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HY23

INTERIM FINANCIAL REPORT

for the half-year ended 31 December 2022

**Making a
difference.**

Cardno Limited
ABN 70 108 112 303
and its controlled entities

Financial Report

for the half-year ended 31 December 2022

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 2022 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 2022 are set out below:

Michael Alscher	Non-Executive Director and Chairman
Nathanial Thomson	Non-Executive Director (resigned 8 July 2022) Executive Director (appointed 8 July 2022)
Jeffrey Forbes	Non-Executive Director

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

COMPANY SECRETARY

Cherie O'Riordan	Chief Financial Officer and Company Secretary (resigned 1 December 2022)
Nathanial Thomson	Executive Director and Company Secretary (appointed 1 December 2022)

Directors' Report (continued)

REVIEW OF RESULTS

PERFORMANCE (\$'m)	H1 2023	H1 2022* Restated
Gross Revenue	6.4	4.6
Fee Revenue	6.4	4.6
Underlying EBITDAI ¹	0.1	1.2
Underlying NOPAT ²	(0.2)	(2.4)
Net profit/(loss) after tax from continuing operations	(3.8)	(38.0)
Net profit/(loss) after tax from discontinued operations	0.8	506.7
Net profit/(loss) after tax	(3.0)	468.7
Operating Cash Flow	(6.3)	(22.0)
Special dividend per share (cents)	170.0	57.0
Capital return per share (cents)	24.0	92.0
EPS from continuing operations – basic (cents)	(9.78)	(97.47)
NOPAT EPS - basic (cents) ²	0.00	6.02

*Comparative information has been restated due to discontinued operations.

¹ EBITDAI = EBIT from continuing operations plus underlying adjustments, depreciation, amortisation and impairment losses on non-financial assets.

² NOPAT = NPAT from continuing operations plus underlying adjustments and tax effected impairment losses on non-financial assets.

EBITDAI and EBIT are non-IFRS measures and 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 lease 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 underlying adjustments.

First Half FY23 Financial Results

Cardno reports an underlying half year loss after tax from continuing operations of \$0.2 million (FY22: \$2.4 million loss) and a statutory loss after tax of \$3.0 million (FY22: \$468.7 million profit).

Underlying EBITDAI of \$0.1 million (FY22: \$1.2 million) includes a \$0.6 million EBITDAI recorded by the Latin American segment, offset by a (\$1.0) million EBITDAI in the Corporate segment representing head office costs.

The prior year 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 current year statutory result includes transaction costs of \$0.8million and interest of \$1.6m earned on the deferred payment owing on the sale of the International Development business which completed on 30 June 2022.

The Group's underlying profit after tax from continuing and discontinuing operations was a loss of \$0.2 million (FY22: \$13.5 million profit). The prior year was inclusive of provision releases and other accounting gains recorded in relation to the wind down of Ingenieria Sustentable (INSUS) S.A. (formerly Caminosca).

Balance Sheet

Closing net assets of \$28.3 million have decreased \$60.7 million since 30 June 2022, predominately due to the return of capital and special dividend payments made to shareholders in July 2022 and August 2022 following the successful completion of the sale of the International Development business at 30 June 2022.

Directors' Report (*continued*)

Cash Flow

The company recorded a net operating cash outflow for the half year ended 31 December 2022 of \$4.2 million.

SEGMENT OVERVIEW

Latin America

Latin America's (Entrix) underlying EBITDA for the period was \$1.5 million, up significantly on prior year amount of \$0.3 million. Gross revenue was \$6.4 million (compared to prior period comparative of \$4.6 million) favourably impacted by the timing and delivery of major projects.

EBITDA margin of 39.3% was also up on prior year margin of 13.2%, 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.

Other

The Company continues to incur head office costs relating to the ongoing running of the business. These costs include employee costs of the minimal remaining staff, audit fees, insurance, listing fees and Directors' fees.

Directors' Report (continued)

REVIEW OF RESULTS

\$'000	Statutory ¹		Underlying Adjustments ²		Underlying ¹	
	Half-year ended		Half-year ended		Half-year ended	
	31-Dec-22	31-Dec-21* Restated	31-Dec-22	31-Dec-21* Restated	31-Dec-22	31-Dec-21* Restated
Latin America	6,426	4,631	-	-	6,426	4,631
Other	-	-	-	-	-	-
Gross Revenue	6,426	4,631	-	-	6,426	4,631
Latin America	(2,055)	8,007	3,607	(7,754)	1,552	253
Other	(1,441)	326	(1)	670	(1,442)	996
Continuing operations EBITDAI^{3, 5}	(3,496)	8,333	3,606	(7,084)	110	1,249
Unrealised foreign exchange gains/(losses)	302	(222)	-	-	302	(222)
Total continuing operations EBITDAI^{3, 5}	(3,194)	8,111	3,606	(7,084)	412	1,027
Depreciation, impairment, and amortisation expenses	(80)	(1,031)	-	-	(80)	(1,031)
Amortisation of right-of-use assets	(29)	(283)	-	-	(29)	(283)
EBIT^{4, 5}	(3,303)	6,797	3,606	(7,084)	303	(287)
Net finance costs	167	(1,418)	-	-	167	(1,418)
Finance costs on lease liabilities	(13)	(40)	-	-	(13)	(40)
Profit/(loss) from continuing operations before income tax	(3,149)	5,339	3,606	(7,084)	457	(1,745)
Income tax benefit/(expense) ⁶	(670)	(43,362)	-	42,757	(670)	(605)
Profit/(loss) from continuing operations after income tax	(3,819)	(38,023)	3,606	35,673	(213)	(2,350)
Discontinued operations, net of tax	798	506,688	(798)	(490,877)	-	15,811
Profit/(loss) after income tax	(3,021)	468,665	2,808	(455,204)	(213)	13,461
Attributable to:						
Ordinary Equity holders	(3,021)	468,665	2,808	(455,204)	(213)	13,461

*Comparative information has been restated due to discontinued operations.

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 of non-financial assets.
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 of non-financial assets, as well as interest costs associated with Cardno's external debt facility and lease arrangements.
6. Income tax (expense)/benefit refer to note 6 in the accompanying financial statements.

Directors' Report (continued)

REVIEW OF RESULTS (CONTINUED)

	Half-year ended	
	31-Dec-22 \$'000	31-Dec-21 \$'000 Restated*
Underlying Profit from Continuing and Discontinued Operations After Income Tax (Attributable to Ordinary Equity Holders)	(213)	13,461
Underlying Adjustments to EBITDA:		
Other non-trade loss/(income) recognised ¹	1,361	(541)
Receipt of settlement proceeds ²	-	(1,370)
Provision adjustments relating to INSUS ³	2,246	(3,623)
Recovery of debtors relating to INSUS ¹	-	(2,220)
Share based payment expense ⁴	-	687
Other	(1)	(17)
Total Underlying Adjustments to EBITDA	3,606	(7,084)
Underlying Adjustments to Income Tax:		
Tax effect of underlying adjustments	-	(1,313)
Tax effect of derecognition of the Deferred Tax Assets relating to tax losses	-	44,070
Total Underlying Adjustments to Income Tax	-	42,757
Underlying adjustments relating to divested entities ^{5,6}	(798)	(490,877)
Total Underlying Adjustments to Discontinued Operations	(798)	(490,877)
Statutory Profit After Income Tax (Attributable to Ordinary Equity Holders)	(3,021)	468,665

*Comparative information has been restated due to discontinued operations.

1. Ongoing operating costs incurred in the wind down of Insus and costs incurred pursuing the recovery of outstanding legal claims, see note 9 (2021: Successful recoveries on outstanding legal claims and recovery of debtors net of costs incurred by INSUS, see note 9).
2. Settlement proceeds in relation to INSUS, see note 9.
3. Provision adjustments relating to INSUS WIP and Trade debtors.
4. Share based payment expense from accelerated vesting of employee performance rights on settlement and closure of Performance Equity Plans.
5. Includes gain on sale of Asia Pacific and Americas Consulting divisions, see note 2.
6. Increase in Gain on sale of discontinued ID operations of \$798k due to Interest accrued of \$1.6m on amounts outstanding from DT Global offset by unfavourable Net Working Capital adjustment of \$347k and additional consulting costs of \$446k, see note 2

Directors' Report (continued)

DISCONTINUED OPERATIONS

\$'000	Half-year ended	
	31-Dec-22	31-Dec-21
Gross Revenue	-	397,577
Expenses	-	(356,999)
Discontinued Operations EBITDA	-	40,578
Gain on sale of discontinued operations (net of transaction costs)	(791)	488,314
Underlying adjustments	-	(10,650)
Depreciation and amortisation expenses	-	(11,694)
Unrealised foreign exchange losses	-	100
EBIT	(791)	506,648
Finance costs	1,589	(1,680)
Profit/(Loss) before income tax from discontinued operations	798	504,968
Income tax (expense)/benefit	-	1,720
Profit/(Loss) after income tax from discontinued operations	798	506,688
Attributable to:		
Ordinary Equity holders	798	506,688

DIVIDENDS

The board declared a return of capital of \$0.24 per share and a special dividend (unfranked) of \$1.70 per share during the half year ended 31 December 2022 (2021: Special dividend of \$1.70 per share).

The return of capital of \$0.24 per share was paid on 14 July 2022.

The special dividend of \$1.70 per share is expected to be paid over four instalments as follows:

- \$0.78 per share paid on 14 July 2022
- \$0.44 per share paid on 22 August 2022
- \$0.307 per share paid on 31 January 2023
- \$0.177 per share to be paid as soon as practicable following receipt of final funds from DT Global Australia Pty Ltd. Cardno currently expects payment of the outstanding amount in the calendar year ending 2023.

SUBSEQUENT EVENTS

The Company paid the special dividend of \$0.307 per ordinary share to shareholders on 31 January 2023. The balance of dividends declared \$0.177 per share will be paid to shareholders as soon as practicable following receipt of final payment from DT Global.

Other than the dividend paid as noted above, 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 significantly affect 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 2022.

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, million dollars or, in certain cases, to the nearest dollar.

Signed in accordance with a resolution of Directors.

On behalf of the Directors



MICHAEL ALSCHER

Chairman

22 February 2023

**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 for the half-year ended 31 December 2022, there have been:

- (i) no contraventions of the auditor independence requirements of 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.

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

DFK Laurence Varnay Auditors Pty Ltd



FAIZAL AJMAT
Director
Sydney, 22 February 2023

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Consolidated Interim Statement of Financial Performance

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2022

	Note	31-Dec-22 \$'000	31-Dec-21 \$'000 Restated ¹
Continuing operations			
Revenue from continuing operations	3A	6,426	4,631
Other Income	3B	60	5,534
Employee expenses		(2,684)	(3,201)
Consumables and materials used		(2,634)	(204)
Sub-consultant and contractor costs		(317)	(313)
Depreciation and amortisation expenses		(109)	(1,314)
Net financing costs	4	154	(1,459)
Impairment reversal on trade receivables and contract assets		-	2,223
Other expenses		(4,045)	(558)
(Loss)/Profit before income tax from continuing operations		(3,149)	5,339
Income tax expense	6	(670)	(43,362)
(Loss)/Profit from continuing operations, net of tax		(3,819)	(38,023)
Profit after tax for the period from discontinued operations	2	798	506,688
(Loss)/Profit attributable to:			
Owners of the Company		(3,021)	468,665
		(3,021)	468,665
Earnings per share attributable to ordinary equity holders of the parent from continuing operations			
Basic earnings/(loss) per share (cents per share)	11	(9.78)	(97.47)
Diluted earnings/(loss) per share (cents per share)	11	(9.78)	(94.87)
Earnings per share attributable to ordinary equity holders of the parent			
Basic earnings per share (cents per share)	11	2.04	1,201.46
Diluted earnings per share (cents per share)	11	2.04	1,169.34

¹Comparative 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 2022

	31-Dec-22 \$'000	31-Dec-21 \$'000 Restated ¹
(Loss)/Profit for the period	(3,021)	468,665
Exchange differences on translation of foreign operations - discontinued operations	-	4,791
Exchange differences on translation of foreign operations - continuing operations	(591)	(1,403)
Reclassification of foreign currency reserves - discontinued operations	-	(78,712)
Other comprehensive income for the period, net of tax	(591)	(75,324)
Total comprehensive (loss)/income for the period	(3,612)	393,341
Total comprehensive (loss)/income for the year, net of tax, attributable to members of the parent arising from:		
Continuing operations	(4,410)	(39,426)
Discontinued operations	798	432,767
	(3,612)	393,341

¹Comparative 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 2022

\$'000	Note	31-Dec-22 \$'000	30-Jun-22 \$'000
CURRENT ASSETS			
Cash and cash equivalents		18,213	46,609
Trade and other receivables		12,693	47,104
Contract assets	3A	2,487	3,155
Other current assets		48	679
Current tax receivable		-	-
TOTAL CURRENT ASSETS		33,442	97,547
NON-CURRENT ASSETS			
Property, plant and equipment		508	620
Right-of-use assets		170	27
TOTAL NON-CURRENT ASSETS		678	647
TOTAL ASSETS		34,120	98,194
CURRENT LIABILITIES			
Trade and other payables		3,111	6,509
Lease liabilities	7	52	8
Employee benefits		214	264
Short-term provisions		1,278	1,341
Contract liabilities	3A	39	121
Current tax liability		678	624
TOTAL CURRENT LIABILITIES		5,372	8,867
NON-CURRENT LIABILITIES			
Lease liabilities	7	118	19
Employee benefits		304	341
TOTAL NON-CURRENT LIABILITIES		422	360
TOTAL LIABILITIES		5,794	9,227
NET ASSETS		28,326	88,967
EQUITY			
Issued capital	8	1,355	10,730
Reserves		124,857	125,448
Retained losses		(97,886)	(47,211)
TOTAL EQUITY		28,326	88,967

Consolidated Interim Statement of Changes in Equity

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2022

	Note	Share Capital Ordinary \$'000	Retained Earnings / (losses) \$'000	Foreign Translation Reserve \$'000	General Reserve ¹ \$'000	Demerger Reserve \$'000	Total \$'000
BALANCE AT 1 JULY 2021		370,079	(318,301)	89,211	(14,611)	151,320	277,698
Profit for the period		-	468,665	-	-	-	468,665
Exchange differences on translation of foreign operations – discontinued		-	-	4,791	-	-	4,791
Exchange differences on translation of foreign operations – continuing		-	-	(1,403)	-	-	(1,403)
Recycle of FCTR relating to disposed entities		-	-	(78,712)	-	-	(78,712)
Total comprehensive income for the period		-	468,665	(75,324)	-	-	393,341
Transactions with owners in their capacity as owners:							
Employee share-based payments ²		-	-	-	(12,705)	-	(12,705)
Dividends paid or provided	8	-	(15,624)	-	-	-	(15,624)
Return of capital	8	(359,349)	-	-	-	-	(359,349)
Special dividend	8	-	(222,640)	-	-	-	(222,640)
		(359,349)	(238,264)	-	(12,705)	-	(610,318)
BALANCE AT 31 DECEMBER 2021		10,730	(87,900)	13,887	(27,316)	151,320	60,271
BALANCE AT 1 JULY 2022		10,730	(47,211)	1,444	(27,316)	151,320	88,967
Loss for the period		-	(3,021)	-	-	-	(3,021)
Exchange differences on translation of foreign operations		-	-	(591)	-	-	(591)
Total comprehensive income for the period		-	(3,021)	(591)	-	-	(3,612)
Transactions with owners in their capacity as owners:							
Dividends paid or provided	8	-	(47,654)	-	-	-	(47,654)
Return of capital	8	(9,375)	-	-	-	-	(9,375)
		(9,375)	(47,654)	-	-	-	(57,029)
BALANCE AT 31 DECEMBER 2022		1,355	(97,886)	853	(27,316)	151,320	28,326

¹ 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 2022 and the Trust has been closed with all remaining amounts in the reserve reclassified into a General Reserve.

² 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 8.

Consolidated Interim Statement of Cash Flows

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2022

	Note	31-Dec-22 ¹ \$'000	31-Dec-21 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		7,295	423,072
Interest received		60	234
Finance costs paid		93	(3,049)
Cash paid to suppliers and employees		(11,197)	(441,391)
Income tax paid		(421)	(839)
NET CASH USED IN OPERATING ACTIVITIES		(4,170)	(21,973)
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal of discontinued operation, net of cash disposed of	2	30,573	677,906
Transaction costs incurred on sale of discontinued operations	2	(2,835)	(24,505)
Receipt of settlement proceeds		-	1,370
Proceeds from disposal of business assets		-	691
Proceeds from sale of property, plant and equipment		-	45
Payments for property, plant and equipment		(184)	(1,744)
NET CASH PROVIDED BY INVESTING ACTIVITIES		27,554	653,763
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	8	(47,654)	(238,264)
Return of capital	8	(9,375)	(359,349)
Proceeds from borrowings from related party ²		5,000	-
Proceeds from borrowings		-	130,993
Repayment of borrowings		-	(156,305)
Repayment of lease liabilities		143	(9,916)
NET CASH USED IN FINANCING ACTIVITIES		(51,886)	(632,841)
NET DECREASE IN CASH AND CASH EQUIVALENTS HELD		(28,502)	(1,051)
CASH AND CASH EQUIVALENTS AT 1 JULY		46,609	37,272
Effects of exchange rate changes on cash and cash equivalents at the end of period		106	836
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		18,213	37,057

¹ 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.

² As at 30 June 2022, Cardno Ltd held a loan receivable from an entity that was part of the International Development division sold to DT Global. This loan was repaid in July 2022, see note 2.

Notes to the Consolidated Interim Financial Statements

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2022

1. SEGMENT INFORMATION

Cardno had four reportable segments at the commencement of the prior financial year with three segments being divested during the prior year and one reportable segment remaining, being Latin America. Segments are an aggregate of businesses which provide similar services and operate in similar markets.

The following summary describes the operations of the remaining segments:

- **Latin America** – includes engineering consulting operations in Latin America
- **Other** – includes Group Head Office

Segment results that are reported to 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.

31 Dec 2022 \$'000	Continuing operations			Discontinued Operations	
	Latin America	Other	Total	ID	Total
SEGMENT REVENUE					
Fees from consulting services	6,426	-	6,426	-	-
Fees from recoverable expenses	-	-	-	-	-
Segment Revenue	6,426	-	6,426	-	-
Other revenue	-	-	-	-	-
Total Segment Revenue	6,426	-	6,426	-	-
Total Revenue	6,426	-	6,426	-	-
Segment Result	1,552	(1,442)	110	-	-
Sale of International Development division ¹	-	-	-	(791)	(791)
Provision adjustments relating to INSUS	(2,246)	-	(2,246)	-	-
Other non-trade loss recognised	(1,361)	-	(1,361)	-	-
Other	-	1	1	-	-
Depreciation and amortisation expense	(80)	-	(80)	-	-
Amortisation of right-of-use assets	(29)	-	(29)	-	-
Unrealised foreign exchange gains/(losses)	(2)	304	302	-	-
Profit before interest and income tax			(3,303)		(791)
Finance costs and interest income ²			167		1,589
Finance costs on lease liabilities			(13)		-
Profit before income tax			(3,149)		798
Income tax (expense)/benefit			(670)		-
Profit/(loss) after income tax			(3,819)		798
Profit from continuing and discontinuing operations after income tax					(3,021)

¹Subsequent to the completion of the sale of the International Development division, there were further costs incurred of \$0.8million relating to the sale, comprising of transaction costs and an adjustment amount to net working capital amount, see note 2.

²DT Global (the purchaser of the International Development division) has an outstanding balance owing of \$7.5m on which interest is payable computed at a daily interest. The interest owing to the end of December has been recognized in the financial statements.

Notes to the Consolidated Interim Financial Statements

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2022

	Continuing operations			Discontinued Operations			
31 Dec 2021 \$'000 Restated ¹	Latin America	Other	Total	Asia Pacific	Americas	ID	Total
SEGMENT REVENUE							
Fees from consulting services	4,619	-	4,619	91,148	111,414	79,464	282,026
Fees from recoverable expenses	-	-	-	18,148	42,838	54,210	115,196
Segment Revenue	4,619	-	4,619	109,296	154,252	133,674	397,222
Other revenue	12	-	12	-	-	355	355
Total Segment Revenue	4,631	-	4,631	109,296	154,252	134,029	397,577
Total Revenue	4,631	-	4,631	109,296	154,252	134,029	397,577
Segment Result	253	644	897	10,078	19,346	1,923	31,347
Adjust for AASB 16 impact	-	352	352	3,770	3,830	1,631	9,231
Adjusted Segment Result	253	996	1,249	13,848	23,176	3,554	40,578
Sale of the Americas and Asia Pacific Consulting divisions ¹	-	-	-	-	-	-	488,314
Share based payment expense	-	(687)	(687)	-	-	-	(3,744)
Other non-cash transactions relating to disposed entities	-	-	-	-	-	-	(6,708)
Costs associated with restructuring	-	-	-	-	-	(145)	(145)
Receipt of settlement proceeds	1,370	-	1,370	-	-	-	-
Release of liabilities no longer required	3,623	-	3,623	-	-	-	-
Recovery of debtors relating to INSUS	2,220	-	2,220	-	-	-	-
Other non-trade income recognised	541	-	541	-	-	-	-
Other	-	17	17	-	-	(52)	(52)
Depreciation and amortisation expense	(100)	(931)	(1,031)	(1,474)	(760)	(75)	(2,309)
Amortisation of right-of-use assets	-	(283)	(283)	(4,242)	(3,794)	(1,349)	(9,385)
Unrealised foreign exchange gains/(losses)	-	(222)	(222)	-	-	-	99
Profit before interest and income tax			6,797				506,648
Finance costs and interest income			(1,418)				30
Finance costs on lease liabilities			(40)				(1,710)
Profit before income tax			5,339				504,968
Income tax (expense)/benefit			(43,362)				1,720
Profit/(loss) after income tax			(38,023)				506,688
Profit from continuing and discontinuing operations after income tax							468,665

¹Comparative 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 2022

2. DISCONTINUED OPERATIONS

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

For the year ended	31-Dec-22 \$'000	31-Dec-21 \$'000
Results of discontinued operations		
Americas and Asia Pacific consulting divisions	-	504,272
International Development business	798	2,416
Profit after tax from discontinued operations	798	506,688
Earnings per share – discontinued operations		
Basic earnings per share (cents per share)	2.04	1,298.93
Diluted earnings per share (cents per share)	2.04	1,264.21

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 net working capital and net debt adjustment was finalised in February 2022 with a further \$0.8m being received.

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 \$488.7 million¹.

For the half year ended	31-Dec-22 \$'000	31-Dec-21 \$'000
Results of discontinued operations		
Revenue	-	263,548
Operating expenses	-	(238,508)
Share based payment expense on closure of Performance Equity Plans	-	(3,744)
Other non cash transactions relating to disposed entities	-	(6,708)
Results from operating activities	-	14,588
Income tax (expense)/benefit	-	1,370
Results from operating activities, net of tax	-	15,958
Gain on sale of discontinued operations ¹	-	488,314
Income tax on gain on sale of discontinued operation	-	-
Profit from discontinued operations, net of tax:	-	504,272
Earnings per share – discontinued operations		
Basic earnings per share	-	1,292.74
Diluted earnings per share	-	1,258.18

¹ The gain on sale recognised at 31 December 2021 of \$488.3 million differs by \$400k to final gain on sale recognised as at 30 June 2022 of \$488.7 million. This difference is driven by the additional net working capital adjustment proceeds received, less further consultants fees incurred.

Notes to the Consolidated Interim Financial Statements

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2022

2. DISCONTINUED OPERATIONS (CONTINUED)

For the half year ended	31-Dec-22 \$'000	31-Dec-21 \$'000
Gain on sale		
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
Net gain on sale before income tax	-	488,314
Income tax expense	-	-
Gain on sale after income tax	-	488,314
Cashflows from discontinued operations	31-Dec-22 \$'000	31-Dec-21 \$'000
Net cash from operating activities	-	3,213
Net cash used in financing activities	-	(2,124)
Net cash from investing activities	-	(1,680)
Net cash flows for the period	-	(591)
		08-Dec-21 \$'000
Assets and liabilities of controlled entities at date of sale to Stantec		
Assets		
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
Total assets sold		516,920
Liabilities		
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
Total liabilities sold		252,530
Net assets sold		264,390

Notes to the Consolidated Interim Financial Statements

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2022

2. DISCONTINUED OPERATIONS (CONTINUED)

Sale of International Development division to DT Global

On 30 June 2022, the Company completed the sale of its International Development business to DT Global Australia Pty Ltd for a total aggregate consideration of AUD\$77.8 million, inclusive of working capital and net debt adjustment amount of \$21.4 million. At completion, \$39.3 million of the consideration was paid followed by additional payments of \$21.4m. Current balance outstanding is \$7.9m is expected to be paid in calendar year 2023. Outstanding amounts are subject to interest computed daily at a rate of 7% for the first month, 11% for month 2, followed by 15%. As of 31 December, total interest accrued is \$1.6m.

The carrying value of net assets of the Cardno Group entities sold to DT Global at completion was \$48.8 million, resulting in a gain on sale of \$36.7 million. Subsequent to completion during the half year to 31 December 2022, there were further transaction costs incurred of \$0.8million relating to the sale, plus the interest earned on deferred amount of \$1.6m. The final gain on sale recorded was \$37.5 million.

For the half year ended	31-Dec-22 \$'000	31-Dec-21 \$'000
Results of discontinued operations		
Revenue	-	134,029
Operating expenses	-	(131,964)
Results from operating activities	-	2,065
Income tax (expense)/benefit	-	351
Results from operating activities, net of tax	-	2,416
Gain/(Loss) on sale of discontinued operations	798	-
Income tax on gain/(loss) on sale of discontinued operation	-	-
Profit/(Loss) from discontinued operations, net of tax:	798	2,416
Earnings per share – discontinued operations		
Basic earnings per share	(2.04)	6.19
Diluted earnings per share	(2.04)	6.03
Gain on sale		
Net proceeds to be received on sale	-	-
Interest income	1.589	-
Less:		
Carrying amount of net assets	-	-
Transaction costs	(791)	-
Add:		
Recycle of FCTR relating to disposed entities	-	-
Net gain on sale before income tax	798	-
Income tax expense	-	-
Gain on sale after income tax	798	-
Cashflows from discontinued operations		
Net cash from operating activities	-	(803)
Net cash used in financing activities	-	5,647
Net cash from investing activities	-	(89)
Net cash flows for the period	-	4,755

Notes to the Consolidated Interim Financial Statements

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2022

2. DISCONTINUED OPERATIONS (CONTINUED)

	30-June-22 \$'000
Assets and liabilities of controlled entities at date of sale to DT Global	
Assets	
Cash and cash equivalents	20,188
Trade and other receivables	10,606
Contract assets	46,629
Other current assets	2,345
Property, plant and equipment	6,763
Deferred tax assets	3,149
Intangible assets	5,710
Total assets sold	95,390
Liabilities	
Trade and other payables	24,331
Current tax liabilities	195
Loans and borrowings	7,234
Employee benefits	3,149
Provisions	439
Contract liabilities	10,290
Deferred tax liabilities	393
Other liabilities	531
Total liabilities sold	46,652
Net assets sold	48,828

Notes to the Consolidated Interim Financial Statements

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2022

3. (A) REVENUE FROM CONTINUING OPERATIONS

Professional services revenue

The Group performs engineering design and project delivery services. These activities tend to be highly integrated and accordingly where appropriate will be accounted for as a single performance obligation. 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.

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-22 \$'000	31-Dec-21 \$'000 Restated¹
Fees from consulting services	6,426	4,619
Other	-	12
Revenue	6,426	4,631

¹Comparative 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 2022

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 2022 \$'000	30 Jun 2022 \$'000
Receivables (included in Trade and other receivables)	13,718	14,559
Loss allowance	(10,967)	(12,776)
Contract assets	2,487	3,155
Contract liabilities	39	121

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 2022 is reduced by an impairment provision of \$4.8 million (30 June 2022: \$4.7 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-22 \$'000	31-Dec-21 \$'000 Restated ¹
Receipt of settlement proceeds	-	1,370
Release of liabilities no longer required	-	3,623
Other non-trade income recognised		541
Other	60	-
Other Income	60	5,534

¹Comparative information has been restated due to discontinued operations, see note 2.

4. NET FINANCING (INCOME)/COSTS

	31-Dec-22 \$'000	31-Dec-21 \$'000 Restated ¹
Interest paid	1	1,859
Interest on leases	13	40
Amortisation of borrowing costs	-	98
Interest received	(167)	(538)
Net Financing Costs	(154)	1,459

¹Comparative 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 2022

5. EXPENSES

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

	31-Dec-22 \$'000	31-Dec-21 \$'000 Restated ¹
Bad debt expense/(Recovery of bad debts) ²	283	(2,223)

¹Comparative information has been restated due to discontinued operations, see note 2.

²Bad debt provisions movement relating to INSUS, see note 9 (2021: recoveries relate to the reversal of provisions previously held for INSUS, see note 9).

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 2022 relates to income tax expense incurred from work performed in foreign jurisdictions. There is no income tax expense for Australia, as the Australian operations has taxable losses.

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 impacted 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. The derecognition of net deferred tax assets resulted in a charge to income tax expense from continuing operations in the prior period of \$35.5m.

Notes to the Consolidated Interim Financial Statements

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2022

7. LOANS & BORROWINGS

	31-Dec-22 \$'000	30-Jun-22 \$'000
CURRENT		
Lease liabilities	52	8
NON-CURRENT		
Lease liabilities	118	19
TOTAL CURRENT & NON-CURRENT LOANS & BORROWINGS	170	27

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 30 June 2022.

Funding available to the Group from undrawn facilities is also nil at 31 December 2022 (30 June 2022: nil), as the debt facilities were terminated.

There were no bank overdrafts in existence at 31 December 2022 (30 June 2022: nil).

Notes to the Consolidated Interim Financial Statements

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2022

8. ISSUED CAPITAL

	Half-year ended 31-Dec-22		Year ended 30-Jun-22	
	No. of shares	\$'000	No. of shares	\$'000
Balance at the beginning of the year	39,060,663	10,730	388,929,110	370,079
Shares issued during the year:				
> Shares issued under PEP	-	-	1,667,387	-
> Share consolidation ¹	-	-	(351,535,834)	-
> Capital reduction ²	-	(9,375)	-	(359,349)
Balance at the end of the year	39,060,663	1,355	39,060,663	10,730

¹ 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.

² 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 Group completed the disposal of its International Development business to DT Global on 30 June 2022. Sale proceeds were distributed to Shareholders on 14 July 2022 and 22 August 2022, by way of payment of a Special Dividend of 78 cents per share and 44 cents per share, and a Capital Return of 24 cents per share. The Capital Return resulted in a reduction of Issued Capital in July 2022 of \$9,375,000.

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-22 \$'000	30-Jun-22 \$'000
Final dividend – 4.0 cents per ordinary share – unfranked	-	15,624
Special dividend - 57.0 cents per ordinary share - unfranked ¹	-	222,640
Special dividend - 78.0 cents per ordinary share – unfranked – First payment ²	30,467	-
Special dividend - 44.0 cents per ordinary share – unfranked – Second payment ³	17,187	-

¹ 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 (on a pre10:1 share consolidation basis).

² The Group completed the disposal of its International Development business to DT Global on 30 June 2022. Part of the sale proceeds were distributed to Shareholders on 14 July 2022 by way of payment of a special dividend of 78 cents per share and a capital return of 24 cents per share.

³ A second payment of special dividend was made to Shareholders on 22 August 2022 of 44 cents per share.

Franking account balance

	31-Dec-22 \$'000	30-Jun-22 \$'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	30

Notes to the Consolidated Interim Financial Statements

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2022

Performance Equity Plans

During the current half year ended 31 December 2022 there were no Performance Equity Plans in place within the Group.

In the prior half year ended 31 December 2021, 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.

9. CONTINGENT ASSETS AND LIABILITIES

Cardno had no contingent liabilities at 31 December 2022.

	31-Dec-22 \$'000	30-June-22 \$'000
Bank guarantees and insurance bonds	-	1,498

No bank guarantee facilities are available to Cardno at 31 December 2022 (30 June 2022: Nil).

The insurance bonds are denominated in United States dollars and relate to projects contracted by the Company's Latin American division. The insurance bonds do not have a contractual facility limit and are issued on a case-by-case basis.

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. 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 consider 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.

As set out in the Group's ASX announcement on 4 August 2022, these matters include:

- INSUS has made a number of legal claims against previous customers and project partners that the Directors estimate could lead to recoveries of between US\$0 and US\$15 million; and
- A number of legal claims have been made against INSUS in relation to its historical project activity which if successful, could amount to between US\$0 and US\$200 million.

Given the uncertainty regarding the quantum and timing of the potential outcome of these claims, which are at various stages and being pursued through court actions in Ecuador, no assets or liabilities have been recognised in the Group's financial statements as at 31 December 2022 (30 June 2022: nil).

The Directors continue to monitor and implement strategies to mitigate the potential risks to the Group arising from the claims against INSUS. The Directors have received advice that under company law in Ecuador, the

Notes to the Consolidated Interim Financial Statements

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2022

possibility of the legal claims resulting in recourse to INSUS's immediate Australian parent entity, Cardno International Pty Ltd, or the Group's parent entity, Cardno Limited, is remote. While the Directors consider this risk to be remote, the outcomes of the claims against INSUS may negatively impact upon the recovery of any funds from claims being pursued by INSUS as it continues to be wound down.

Cardno recorded an aggregate \$3.6 million of non-recurring losses during the half year ended 31 December 2022 (2021: \$7.2 million income) relating to these matters. Costs were incurred in the ongoing recovery in pursuing outstanding legal recoveries and the movement in provisions relating to INSUS to mitigate any financial risk they may be exposed to.

10. SUBSEQUENT EVENTS

The Company paid the special dividend of \$0.307 per ordinary share to shareholders on 31 January 2023. The balance of dividends declared \$0.177 per share will be paid to shareholders as soon as practicable following receipt of final payment from DT Global.

Other than the dividend as noted above, 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 significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future years

11. EARNINGS PER SHARE

	31-Dec-22 \$'000	31-Dec-21 ¹ \$'000 Restated
(a) Earnings per share – continuing operations		
Basic earnings per share for continuing operations		
Basic profit/(loss) from continuing operations attributable to ordinary shareholders	(3,819)	(38,023)
Weighted average number of ordinary shares	No.	No.
Issued ordinary shares at 1 July	39,060,663	38,892,911
Effect of shares issued during the year	-	115,086
Weighted average number of ordinary shares at 31 December	39,060,663	39,007,997
	Cents	Cents
Basic earnings/(loss) per share (cents per share) from continuing operations	(9.78)	(97.47)
Diluted earnings per share – continuing operations		
Profit/(loss) from continuing operations attributable to ordinary shareholders (diluted)	(3,819)	(38,023)
Weighted average number of ordinary shares (diluted)	No.	No.
Issued ordinary shares at 1 July	39,060,663	38,892,911
Effect of Performance Options and Performance Rights on issue	-	1,071,341
Effect of shares issued during the year	-	115,086
Weighted average number of ordinary shares (diluted) at 31 December	39,060,663	40,079,338
	Cents	Cents
Diluted earnings/(loss) per share (cents per share) from continuing operations	(9.78)	(94.87)

¹Comparative 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 2022

11. EARNINGS PER SHARE (CONTINUED)

	31-Dec-22 \$'000	31-Dec-21 \$'000
(b) Earnings per share		
Basic earnings per share		
Basic profit attributable to ordinary shareholders	(3,021)	468,665
Weighted average number of ordinary shares	No.	No.
Issued ordinary shares at 1 July	39,060,663	38,892,911
Effect of shares issued during the year	-	115,086
Weighted average number of ordinary shares at 31 December	39,060,663	39,007,997
	Cents	Cents
Basic earnings per share (cents per share)	(7.73)	1,201.46
Diluted earnings per share		
Profit attributable to ordinary shareholders (diluted)	(3,021)	468,665
Weighted average number of ordinary shares (diluted)	No.	No.
Issued ordinary shares at 1 July	39,060,663	38,892,911
Effect of Performance Options and Performance Rights on issue	-	1,071,341
Effect of shares issued during the year	-	115,086
Weighted average number of ordinary shares (diluted) at 31 December	39,060,663	40,079,338
	Cents	Cents
Diluted earnings per share (cents per share)	(7.73)	1,169.34

12. 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 2022.

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 Director fees.

During the half year, \$23,200 is payable to CCP (December 2021: \$11,440) for the services of a CCP staff member to perform the role of Cardno's Interim Group 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 2022

13. 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 2022 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 22 February 2023.

(a) Statement of compliance

This financial report for the half-year reporting period ended 31 December 2022 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 2022 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 2022.

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 2022.

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 2022

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 2022 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 22 day of February 2023.

Signed in accordance with a resolution of the Directors.



MICHAEL ALSCHER
Chairman

22 February 2023

Independent Auditor's Review Report to the Members of Cardno Limited

Report on the Half Year Financial Report

Conclusion

We have reviewed the accompanying **Half-year Financial Report** of Cardno Limited (the company) and its subsidiaries (the Group), which comprises the consolidated interim statement of financial position as at 31 December 2022, the consolidated interim statement of financial performance, consolidated interim statement of comprehensive income for the half-year ended 31 December 2022, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2022 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*.

Basis for conclusion

We conducted our review in accordance with Auditing Standard on Review Engagement *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 half-year 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 & Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of Matter

We draw attention to Note 9 in the Half-year Financial Report which describes the contingent liabilities relating to the Group's INSUS business in Ecuador and its involvement in a number of significant legal claims where the outcome is uncertain. Our conclusion is not modified in respect of this matter.

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Independent Auditor's Review Report to the Members of Cardno Limited (Cont'd)

Directors' Responsibility for the Half-year Financial Report

The Directors of the Company are responsible for:-

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

Auditor's Responsibility 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 is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Independence

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

DFK Laurence Varnay Auditors Pty Ltd



FAIZAL AJMAT
Director
Sydney, 22 February 2023

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Chairman

Michael Alscher

Directors

Jeffrey Forbes

Nathanial Thomson

Company Secretary

Nathanial Thomson

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