b>(295)</b>
<b>Profit before interest and income tax</b>			<b>9,125</b>			<b>504,321</b>
Finance costs and interest income			<b>(1,387)</b>			<b>(1)</b>
Finance costs on lease liabilities			<b>(333)</b>			<b>(1,418)</b>
<b>Profit before income tax</b>			<b>7,405</b>			<b>502,902</b>
Income tax (expense)/benefit			<b>(43,012)</b>			<b>1,370</b>
<b>Profit/(loss) after income tax</b>			<b>(35,607)</b>			<b>504,272</b>
<b>Profit from continuing and discontinuing operations after income tax</b>						<b>468,665</b>

<sup>1</sup> Discontinued operations relate to the sale of the Americas and Asia Pacific Consulting divisions to Stantec Inc. on 9 December 2021. See Note 2.

# Notes to the Consolidated Interim Financial Statements

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2021

## 1. SEGMENT INFORMATION (CONTINUED)

31 Dec 2020 \$'000 Restated	Continuing operations			Discontinued Operations		
	ID	Other	Total	Asia Pacific	Americas	Total <sup>1</sup>
<b>SEGMENT REVENUE</b>						
Fees from consulting services	82,934	3,218	<b>86,152</b>	97,606	125,708	<b>223,314</b>
Fees from recoverable expenses	57,369	47	<b>57,416</b>	22,451	44,097	<b>66,548</b>
Segment Revenue	140,303	3,265	<b>143,568</b>	120,057	169,805	<b>289,862</b>
Other revenue	45	1	<b>46</b>	39	55	<b>94</b>
Total Segment Revenue	140,348	3,266	<b>143,614</b>	120,096	169,860	<b>289,956</b>
<b>Total Revenue</b>	<b>140,348</b>	<b>3,266</b>	<b>143,614</b>	<b>120,096</b>	<b>169,860</b>	<b>289,956</b>
<b>Segment Result</b>	<b>2,249</b>	<b>100</b>	<b>2,349</b>	<b>3,860</b>	<b>18,527</b>	<b>22,387</b>
Adjust for AASB 16 impact	1,816	11	<b>1,827</b>	5,345	7,092	<b>12,437</b>
<b>Adjusted Segment Result</b>	<b>4,065</b>	<b>111</b>	<b>4,176</b>	<b>9,205</b>	<b>25,619</b>	<b>34,824</b>
Costs related to disposed entities	-	-	-	-	-	<b>(896)</b>
Onerous contracts and other costs associated with office rationalisation	-	-	-	(1,556)	-	<b>(1,556)</b>
Costs associated with restructuring	(549)	-	<b>(549)</b>	(1,206)	(129)	<b>(1,335)</b>
Receipt of settlement proceeds	-	7,085	<b>7,085</b>	-	-	-
Release of liabilities no longer required	-	468	<b>468</b>	-	166	<b>166</b>
Recovery of debtors relating to INSUS	-	3,020	<b>3,020</b>	-	-	-
Depreciation and amortisation expense	(98)	(1,964)	<b>(2,062)</b>	(1,996)	(1,413)	<b>(3,409)</b>
Amortisation of right-of-use assets	(1,658)	(28)	<b>(1,686)</b>	(5,805)	(5,051)	<b>(10,856)</b>
Unrealised foreign exchange losses	-	(149)	<b>(149)</b>	-	-	-
<b>Profit before interest and income tax</b>			<b>10,303</b>			<b>16,938</b>
Finance costs and interest income			<b>(1,617)</b>			<b>190</b>
Finance costs on lease liabilities			<b>(133)</b>			<b>(2,195)</b>
<b>Profit before income tax</b>			<b>8,553</b>			<b>14,933</b>
Income tax expense			<b>(326)</b>			<b>(2,294)</b>
<b>Profit after income tax</b>			<b>8,227</b>			<b>12,639</b>
<b>Profit from continuing and discontinuing operations after income tax</b>						<b>20,866</b>

<sup>1</sup> Discontinued operations relate to the sale of the Americas and Asia Pacific Consulting divisions to Stantec Inc. on 9 December 2021. See Note 2.

# Notes to the Consolidated Interim Financial Statements

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2021

## 2. DISCONTINUED OPERATIONS

Profit after tax for the half year from discontinued operations is comprised of the following:

### Sale of Americas and Asia Pacific consulting divisions to Stantec

On 9 December 2021, the Company announced the completion of the sale of its Americas and Asia Pacific Consulting divisions to Stantec Inc. for a total aggregate consideration of USD\$500 million (or approximately AUD\$699 million at an AUD:USD exchange rate of \$0.7151). This consideration was offset by a forward exchange contract entered into on the AUD:USD exchange rate which resulted in a loss of AUD\$29.0 million. Consideration received on completion also included the estimated adjustment for net working capital and net debt of AUD\$28.2 million.

The carrying value of net assets of the Cardno Group entities sold to Stantec at completion was \$264.4 million, resulting in a gain on sale of \$488.3 million.

For the half year ended	31-Dec-21 \$'000	31-Dec-20 \$'000
<b>Results of discontinued operations</b>		
Revenue	263,548	289,956
Operating expenses	(238,508)	(275,023)
Share based payment expense on closure of Performance Equity Plans	(3,744)	-
Other non cash transactions relating to disposed entities	(6,708)	-
<b>Results from operating activities</b>	<b>14,588</b>	<b>14,933</b>
Income tax (expense)/benefit	1,370	(2,294)
<b>Results from operating activities, net of tax</b>	<b>15,958</b>	<b>12,639</b>
Gain on sale of discontinued operations	488,314	-
Income tax on gain on sale of discontinued operation	-	-
<b>Profit from discontinued operations, net of tax:</b>	<b>504,272</b>	<b>12,639</b>
<b>Earnings per share – discontinued operations</b>		
Basic earnings per share	<b>1,292.74</b>	<b>29.34</b>
Diluted earnings per share	<b>1,258.18</b>	<b>29.10</b>
<b>Gain on sale</b>		
Net proceeds received on sale	698,497	-
Less:		
Carrying amount of net assets	(264,390)	-
Transaction costs	(24,505)	-
Add:		
Recycle of FCTR relating to disposed entities	78,712	-
<b>Net gain on sale before income tax</b>	<b>488,314</b>	-
Income tax expense	-	-
<b>Gain on sale after income tax</b>	<b>488,314</b>	-
<b>Cashflows from discontinued operations</b>		
Net cash from operating activities	3,213	19,319
Net cash used in financing activities	(2,124)	(29,678)
Net cash from investing activities	(1,680)	(4,329)
<b>Net cash flows for the period</b>	<b>(591)</b>	<b>(14,688)</b>

# Notes to the Consolidated Interim Financial Statements

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2021

## 2. DISCONTINUED OPERATIONS (CONTINUED)

	08-Dec-21 \$'000
<b>Assets and liabilities of controlled entities at date of sale</b>	
<b>Assets</b>	
Cash and cash equivalents	20,591
Trade and other receivables	98,057
Contract assets	46,372
Other current assets	11,584
Other financial assets	2,226
Property, plant and equipment	79,733
Deferred tax assets	92,633
Intangible assets	165,724
<b>Total assets sold</b>	<b>516,920</b>
<b>Liabilities</b>	
Trade and other payables	41,943
Loans and borrowings	79,071
Current tax liabilities	916
Employee benefits	32,021
Provisions	4,691
Contract liabilities	25,978
Deferred tax liabilities	62,018
Other liabilities	5,892
<b>Total liabilities sold</b>	<b>252,530</b>
<b>Net assets sold</b>	<b>264,390</b>

# Notes to the Consolidated Interim Financial Statements

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2021

## 3. (A) REVENUE FROM CONTINUING OPERATIONS

### Professional services revenue

The Group performs professional infrastructure and environmental services, with expertise in the development and improvement of physical and social infrastructure. Performance obligations are fulfilled over time as the services are delivered, as the Group has a right of payment for services delivered to date together with the highly customised nature of the services provided. The Group recognises revenue for these services over time.

### Fees from recoverable expenses

Fees from recoverable expenses represents revenue received from customers for pass through expenses incurred by the Group in performing professional services. It also includes services from entering into contracts with customers to acquire, on their behalf, equipment produced by various suppliers or services provided by different subcontractors. Where the Group is acting as an agent in these transactions, revenue is only recognised in relation to handling charges recoverable under arrangements with customers.

### Accounting for Revenue

Revenues from customer contracts is disaggregated into existing segments and the timing of transfer of services, being over time versus point in time, in the table below which depicts how the nature, amount and uncertainty of revenue and cash flows are affected by economic factors.

For the half year ended	31-Dec-21 \$'000	31-Dec-20 \$'000 Restated <sup>1</sup>
Fees from consulting services	84,083	86,152
Fees from recoverable expenses	54,210	57,416
Other	367	46
<b>Revenue</b>	<b>138,660</b>	<b>143,614</b>

<sup>1</sup>Comparative information has been restated due to discontinued operations, see note 2.

\$'000	For the 6 months ended 31 December 2021		
	Segment Revenue	Over Time Revenue	Point in Time Revenue
International Development	134,029	134,029	-
Other	4,631	12	4,619
<b>Total revenue</b>	<b>138,660</b>	<b>134,041</b>	<b>4,619</b>

\$'000 Restated <sup>1</sup>	For the 6 months ended 31 December 2020		
	Segment Revenue	Over Time Revenue	Point in Time Revenue
International Development	140,348	140,348	-
Other	3,266	17	3,249
<b>Total revenue</b>	<b>143,614</b>	<b>140,365</b>	<b>3,249</b>

<sup>1</sup>Comparative information has been restated due to discontinued operations, see note 2.

# Notes to the Consolidated Interim Financial Statements

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2021

## 3. (A) REVENUE FROM CONTINUING OPERATIONS (CONTINUED)

### Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Receivables (included in Trade and other receivables)	29,102	90,017
Loss allowance	(2,331)	(7,701)
Contract assets	11,452	80,032
Contract liabilities	10,760	38,248

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The carrying amount of contract assets as at 31 December 2021 is reduced by an impairment provision of \$0.3 million (30 June 2021: \$2.8 million). Impairment provisions are booked against specific high risk and aged contract assets where billing and recovery is doubtful.

The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The contract liabilities primarily relate to consideration received from customers in advance of providing goods or services, or unearned revenue. These liabilities will be recognised as revenue when the services are performed.

## 3. (B) OTHER INCOME

	31-Dec-21 \$'000	31-Dec-20 \$'000 Restated <sup>1</sup>
Receipt of settlement proceeds	1,370	7,085
Release of liabilities no longer required	3,623	468
Transitional Services Income – Intega Group	-	2,772
Other non-trade income recognised	541	-
<b>Other Income</b>	<b>5,534</b>	<b>10,325</b>

<sup>1</sup>Comparative information has been restated due to discontinued operations, see note 2.

## 4. NET FINANCING COSTS

	31-Dec-21 \$'000	31-Dec-20 \$'000 Restated <sup>1</sup>
Interest paid	1,859	1,746
Interest on leases	333	133
Amortisation of borrowing costs	98	146
Interest received	(570)	(275)
<b>Net Financing Costs</b>	<b>1,720</b>	<b>1,750</b>

<sup>1</sup>Comparative information has been restated due to discontinued operations, see note 2.

# Notes to the Consolidated Interim Financial Statements

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2021

## 5. EXPENSES

Included in the Group's profit from continuing operations is the following:

	31-Dec-21 \$'000	31-Dec-20 \$'000 Restated <sup>1</sup>
Recovery of bad debts <sup>2</sup>	(3,249)	(3,014)

<sup>1</sup>Comparative information has been restated due to discontinued operations, see note 2.

<sup>2</sup>Bad debt recoveries relate to the reversal of provisions previously held by International Development and INSUS, see note 10 (2020: recoveries relate to the reversal of provisions previously held for INSUS, see note 10).

## 6. TAX

### INCOME TAX

The Group's income tax expense from continuing operations for the half-year ended 31 December 2021 was impacted by the derecognition of deferred tax assets associated with tax losses (refer to Deferred Tax Assets & Liabilities section below) as well as the derecognition of franking deficit tax credits no longer considered recoverable. The income tax expense arising from these adjustments was partially offset by the benefit of non-assessable income from work performed in foreign jurisdictions.

The Group's income tax expense from continuing operations for the half-year ended 31 December 2020 was primarily impacted by non-assessable income from work performed in foreign jurisdictions.

### DEFERRED TAX ASSETS & LIABILITIES

#### ATO streamlined assurance review

The Australian Taxation Office (ATO) finalised its streamlined assurance review of the Group in December 2021. Pursuant to the terms of a settlement reached with the ATO, Cardno agreed to forego \$58.4m in capital losses (not previously recognised as a deferred tax asset) and \$20.3m in revenue deductions which reduced the quantum of available carry forward income tax losses by the same amount (which resulted in the derecognition of \$6.1m in deferred tax assets during the half-year ended 31 December 2021 within income tax expense from continuing operations). No tax liability was owed by the Group under the terms of the settlement agreed with the ATO.

#### Impact of divestments on the recognition of Australian carry forward tax losses as deferred tax assets

The divestment of the Group's APAC division in December 2021 will impact the ability of the Australian tax consolidated group to generate taxable income in future financial years to use carry forward tax losses held by the head entity, Cardno Limited. As a result, the Group reassessed the recognition of deferred tax assets relating to tax losses and determined that given the change in the Group's Australian operations, its ability to generate taxable income in future years was no longer probable to support their recognition at 31 December 2021. Net deferred tax assets arising from tax losses and temporary differences were derecognised to the extent they do not relate to the International Development business. The derecognition of net deferred tax assets resulted in a charge to income tax expense from continuing operations of \$35.5m.

#### Strategic Review

As outlined in the ASX announcement dated 15 November 2021, the Board is undertaking a Strategic Review of the International Development business and the outcomes of this are not known at the date of issuing these financial statements. The Group's taxation balances at 31 December 2021 have been prepared on the assumption that the International Development business will continue its operations in its current structure and form at that date. The outcomes of the Strategic Review, and any changes to the Group that may result from it, may adversely impact the ability of the Group to recognise the benefits of the International Development business' net deferred tax assets (\$3.0m) at 31 December 2021 in future financial years.

# Notes to the Consolidated Interim Financial Statements

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2021

## 7. INTANGIBLE ASSETS

### Impairment Testing

The carrying amount of goodwill (pre-impairment) allocated to each of the cash generating units (CGUs) for impairment testing is as follows:

	31 Dec-21 \$'000	30 June-21 \$'000
Americas	-	88,060
Asia Pacific (APAC)	-	74,196
International Development (ID)	5,734	5,734
	<b>5,734</b>	<b>167,990</b>

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing. In accordance with Cardno's accounting policies, the Group performs its impairment testing annually or more frequently if required.

For the purposes of impairment testing, goodwill is allocated to Cardno's management divisions which represent the lowest level within Cardno at which the goodwill is monitored for internal management purposes. The CGUs remain unchanged from prior year.

The Group uses the value in use method to estimate the recoverable amount of each CGU. Value in-use is calculated based on the present value of cash flow projections over a five-year period and includes a terminal value at the end of year five.

The cash flow projections over the five-year period are based on the Group's budget for 2022 and year on year growth rates over the forecasted period based on management's estimates of underlying economic conditions, past performance and other factors anticipated to impact the CGUs performance. The long-term growth rate used in calculating the terminal value is based on long term growth estimates for the countries and industries in which the CGU operates.

The cash flows are discounted to their present value using a post-tax discount rate on a weighted average cost of capital adjusted for country and industry specific risks associated with the CGU.

Group overhead and corporate costs are allocated to the individual CGUs for impairment testing purposes.

### Results of Impairment Testing

Management have determined that no impairment indicators are present for the ID CGU and no impairment is required to be recognised for the half year ended 31 December 2021.

# Notes to the Consolidated Interim Financial Statements

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2021

## 8. LOANS & BORROWINGS

	31-Dec-21 \$'000	30-Jun-21 \$'000
<b>CURRENT</b>		
Lease liabilities	2,090	21,607
<b>NON-CURRENT</b>		
Lease liabilities	5,208	68,844
Bank loans	-	22,679
Capitalised borrowing costs	-	(391)
<b>TOTAL CURRENT &amp; NON-CURRENT LOANS &amp; BORROWINGS</b>	<b>7,298</b>	<b>112,739</b>

### Interest Bearing Borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss over the period of the borrowings on an effective interest rate basis.

### Bank Loans

On completion of the sale of its Americas and Asia Pacific consulting divisions to Stantec Inc. on 9 December 2021, the company repaid its syndicated debt facility in full, resulting in no outstanding bank loans for the Group as at 31 December 2021 (30 June 2021: \$22.7 million). Funding available to the Group from undrawn facilities is also nil at 31 December 2021 (30 June 2021: \$149.3 million), as the debt facilities were terminated.

There were no bank overdrafts in existence at 31 December 2021 (30 June 2021: nil).

## 9. ISSUED CAPITAL

	Half-year ended 31-Dec-21		Year ended 30-Jun-21	
	No. of shares	\$'000	No. of shares	\$'000
<b>Balance at the beginning of the year</b>	<b>388,929,110</b>	<b>370,079</b>	<b>447,017,851</b>	<b>390,682</b>
<b>Shares issued during the year:</b>				
> Employee share-based payments <sup>1</sup>	-	-	-	1,515
> Share buy-back <sup>2</sup>	-	-	(56,836,598)	(21,476)
> Unmarketable parcel – Share buyback <sup>3</sup>	-	-	(2,292,700)	(642)
> Shares issued under PEP	1,667,387	-	1,040,557	-
> Share consolidation <sup>4</sup>	(351,535,834)	-	-	-
> Return of Capital <sup>5</sup>	-	(359,349)	-	-
<b>Balance at the end of the year</b>	<b>39,060,663</b>	<b>10,730</b>	<b>388,929,110</b>	<b>370,079</b>

<sup>1</sup>Employee share based payments of \$1,515,380 recorded during the prior period.

<sup>2</sup>As part of the capital management program, on 14 February 2020 the Group announced the implementation of an on-market buyback of up to 10% of Cardno ordinary shares commencing 8 March 2020 for a 12-month period. During the year ended 31 December 2020, a total of 44,372,515 ordinary shares were bought back at an average price of 28.81 cents per share. On 13 November 2020, the Group announced the implementation of an additional on-market buyback of up to 10% of Cardno ordinary shares commencing 17 December 2020 for a 12-month period. During the year ended 30 June 2021, a total of 12,464,083 ordinary shares were bought back at an average price of 65.96 cents per share. Combining the two buyback programs that occurred during the year, a total of 56,836,598 ordinary shares were bought back.

<sup>3</sup>On 11 September 2020, the Group announced it had instituted an off-market buyback of all the shares held by shareholders who held unmarketable parcels in Cardno. A total of 2,292,700 shares were bought back and cancelled under buyback program.

<sup>4</sup>On 3 December 2021 the Group held an Extraordinary General Meeting, during which Shareholders approved the consolidation of every 10 ordinary shares held by a Shareholder into 1 ordinary share. The Share Consolidation was completed on 31 December 2021.

# Notes to the Consolidated Interim Financial Statements

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2021

## 9. ISSUED CAPITAL (CONTINUED)

<sup>5</sup>The Group completed the disposal of its Americas and Asia Pacific consulting businesses to Stantec on 9 December 2021. Sale proceeds were distributed to Shareholders on 22 December 2021, by way of payment of a Special Dividend of 57 cents per share and a Capital Return of 92 cents per share. The Capital Return resulted in a reduction of Issued Capital of \$359,348,777.

The Company does not have authorised capital or par value in respect of its issued shares.

All shares are ordinary shares and have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the process from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of members.

### Dividends

The following dividends were declared and paid by the Group during the year.

	31-Dec-21 \$'000	30-Jun-21 \$'000
Interim dividend - 1.5 cents per ordinary share	-	6,019
Final dividend – 4.0 cents per ordinary share	15,624	-
Special dividend - 57.0 cents per ordinary share <sup>1</sup>	222,640	-

<sup>1</sup>The Group completed the disposal of its Americas and Asia Pacific consulting businesses to Stantec on 9 December 2021. Sale proceeds were distributed to Shareholders on 22 December 2021, by way of payment of a Special Dividend of 57 cents per share and a Capital Return of 92 cents per share.

### Franking account balance

	31-Dec-21 \$'000	30-Jun-21 \$'000
The amount of franking credits available for the subsequent financial year are:		
> Franking account balance as at the end of the financial year at 30%	-	30

### Performance Equity Plans

Concurrent with the sale of the Group's Americas and Asia Pacific Consulting divisions the Board made the decision to cancel all remaining Performance Equity Plans with employees. This resulted in the accelerated vesting of the grant date fair value and recognition of \$3.7 million in share based payment expense in the half-year.

The Board compensated participating employees for the cancellation of the Performance Equity Plans with a cash payment of \$17.5 million. To the extent the compensation paid exceeded the fair value of the existing Performance Equity Plans, reassessed on the cancellation date, the excess was recognised as an expense. This resulted in the recognition of an additional \$1.1 million in share based payment expense in the half-year. The balance of cash compensation paid of \$16.4 million was accounted for as a repurchase of equity instruments and was recognised in the general reserve in equity.

# Notes to the Consolidated Interim Financial Statements

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2021

## 10. CONTINGENT ASSETS AND LIABILITIES

Cardno had contingent liabilities at 31 December 2021 in respect of:

	31-Dec-21 \$'000	30-June-21 \$'000
Bank guarantees and insurance bonds	3,033	24,125

As at 31 December 2021, the company has bank guarantee and insurance bond facilities denominated in Australian dollars and United States dollars. The Bank Guarantee facilities available to Cardno totalled A\$1.5 million and are secured by 100% cash cover. Insurance bonds are issued on a case by case basis.

As at 30 June 2021, the company had bank guarantee and insurance bond facilities with financial institutions denominated in Australian dollars, United States dollars, New Zealand dollars and Euros. The Bank Guarantee facilities available to Cardno totalled A\$43.6 million and were secured jointly and severally by the Company and a number of its wholly-owned subsidiaries.

The Insurance Bond facilities were largely issued from a US\$15 million facility, with others issued on a case by case basis by other issuers.

### **Matters Relating to: Ingenieria Sustentable (INSUS) S.A. (“INSUS”) – previously known as Cardno Caminosca S.A (“Caminosca”)**

Cardno continues its progress in the wind down of INSUS’s operations in Latin America. Cardno recorded an aggregate \$7.2 million (2020: \$10.6 million) of non-recurring income in the half year associated with the successful recovery of funds and resolution of other matters that had been previously reserved or provided.

There are a number of ongoing activities being conducted in relation to winding down the business including the resolution of a number of legal claims both by and against INSUS, collection of outstanding debtors and finalisation of taxation audits by local tax authorities in Ecuador. Where the Directors considered these matters were probable to result in an outflow of future economic benefits for Cardno and the amount could be reliably measured, they have been provided for on the statement of financial position. To the extent that there remains uncertainty relating to the outcome of these matters and the Group’s exposure, both positive or negative, is unable to be reliably measured, they are considered to represent contingent assets and liabilities of the Group.

### **Other Matters**

As part of its normal operations, the ID business may be subject to compliance audits by its customers. Adverse findings from these audits can result in sanctions or penalties being imposed by the customer. The Directors have considered the status of any audits in progress at the date of this financial report and believe that no provision is required as an outflow of benefits is not probable or is not capable of reliable measurement.

## 11. SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future years.

# Notes to the Consolidated Interim Financial Statements

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2021

## 12. EARNINGS PER SHARE

	31-Dec-21 <sup>2</sup> \$'000	31-Dec-20 <sup>1,2</sup> \$'000 Restated
<b>(a) Earnings per share – continuing operations</b>		
<b>Basic earnings per share for continuing operations</b>		
<b>Basic profit/(loss) from continuing operations attributable to ordinary shareholders</b>	<b>(35,607)</b>	<b>8,227</b>
<b>Weighted average number of ordinary shares</b>	<b>No.</b>	<b>No.</b>
Issued ordinary shares at 1 July	38,892,911	44,701,785
Effect of share buy-backs	-	(1,658,700)
Effect of shares issued during the year	115,086	30,313
<b>Weighted average number of ordinary shares at 31 December</b>	<b>39,007,997</b>	<b>43,073,398</b>
	<b>Cents</b>	<b>Cents</b>
<b>Basic earnings/(loss) per share (cents per share) from continuing operations</b>	<b>(91.28)</b>	<b>19.10</b>
<b>Diluted earnings per share – continuing operations</b>		
<b>Profit/(loss) from continuing operations attributable to ordinary shareholders (diluted)</b>	<b>(35,607)</b>	<b>8,227</b>
<b>Weighted average number of ordinary shares (diluted)</b>	<b>No.</b>	<b>No.</b>
Issued ordinary shares at 1 July	38,892,911	44,701,785
Effect of Performance Options and Performance Rights on issue	1,071,341	355,998
Effect of share buy-backs	-	(1,658,700)
Effect of shares issued during the year	115,086	30,313
<b>Weighted average number of ordinary shares (diluted) at 31 December</b>	<b>40,079,338</b>	<b>43,429,396</b>
	<b>Cents</b>	<b>Cents</b>
<b>Diluted earnings/(loss) per share (cents per share) from continuing operations</b>	<b>(91.28)</b>	<b>18.94</b>

<sup>1</sup>Comparative information has been restated due to discontinued operations, see note 2.

<sup>2</sup>On 3 December 2021 the Group held an Extraordinary General meeting, during which Shareholders approved the consolidation of every 10 ordinary shares held by a Shareholder into 1 ordinary share. The Share Consolidation was completed on 31 December 2021. The current year and prior year share movements for the calculation of earnings per share have been adjusted to consistently reflect the share consolidation.

# Notes to the Consolidated Interim Financial Statements

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2021

## 12. EARNINGS PER SHARE (CONTINUED)

	31-Dec-21 <sup>1</sup> \$'000	31-Dec-20 <sup>1</sup> \$'000
<b>(b) Earnings per share</b>		
<b>Basic earnings per share</b>		
<b>Basic profit attributable to ordinary shareholders</b>	<b>468,665</b>	<b>20,866</b>
<b>Weighted average number of ordinary shares</b>	<b>No.</b>	<b>No.</b>
Issued ordinary shares at 1 July	38,892,911	44,701,785
Effect of share buy-backs	-	(1,658,700)
Effect of shares issued during the year	115,086	30,313
<b>Weighted average number of ordinary shares at 31 December</b>	<b>39,007,997</b>	<b>43,073,398</b>
	<b>Cents</b>	<b>Cents</b>
<b>Basic earnings per share (cents per share)</b>	<b>1,201.46</b>	<b>48.44</b>
<b>Diluted earnings per share</b>		
<b>Profit attributable to ordinary shareholders (diluted)</b>	<b>468,665</b>	<b>20,866</b>
<b>Weighted average number of ordinary shares (diluted)</b>	<b>No.</b>	<b>No.</b>
Issued ordinary shares at 1 July	38,892,911	44,701,785
Effect of Performance Options and Performance Rights on issue	1,071,341	355,998
Effect of share buy-backs	-	(1,658,700)
Effect of shares issued during the year	115,086	30,313
<b>Weighted average number of ordinary shares (diluted) at 31 December</b>	<b>40,079,338</b>	<b>43,429,396</b>
	<b>Cents</b>	<b>Cents</b>
<b>Diluted earnings per share (cents per share)</b>	<b>1,169.34</b>	<b>48.05</b>

<sup>1</sup>On 3 December 2021 the Group held an Extraordinary General meeting, during which Shareholders approved the consolidation of every 10 ordinary shares held by a Shareholder into 1 ordinary share. The Share Consolidation was completed on 31 December 2021. The current year and prior year share movements for the calculation of earnings per share have been adjusted to consistently reflect the share consolidation.

## 13. RELATED PARTY DISCLOSURES

No Director has entered a material contract with the Company or the consolidated entity since the end of the previous financial year and there were no material contracts involving Directors' interests existing at 31 December 2021.

Two of Cardno's Non-Executive Directors (Messrs Alscher and Thomson) are Partners at Crescent Capital Partners (CCP), Cardno's largest shareholder. Invoices are issued by Crescent Capital monthly for their Non-Executive Director fees.

During the half year, the Company paid \$11,440 (December 2020: \$33,600) to CCP for the services of a CCP staff member to perform the role of Cardno's Acting Asia Pacific CFO.

### Other key management personnel transactions with the Company or its controlled entities

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

None of these entities transacted with the Company or its subsidiaries in the reporting period.

# Notes to the Consolidated Interim Financial Statements

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2021

## 14. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Cardno Limited (the “Company”) is a company domiciled in Australia. The consolidated interim financial report of the Company for the half-year ended 31 December 2021 comprises the Company and its subsidiaries (together referred to as the “Group”). The consolidated interim financial report was authorised for issue by the directors on 25 February 2022.

### (a) Statement of compliance

This financial report for the half-year reporting period ended 31 December 2021 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting, IAS 34 Interim Financial Reporting and the Corporations Act 2001.

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the consolidated financial statements and directors’ report have been rounded to the nearest thousand dollars, unless otherwise stated.

This consolidated interim financial report does not include all the information normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the consolidated annual report for the year ended 30 June 2021 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

### (b) Significant accounting policies

This financial report is presented in Australian dollars. The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its annual consolidated financial report as at and for the year ended 30 June 2021.

The accounting policies have been consistently applied throughout the Group for the purposes of this consolidated interim financial report.

### (c) Estimates

The preparation of this consolidated interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from those estimates.

In preparing these consolidated interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2021.

### Fair value of financial instruments

The Group’s financial assets and liabilities are included in the balance sheet at amounts that approximate fair values.

### Fair value hierarchy

In determining fair values for measurement or disclosure purposes, the Group uses the following fair value measurement hierarchy that reflects the significance of the inputs used in making the measurements:

- > Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- > Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- > Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument’s valuation.

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of fair value hierarchy at the end of the reporting period during which the change has occurred.

# Directors' Declaration

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2021

In the opinion of the Directors of Cardno Limited (the Company):

- (a) the consolidated financial statements and notes set out on pages 10 to 29 are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the period ended on that date; and
  - (ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; 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.

Dated the 25 day of February 2022.

Signed in accordance with a resolution of the Directors.



**MICHAEL ALSCHER**  
Chairman

25 February 2022



# Independent Auditor's Review Report

To the shareholders of Cardno Limited

## Report on the Half-year Financial Report

### Conclusion

We have reviewed the accompanying **Half-year Financial Report** of Cardno Limited.

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 Cardno Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half-year Financial Report** comprises:

- Consolidated interim statement of financial position as at 31 December 2021;
- Consolidated interim statement of financial performance, Consolidated interim statement of comprehensive income, Consolidated interim statement of changes in equity and Consolidated interim statement of cash flows for the half-year ended on that date;
- Notes 1 to 14 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises Cardno Limited (the Company) and the entities it controlled at the half year's end or from time to time during the half-year.

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.



## Responsibilities of the Directors 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* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.

KPMG

Jason Adams  
Partner

Brisbane  
25 February 2022

## BOARD OF DIRECTORS

### Chairman

Michael Alscher

### Directors

Jeffrey Forbes  
Nathanial Thomson

### Chief Financial Officer

Peter Barker

### Company Secretaries

Peter Barker  
Cherie O'Riordan

## REGISTERED OFFICE

### Cardno Limited

ABN 70 108 112 303

Grosvenor Place, Level 12  
225 George Street  
Sydney  
NSW 2000 Australia

Phone + 61 7 3369 9822  
Fax + 61 7 3369 9722

cardno@cardno.com  
www.cardno.com

## SHARE REGISTRY

### Computershare Investor Services Pty Limited

Level 1, 200 Mary Street  
Brisbane QLD 4000

Phone 1300 552 270 (within Australia)  
+61 3 9415 4000 (outside Australia)

www.computershare.com.au

## AUDITORS

### KPMG

Level 16, Riparian Plaza  
71 Eagle Street  
Brisbane QLD 4000

Phone +61 7 3233 3111  
Fax +61 7 3233 3100

www.kpmg.com.au

## LAWYERS

### Gilbert + Tobin Lawyers

Level 35, Tower Two  
International Towers Sydney  
200 Barangaroo Avenue  
Barangaroo NSW 2000

Phone +61 2 9263 4000  
Fax +61 2 9263 4111

www.gtlaw.com.au

## BANKERS

HSBC