FY22 CARDNO 2022 ANNUAL REPORT

for the full-year ended
30 June 2022

Making a difference.

Cardno Limited
ABN 70 108 112 303
and its controlled entities

Chairman’s Letter

Dear Shareholder,

I am pleased to report the following successful outcomes from the Board’s strategic review of your Company, and the considerable value that has been realised for shareholders since the commencement of the Company’s strategic review process in June 2021.

On 9 December 2021, the Company announced the successful completion of the sale of its Asia Pacific and Americas engineering consulting divisions to Stantec Inc. (Stantec) for total aggregate cash consideration of US$500 million, in addition to working capital and net debt adjustment amounts paid.

This merger provided an opportunity for Cardno’s Asia Pacific and Americas consulting divisions to become part of a top tier consulting firm that is recognised for creative technology-forward thinking and collaboration, in addition to providing new career opportunities for staff, additional resources and services for our clients, and a new platform for combined growth in the marketplace.

On completion of this sale transaction, approximately $582 million was distributed to shareholders by way of a capital return and unfranked special dividend late December 2021.

The Company announced it would continue the global and extensive strategic review of its International Development business in November 2021, with a view to enhancing value for shareholders.

On 28 March 2022, Cardno announced the sale of its International Development business to DT Global Australia Pty Ltd (DT Global) which was completed on 30 June 2022, for total aggregate cash consideration of $56.5 million, in addition to working capital and net debt adjustment amounts payable. This transaction with DT Global represented both an attractive financial outcome for Cardno Shareholders but also ensured that DT Global will continue delivering the important work of Cardno International Development, backed by their more than 60 years’ experience in supporting aid and development imperatives globally.

On completion of this sale transaction, $39.9 million was distributed to shareholders by way of a capital return and unfranked special dividend mid July 2022, and a second tranche of $35.9 million was paid in part in August 2022, with the remainder expected to be paid before 31 December 2022.

Following the sale of Cardno International Development, Cardno will continue to wind down its South American INSUS operations, and its Latin American (Entrix) engineering consultancy business will continue to operate while the Board continues to consider what the next steps for Cardno will be following finalisation of the distribution payments from the sale of the International Development business.

Board

The successful completion of the first sale transaction on 9 December 2021 represented a significant structural change to the Cardno Group, and the limited size and scope of the remaining operations reduced the need for senior management positions. This resulted in the departure of the Group CEO and Managing Director, Susan Reisbord, Group CFO, Peter Barker, and Group COO, Jenifer Picard during the financial year. In addition, Non-Executive Directors Rebecca Ranich and Steven Sherman, resigned from the Board. I would like to personally thank Susan, Peter, Jenifer, Rebecca and Steven for their support and for the significant contributions they each made towards the Cardno Board and management team, and the success of the Company.

People

I would like to thank all our staff for their extraordinary efforts over the past year, in particular those who shouldered the heavy workload associated with the aforementioned sale transactions, while continuing to deliver a strong financial performance for their respective businesses.

MICHAEL ALSCHER

Chairman

Executive Director’s Letter

Dear Shareholder,

It has been a value accretive year for the Company, with the continued strong financial performance of all divisions and completion of the sale of the Company’s Asia Pacific and Americas engineering consulting and International Development divisions during the financial year.

DIVISION HIGHLIGHTS

Latin America

Latin America’s (Entrix) underlying EBITDA for the financial year was $1.2 million, up on prior year of $0.3 million. EBITDA margin of 11.5% was also up on prior year margin of 4.6%, representing strong project delivery and effective cost management.

Gross revenue for FY22 was $10.6 million, up 66.7% on prior year of $6.4 million. The increase in revenue is driven by the growth in work performed for major clients.

LOOKING AHEAD

The Cardno Board continues to consider what the next steps for Cardno will be following the finalisation of the remaining Distribution payments from the sale of Cardno International Development. After these payments have occurred, Cardno will have:

- one operating business, Entrix. This Ecuadorian based business generates gross revenue of approximately US$5m per annum and generates a profit before tax margin of approximately 10%;
- a business in wind down, which is operated through Cardno’s wholly-owned subsidiary, Ingenieria Sustentable (INSUS) S.A. (formerly Caminosca). This business is involved in a number of court actions that may lead to between US$0 and US$15m of recoveries and has between US$0 andUS$200m of contingent liabilities depending on the outcome of various legal actions. The Cardno Board has received advice that it is unlikely that these contingent liabilities will affect the listed Cardno holding company, but that they may affect the potential for future recoveries from this winddown business. There remain costs associated with these legal actions; and
- an Australian listed business with a Board and associated operating costs. This listed business will have approximately AUD$5m of cash after paying all transaction costs in respect of the Transaction and the remaining portion of the Distribution to Cardno Shareholders. The remaining cash will be retained to fund ongoing cash flow requirements.

The Cardno Board will continue to update Shareholders as it refines its plans and is currently focused on ensuring that the remaining proceeds of the sale of Cardno International Development are distributed to Shareholders in a timely manner.

NATHANIAL THOMSON

Executive Director

Consolidated Financial Statements

for the year ended 30 June 2022

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The Company's Corporate Governance Statement last updated and Board approved on 28 June 2022 can be viewed on the Company's website at https://cddho.com.

Directors' Report

The Directors present their Report together with the Consolidated Financial Statements of Cardno Limited (the Company) being the Company and the entities it controlled at the end of, or during the year ended 30 June 2022.

DIRECTORS

The names of Directors of the Company at any time during or since the end of the financial year are set out below. Directors were in office for this entire period unless otherwise stated.

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

COMPANY SECRETARIES

Peter Barker	Chief Financial Officer and Joint Company Secretary (resigned 3 March 2022)
Cherie O'Riordan	Chief Financial Officer (appointed 3 March 2022) and Company Secretary

Qualifications of Company Secretary

Cherie O'Riordan – BEcon/Arts, CA, GAICD

Particulars of Directors' qualifications, experience and special responsibilities are listed on the next page.

Directors’ Report *(continued)*

Director	Experience	Special Responsibilities
Michael Alscher	Michael Alscher joined as a Non-Executive Director of Cardno Limited in November 2015. He then became Chairman in January 2016. He is the Managing Partner and founder of Crescent Capital Partners, a leading Australian based private equity investment firm, specialising in high growth companies and certain industry sectors such as healthcare. Prior to founding Crescent in 2000, Michael was a strategy consultant at Bain International and the LEK Partnership as well as holding several senior operating roles. Michael is the current Chair of National Dental Care Limited, 24-7 Healthcare Pty Ltd and is a Non-Executive Director of Clearview Wealth Limited, Green Leaves Early Learning Centres Pty Ltd and Aurora Expeditions Holdings Pty Ltd. Michael’s former director roles include Chair of Cover-More Group Limited, LifeHealthcare Group Limited and Director of Metro Performance Glass Limited and Intega Group Limited. Prior to founding Crescent in 2000, Michael was a strategy consultant at Bain International and LEK Partnership as well as holding several senior operating roles. Michael holds a Bachelor of Commerce (Finance and Mathematics) from the University of New South Wales.	*Non-Executive Chairman* *Member of Audit, Risk & Compliance Committee*
Jeffrey Forbes	Jeffrey Forbes joined Cardno Limited as a Non-Executive Director in January 2016. He is an experienced Finance Executive and Company Director with over 30 years’ merger and acquisition, equity and capital markets and project development experience. He has significant expertise in the financing and development of resource projects in both Australia and in the Asia Pacific Region. Jeffrey previously worked at Cardno as CFO, Executive Director and Company Secretary before leaving to commence Non-Executive director roles. He has spent time as a member of the remuneration and audit and risk committees of both listed and unlisted companies in a variety of sectors. Prior to his experience at Cardno, Jeffrey was the CFO, Company Secretary and Executive Director at Highlands Pacific Limited, a PNG-based mining and exploration Company. He has significant experience in capital raisings and during his career has worked for a number of major companies including Rio Tinto, BHP and CSR. Jeffrey is the Non-Executive Chair of Herron Todd White Group and Non-Executive Director of PWR Holdings Ltd and Ventia Services Group Limited. Jeffrey was previously a Non-Executive Director of Intega Group Limited. Jeffrey holds a Bachelor of Commerce from the University of Newcastle and is a Graduate of the Australian Institute of Company Directors.	*Non-Executive Director* *Audit, Risk & Compliance Committee Chairman*
Nathanial Thomson	Nathanial Thomson became a Non-Executive Director of Cardno Limited in May 2016 and was appointed as Executive Director effective December 2021. He is a Partner at Crescent Capital Partners and responsible for the assessment of potential investment opportunities and management of investee companies. Nathanial is a Partner at Crescent, a leading Australian private equity investment firm. Nathanial has over 20 years of experience in strategy consulting, private equity and investment banking. He has significant consulting experience from his prior role at McKinsey & Co. Nathanial is the current Chair of Clover Insurance and a Non-Executive Director of National Dental Care Limited, Clearview Wealth Limited and 24-7 Healthcare Pty Ltd. Nathanial’s former director roles include Deputy Chair of Cover-More Group Limited and a Non-Executive Director of Metro Performance Glass Limited. Nathanial holds a Bachelor of Commerce with honours and a Bachelor of Law with honours from the University of Western Australia.	*Executive Director* *Member of Audit, Risk & Compliance Committee*

Directors' Report *(continued)*

PRINCIPAL ACTIVITIES

The principal activity of the consolidated entity during the financial year was operating as a professional infrastructure and environmental services company, with expertise in the development and improvement of physical and social infrastructure for communities around the world. During the financial year, the Group's focus was on implementing the outcomes of the Board's strategic review which included divesting the Asia Pacific and Americas consulting divisions and the International Development business.

DIVIDENDS

A full year dividend of 4.0 cents per share (unfranked) was declared for the financial year ended 30 June 2021 and paid during the year ended 30 June 2022.

No interim dividends were declared for the half year ended 31 December 2021.

The Board declared and paid a special dividend of 57.0 cents per share (unfranked) during the year.

EVENTS SUBSEQUENT TO REPORTING DATE

As at the date of this report, Cardno had received $54.5m of the total $78.2m proceeds relating to the sale of the International Development division. $15.2m of the outstanding proceeds were received subsequent to reporting date, and the balance outstanding of approximately $23.7m is expected to be received by the end of December 2022.

Distributions:

Subsequent to year end, the Board announced the following distributions to shareholders:

- a special dividend (unfranked) of $1.70 per share is expected to be paid over three instalments as follows:
    - $0.78 per share which was paid on 14 July 2022
    - $0.44 per share which was paid on 22 August 2022
    - $0.48 per share which is expected to be paid before 31 December 2022. The quantum and timing of this dividend is subject to receipt of final proceeds from the sale of the ID division
- a return of capital of $0.24 per share which was paid on 14 July 2022

Other than the above, there has not arisen in the interval between the end of the 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 the affairs of the Group, in future years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Following the sale of the Asia Pacific and Americas engineering consulting divisions and the sale of Cardno International Development during this financial year, Cardno will continue to wind down its South American INSUS operations, and its Latin American (Entrix) engineering consultancy business will continue to operate while the Board continues to consider what the next steps for Cardno will be following finalisation of the distribution payments from the sale of the International Development business.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year, the Group implemented the outcomes of the Board's strategic review which included divesting the Asia Pacific and Americas consulting divisions and the International Development business.

INDEMNIFICATION AND INSURANCE OF OFFICERS

The Company has agreements with each of the Directors and Officers of the Company in office at the date of this report indemnifying them against liabilities to any person other than the Company or a related body corporate that may arise from their acting as Directors or Officers of the Company. The indemnity continues to have effect when the Directors and Officers cease to hold office other than where such liabilities arise out of conduct involving a wilful breach of duty by the Officers or the improper use by the Directors or Officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and Officers' liability, as such disclosures are prohibited under the terms of the contract.

Directors’ Report *(continued)*

REVIEW OF RESULTS

PERFORMANCE ($’m)	2022	2021* Restated
Gross Revenue	10.6	6.4
Underlying EBITDAI [1]	0.8	1.7
Underlying NOPAT [2]	(2.0)	(6.5)
Profit before tax from continuing operations	7.8	7.8
Profit before tax from discontinued operations	544.9	35.6
Net profit/(loss) after tax from continuing operations	(36.6)	7.8
Net profit after tax from discontinued operations	546.0	24.9
Net profit after tax	509.4	32.7
Operating Cash Flow	(21.7)	62.6
EPS from continuing operations – basic (cents)	(93.76)	18.82
EPS - basic (cents)	1,304.91	78.82
NOPAT EPS - basic (cents)	(5.12)	(15.77)

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

[1] Underlying EBITDAI = EBIT plus underlying adjustments, depreciation, amortisation and impairment losses on non-financial assets
[2] Underlying NOPAT = NPAT plus underlying adjustments and impairment losses on non-financial assets

Underlying EBITDAI and EBIT are non-IFRS measures and are unaudited. However, they are based on amounts extracted from the audited financial statements as reported in the consolidated statement of financial performance on page 27. 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 audited financial statements. This metric provides a measure of Cardno’s operating performance before the impact of underlying adjustments.

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 (in addition to net debt and working capital adjustment amounts). A distribution of approximately $582 million was made to shareholders on 22 December 2021, comprising both a capital return and unfranked special dividend.

The Company completed the sale of its International Development business to DT Global on 30 June 2022 for total cash consideration of $56.5 million (in addition to net debt and working capital adjustment amounts). A distribution of approximately $40 million was made to shareholders on 14 July 2022, comprising both a capital return and unfranked special dividend. Approximately $17 million of a second unfranked dividend declared of $35.9 million was paid in August 2022, with the remainder expected to be paid before 31 December 2022 after finalisation of the net debt and working capital adjustment amount with DT Global.

FY22 Financial Results

Cardno reports an underlying full year loss after tax from continuing operations of $2.0 million (FY21: loss $6.5 million), down on prior year comparative, and a statutory profit after tax of $509.4 million (FY21: $32.7 million).

The statutory result includes an accounting gain on sale of the Asia Pacific and Americas consulting divisions of $488.7 million, and an accounting gain from the sale of the International Development business of $36.7 million. These gains also include the impact of various other one-off items relating to the sale transactions, including transaction costs and the recycle of foreign currency translation reserves at the points of sale. Underlying EBITDAI of $0.8 million (FY21: $1.7 million), includes a $1.2 million EBITDAI recorded by the Latin American Entrix business, offset by corporate overhead expenses.

Directors' Report *(continued)*

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 in December 2021 ($22.7 million outstanding at 30 June 2021), resulting in no outstanding bank loans for the Group at 30 June 2022.

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

The carrying value of net assets of the Cardno Group entities sold to DT Global at completion was $48.8 million. A distribution of approximately $40 million was made to shareholders on 14 July 2022, comprising both a capital return and unfranked special dividend. A second unfranked special dividend of approximately $35.9 million was paid in part in August 2022, with the remainder expected to be paid before 31 December 2022.

Foreign currency translation reserves totalling $91.8 million were recycled to other comprehensive income in relation to discontinued operations during the financial year.

Cash Flow

The Company recorded a net operating cash outflow for the year of $21.7 million. Cash paid to suppliers and employees includes $17.5 million of employee payments made on closure of the Company's Performance Equity Plans.

Current year operating cash includes only five months' cash flows generated by the Asia Pacific and Americas engineering consulting divisions divested early December 2021, compared to prior year which includes 12 months' operating cash contributed by these divisions.

SEGMENT OVERVIEW

Latin America

Latin America's (Entrix) underlying EBITDA for the financial year was $1.2 million, up on prior year of $0.3 million. EBITDA margin of 11.5% was also up on prior year margin of 4.6%, representing strong project delivery and effective cost management.

Gross revenue for FY22 was $10.6 million, up 66.7% on prior year of $6.4 million. The increase in revenue is driven by the growth in work performed for major clients.

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.

SEGMENT OVERVIEW CONTINUED

$’000	Statutory[1] Financial year 2022	Statutory[1] Financial year 2021* Restated	Underlying Adjustments[2] Financial year 2022	Underlying Adjustments[2] Financial year 2021* Restated	Underlying[1] Financial year 2022	Underlying[1] Financial year 2021* Restated
Latin America	10,600	6,361	-	-	10,600	6,361
Other	32	29	-	-	32	29
Gross Revenue	**10,632**	**6,390**	**-**	**-**	**10,632**	**6,390**
Latin America	12,692	12,929	(11,529)	(12,704)	1,163	225
Other	(2,344)	345	1,588	-	(756)	345
Continuing operations EBITDAI[3, 5]	**10,758**	**14,436**	**(9,941)**	**(12,704)**	**817**	**1,732**
Unrealised foreign exchange losses	(204)	875	-	-	(204)	875
Total continuing operations EBITDAI[3, 5]	**10,554**	**15,311**	**(9,941)**	**(12,704)**	**613**	**2,607**
Depreciation, impairment and amortisation expenses	(1,073)	(3,472)	-	-	(1,073)	(3,472)
Amortisation of right-of-use assets	(339)	(860)	-	-	(339)	(860)
EBIT[4,5]	**9,142**	**10,979**	**(9,941)**	**(12,704)**	**(799)**	**(1,725)**
Net finance costs	(1,279)	(2,992)	-	-	(1,279)	(2,992)
Finance costs on lease liabilities	(40)	(147)	-	-	(40)	(147)
Profit/(loss) from continuing operations before income tax	**7,823**	**7,840**	**(9,941)**	**(12,704)**	**(2,118)**	**(4,864)**
Income tax (expense)/benefit[6]	(44,421)	(41)	44,542	(1,629)	121	(1,670)
Profit/(loss) from continuing operations after income tax	**(36,598)**	**7,799**	**34,601**	**(14,333)**	**(1,997)**	**(6,534)**
Discontinued operations, net of tax	**545,952**	**24,859**	**(527,917)**	**9,394**	**18,035**	**32,253**
Profit/(loss) after income tax	**509,354**	**32,658**	**(493,316)**	**(4,939)**	**16,038**	**27,719**
Attributable to:						
Ordinary Equity holders	509,354	32,658	(493,316)	(4,939)	16,038	27,719

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

1. *The use of the term ‘Statutory’ refers to 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 and are unaudited. 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 10.*
3. *Underlying EBITDAI represents earnings before interest, income tax, depreciation, amortisation and impairment of non-financial assets.*
4. *Underlying EBIT represents earnings before interest and income tax.*
5. *Underlying EBITDAI and EBIT are unaudited. However, they are based on amounts extracted from the audited financial statements as reported in the consolidated statement of financial performance on page 27. 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)*

SEGMENT OVERVIEW CONTINUED

	2022 $'000	2021 $'000 Restated*
Underlying Profit From Continuing and Discontinued Operations After Income Tax (Attributable to Ordinary Equity Holders)	16,038	27,719
Underlying Adjustments to EBITDAI:		
Other non-trade income recognised [1]	(3,315)	-
Receipt of settlement proceeds [2]	(1,385)	(8,365)
Release of liabilities no longer required [3]	(6,829)	(4,339)
Share based payment expense [4]	687	-
Write off unrecoverable GST [5]	861	
Other	40	-
Total Underlying Adjustments to EBITDAI	**(9,941)**	**(12,704)**
Underlying Adjustments to Income Tax:		
Tax effect of underlying adjustments	(331)	
Tax effect of derecognition of the Deferred Tax Assets relating to tax losses	44,873	(1,629)
Total Underlying Adjustments to Income Tax	**44,542**	**(1,629)**
Underlying adjustments relating to divested entities [6]	(527,917)	9,394
Total Underlying Adjustments to Discontinued Operations	**(527,917)**	**9,394**
Statutory Profit After Income Tax (Attributable to Ordinary Equity Holders)	**509,354**	**32,658**

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

1. *Successful recoveries on outstanding legal claims and recovery of debtors net of costs incurred by INSUS, see note 20.*
2. *Settlement proceeds in relation to INSUS, see note 20.*
3. *Release of liabilities no longer required relating to INSUS, see note 20.*
4. *Share based payment expense from accelerated vesting of employee performance rights on settlement and closure of Performance Equity Plans.*
5. *Write off input tax credits on exceedance of financial acquisitions threshold in relation to transaction costs incurred on sale transactions.*
6. *Includes gain on sale of Asia Pacific, Americas Consulting and International Development divisions, see note 2.*

Directors’ Report *(continued)*

OUTLOOK

Following the sale of the Asia Pacific and Americas engineering consulting divisions and the sale of Cardno International Development during this financial year, Cardno will continue to wind down its South American INSUS operations, and its Latin American (Entrix) engineering consultancy business will continue to operate while the Board continues to consider what the next steps for Cardno will be following finalisation of the distribution payments from the sale of the International Development business.

DIRECTORS’ MEETINGS

Attendance at Board meetings and Board Committee meetings for the year ended 30 June 2022 is set out below:

	Board of Directors		**Audit, Risk & Compliance Committee**	
No. of Meetings Held	**A**	**B**	**A**	**B**
Michael Alscher	11	17	0	4
Susan Reisbord(i)	10	11	-	-
Steven Sherman(i)	10	11	-	-
Jeffrey Forbes	15	17	4	4
Nathanial Thomson	17	17	4	4
Rebecca Ranich(i)	10	11	-	-

A = number of meetings attended
B = number of meetings held during the time the Director held office during the year or was a committee member

(i) *Meeting attendance to date of resignation of 9 December 2021*

INTERESTS

As at the date of this report, the interests of the Directors in the shares of Cardno Limited were:

	Ordinary Shares	**Performance Options**	**Performance Rights**
Michael Alscher	-	-	-
Jeffrey Forbes	14,862	-	-
Nathanial Thomson	-	-	-

Remuneration Report (Audited)

This Remuneration Report (Report) outlines the remuneration arrangements for Key Management Personnel (KMP) of the Group in accordance with the requirements of the *Corporations Act 2001* and its Regulations. The information in this Report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

CONTENTS

The Report contains the following sections:

A. KEY MANAGEMENT PERSONNEL

Key Management Personnel (KMP) are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director (whether Executive or otherwise) of the Company.

In addition to the Directors, Cardno has historically, for the purposes of this Report, considered the KMP to be the Chief Executive Officer (CEO), or Executive Chairman, Chief Financial Officer (CFO) and Chief Operating Officer (COO).

Cardno divested its Asia Pacific and Americas engineering consulting businesses on 9 December 2021, divested its International Development business on 30 June 2022 and expects to continue to wind down its INSUS operations in Latin America. This significant structural change and the limited size and scope of remaining operations has reduced the need for senior management positions, resulting in the departure of the Group CEO (Susan Reisbord), Group CFO (Peter Barker), and Group COO (Jenifer Picard) during this financial year. Following these departures, the authority and responsibility for planning, directing and controlling the remaining activities of the Group reverted to the Board. From this time, the remaining members of senior management, including Cherie O'Riordan as the newly appointed Group CFO, reported directly to the Board and were required to seek approval for any significant decisions impacting operations given the ongoing strategic review being overseen by the Board. These changes resulted in Nathanial Thomson being appointed as Executive Director from 9 December 2021. As a result, only the Directors of the Company are reported as KMP from 3 March 2022 to the date of this report.

The KMP disclosed for the financial year ended 30 June 2022 are detailed in the following table.

Name	Title	Period KMP (if less than full-year)
NON-EXECUTIVE DIRECTORS		
Michael Alscher	Non-Executive Director and Chairman	
Jeffrey Forbes	Non-Executive Director	
Nathanial Thomson	Non-Executive Director	Until 9 December 2021(then appointed as Executive Director)
Rebecca Ranich	Non-Executive Director	Resigned 9 December 2021
Steven Sherman	Non-Executive Director	Resigned 9 December 2021

Name	Title	Period KMP (if less than full-year)
EXECUTIVES		
Susan Reisbord	Chief Executive Officer and Managing Director	Resigned 9 December 2021
Peter Barker	Chief Financial Officer	Resigned 3 March 2022
Jenifer Picard	Chief Operating Officer	Resigned 9 December 2021
Nathanial Thomson	Executive Director	Appointed 9 December 2021

B. ROLE OF THE REMUNERATION COMMITTEE

During the financial year, Cardno's Board determined that all functions of the Nominations and Remuneration Committee would be managed by the Board and that the Remuneration Committee would be dissolved. There were no meetings of the remuneration committee during the year.

The Board believes that all Board members' experience, views and perspectives should be leveraged through full participation in the Board's nominations and remunerations processes and discussions.

When required, the Board obtains independent advice from remuneration consultants on the appropriateness of remuneration-based trends in comparative countries, both locally and internationally. When required for specific purposes related to the composition and evaluation of the Board, a sub-committee chaired by an independent non-executive director is formed.

C. EXECUTIVE AND NON-EXECUTIVE DIRECTORS' REMUNERATION

Executive and Non-Executive Directors are paid a fee for being a Director of the Board and an additional fee if they participate on or chair certain Board Committees. Director fees are not linked to the performance of the Group and Directors do not participate in any of the Company's incentive plans.

Executive and Non-Executive Director fees are reviewed annually and are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders. The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of appropriate calibre, whilst incurring a cost that is acceptable to shareholders.

The Directors' fees were re-set early December 2021 relative to the reduced size and activity of the Group following the sale of the Group's Asia Pacific and Americas engineering consulting divisions.

The fee structure (which is inclusive of superannuation contributions (where compulsory)) for Executive and Non-Executive Directors is detailed in the following table.

	Board $	Audit, Risk & Compliance Committee $	Remuneration Committee $
Australian based Board members (AUD)			
Chairman 1 July 2021 – 9 December 2021	200,000	27,273	-
Chairman 10 December 2021 – 30 June 2022	150,000	15,000	-
Non-Executive Director 1 July 2021 – 9 December 2021	100,000	-	-
Non-Executive and Executive Director 10 December 2021 – 30 June 2022	75,000	7,000	-
US based Board members (USD)			
Non-Executive Director	100,000	-	-

Directors’ Report *(continued)*

The remuneration received by Non-Executive Directors for the years ended 30 June 2022 and 30 June 2021 is set out in the following table.

		Salary and Fees $	Superannuation Benefits $	Total $
NON-EXECUTIVE				
Michael Alscher[1]	**2022**	**176,085**	**-**	**176,085**
	2021	200,000	-	200,000
Steven Sherman[2]	**2022**	**47,839**	**4,784**	**52,623**
	2021	103,652	9,847	113,499
Jeffrey Forbes	**2022**	**97,436**	**9,744**	**107,180**
	2021	116,231	11,042	127,273
Rebecca Ranich[3]	**2022**	**68,409**	**-**	**68,409**
	2021	134,017	-	134,017
Total 2022		**389,769**	**14,528**	**404,297**
Total 2021		553,900	20,889	574,789

[1] Michael Alscher's fees are paid to Crescent Capital Partners.

[2]Steven Sherman resigned from the board on 9 December 2021.

[3]Rebecca Ranich resigned from the board on 9 December 2021 but was paid directors fees for the full month of December 2021. Rebecca Ranich was paid in USD and the remuneration disclosed above has been converted to Australian dollars at an average exchange rate of 73 cents (2021: 75 cents).

Directors' Report *(continued)*

D. EXECUTIVE REMUNERATION STRATEGY AND STRUCTURE

The section below outlines the remuneration structure for the executive team when they were members of KMP. It was set by the Board and driven by criteria which comprised a mix of fixed and variable remuneration components as outlined below.

Total Fixed Remuneration (TFR)	Consists of base salary plus statutory superannuation contributions and other benefits. KMP and senior managers receive a fixed remuneration package which is reviewed annually by the Remuneration Committee and the Board taking into consideration the responsibilities of the role, the qualifications and experience of the incumbent and benchmark market data including those companies with which the Group competes for talent. In reviewing TFR the Committee and the Board takes into consideration business and individual performance as well as the factors outlined above. There are no guaranteed base pay increases included in any KMP contract.
Short-Term Incentive (STI)	Target STI opportunities are expressed as a percentage of TFR. For the year ended 30 June 2022, STI payments were determined by achievement of financial and non-financial performance targets. The Committee and the Board are responsible for reviewing the achievement of targets. For Executive KMP's, STI is assessed 100% against achievement of budgeted EBITDA for the year. Payment of STI is based on the achievement of the following gates: < 90% budget underlying EBITDA achieved — 0% STI paid 90% budget underlying EBITDA achieved — 50% STI paid 100% budget underlying EBITDA achieved — 75% STI paid > 110% budget underlying EBITDA achieved — 100% STI paid STI's are paid in cash following the finalisation of the EBITDA result for the year. Underlying EBITDA is measured on a pre AASB 16 *Leases* (AASB 16) basis. Following the sale of the Group's Asia Pacific and Americas consulting divisions in December 2021 all executive KMP ceased employment, and as a result, were not awarded STI's during the current period.
Long-Term Incentive (LTI)	Performance Rights issued under the previous LTI plans were tested against the relevant performance hurdles at the end of the performance period. Refer section G for the terms and conditions of the Performance Rights and Options. Subject to meeting the relevant performance hurdles, upon vesting, the Performance Rights would be converted into ordinary shares in the Company. Following the sale of the Group's Asia Pacific and Americas consulting divisions in December 2021 the Board made the decision to cancel all remaining Performance Equity Plans with employees. The Board used its discretion to compensate participating employees for the cancellation of the Performance Equity Plans with a cash payment. As such, the Company no longer has an LTI remuneration structure, and the terms outlined above relate to the performance periods before cancellation of the Plans.

Directors' Report *(continued)*

E. EXECUTIVE KEY MANAGEMENT PERSONNEL - CONTRACT TERMS

KMP are employed on the basis of Executive Service Agreements (Agreements). These Agreements contain a range of terms and conditions including remuneration and other benefits, notice periods and termination benefits. The key contract terms are as follows:

> **Contract term**: no fixed term.

> **Notice Period**: (resignation or termination without cause) six months for CEO, three months for CFO and COO.

The Company may terminate Agreements immediately for cause, in which case the Executive is not entitled to any payment in lieu of notice or contractual compensation. Termination of employment with cause would result in no STI awards and all unvested LTI to lapse or vest based on the LTI plan rules at the Board's discretion. In the event of termination without cause, the Group is required to pay Executive KMP their notice period, being 6 months of salary for the CEO and 3 months of salary for the CFO and COO.

The Agreements also provide for an Executive's participation in the STI and LTI plans subject to Board approval of their eligibility and in accordance with the terms and conditions of the respective plans.

Susan Reisbord joined the Company in 2015 and was promoted to CEO and Managing Director on 4 November 2019. Ms Reisbord had a six month notice period required by either party on termination as well as a six month restraint period. Ms Reisbord resigned as Managing Director on 9 December 2021 following the sale of the Group's Asia Pacific and Americas engineering consulting divisions to Stantec. She also ceased to act in the role of CEO for the Cardno Group on the same date, as the downsized Cardno Group no longer supported the role of CEO. Ms Reisbord did not receive a termination benefit upon her resignation as she was immediately employed by Stantec.

Peter Barker commenced as CFO on 1 February 2016. Mr Barker had a three month notice period required by either party on termination as well as a three month restraint period. He resigned from the role of CFO on 3 March 2022 following the sale of the Company's Asia Pacific and Americas engineering consulting divisions to Stantec. On termination, Mr Barker received a discretionary termination payment determined by the Board to reflect his period of service with the Group. Mr Barker worked out his notice period.

Jenifer Picard was appointed to the newly created role of Chief Operating Officer (COO) effective 1 November 2020. Ms Picard had a three month notice period required by either party on termination as well as a three month restraint period. Ms Picard joined the Company in 2017 and had acted in the role of Americas Regional Chief Financial Officer since October 2019. Ms Picard resigned as COO for the Cardno Group on 9 December 2021 following the sale of the Group's Asia Pacific and Americas engineering consulting divisions to Stantec. Ms Picard did not receive a termination benefit upon her resignation as she was immediately employed by Stantec.

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F. EXECUTIVE KEY MANAGEMENT PERSONNEL - REMUNERATION TABLES

The remuneration received by Executive KMP for the years ended 30 June 2022 and 30 June 2021 is set out in the following table.

The share-based payments reflect the amounts required under the Australian Accounting Standards to be expensed by the Company in relation to any long term incentives. It represents the value of vested and unvested equity expensed during the period including reversals for forfeited equity incentives and the probability of the incentives vesting. These figures are accounting values and not the amounts actually received by Executive KMP.

Following 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. The Board compensated participating employees for the cancellation of the Performance Equity Plans with a cash payment. The cash payment equated to the value weighted average price (VWAP) of Cardno Shares over the 5 day period from 15 November to 19 November 2021, being $1.60, multiplied by the number of performance rights cancelled in relation to the 2020 and 2021 LTI plans, with the exception of Ms Reisbord who was also compensated for rights cancelled under the 2022 LTI plan. As a result of the cancellation, an expense was immediately recognised up to the grant date fair value of each Performance Equity Plan. To the extent the compensation paid exceeded the fair value of the existing Performance Equity Plans, reassessed on the cancellation date, this excess value provided to employees was expensed for accounting purposes as it represented additional value being provided to these employees. The balance of the cash compensation payment was recognised for accounting purposes within the general reserve in equity as this was considered to represent the repurchase of equity instruments. The portion of the cash compensation recognised in equity is not reflected in the remuneration of Executive KMP.

The following table reflects the amounts required to be expensed in the Statement of Financial Performance under Australian Accounting Standards.

		SHORT-TERM BENEFITS			SHARE-BASED PAYMENTS	POST EMPLOYMENT		
		Salary and Fees [1] $	STI Cash $	Non-Monetary Benefits $	Performance Rights and Options [3] $	Superannuation Benefits $	Termination Benefits $	Total $
EXECUTIVE KEY MANAGEMENT PERSONNEL								
Nathanial Thomson [2]	**2022**	**89,989**	**-**	**-**	**-**	**-**	**-**	**89,989**
	2021	100,000	-	-	-	-	-	100,000
Susan Reisbord [4]	**2022**	**325,034**	**-**	**20,781**	**968,219**	**11,568**	**-**	**1,325,602**
	2021	664,870	267,690	48,349	326,366	34,604	-	1,341,879
Peter Barker [5]	**2022**	**342,518**	**-**	**-**	**467,334**	**16,316**	**102,291**	**928,459**
	2021	455,577	223,559	-	216,184	22,529	-	917,849
Jenifer Picard [6]	**2022**	**195,192**	**-**	**19,183**	**303,342**	**14,138**	**-**	**531,855**
	2021	239,342	106,005	24,751	49,424	11,676	-	431,198
Total 2022		**952,733**	**-**	**39,964**	**1,738,895**	**42,022**	**102,291**	**2,875,905**
Total 2021		1,459,789	597,254	*73,100*	*591,974*	*68,809*	-	*2,790,926*

1 Salary and Fees includes base salary and value of leave entitlements accrued during the period.

2 Nathanial Thomson was a Non-Executive Director before being appointed to the role of Executive Director on 9 December 2021. As an Executive Director, Nathanial is not entitled to participation in the Group's STI or LTI plans. The amount represents all remuneration during his periods as Non-Executive and Executive Director.

3 Following 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. The Board compensated participating employees for the cancellation of the Performance Equity Plans with a cash payment. The cash payment received is outlined in Section G. As a result of the cancellation, an expense was immediately recognised up to the grant date fair value of each Performance Equity Plan. To the extent the compensation paid exceeded the fair value of the existing Performance Equity Plans, reassessed on the cancellation date, this excess value provided to employees was expensed for accounting purposes as it represented additional value being provided to these employees. The balance of the cash compensation payment was recognised for accounting purposes within the general reserve in equity as this was considered to represent the repurchase of equity instruments. The portion of the cash compensation recognised in equity is not reflected in the remuneration of Executive KMP. The table reflects the amounts required to be expensed in the Statement of Financial Performance under Australian Accounting Standards.

4 Susan Reisbord ceased to act in the position of Cardno Group CEO on 9 December 2021. Susan was paid in US dollars and the remuneration disclosed above has been converted to Australian dollars at an average exchange rate of 73 cents (2021: 75 cents).

5 Peter Barker ceased to act in the position of Chief Financial Officer on 3 March 2022.

6 Jenifer Picard ceased to act in the position of Chief Operating Officer on 9 December 2021. Jenifer was paid in US dollars and the remuneration disclosed above has been converted to Australian dollars at an average exchange rate of 73 cents (2021: 75 cents).

Proportion of Performance Related Remuneration

		Percentage of Target STI Received	Percentage of Remuneration Performance Related[1]
EXECUTIVE KEY MANAGEMENT PERSONNEL			
Susan Reisbord	**2022**	**-**	**73.0%**
	2021	100%	44.3%
Peter Barker	**2022**	**-**	**50.3%**
	2021	100%	47.9%
Jenifer Picard	**2022**	**-**	**57.0%**
	2021	100%	36.0%

[1]Calculated based on STI cash, other cash bonuses and share based payments as a percentage of total remuneration.

Performance Rights Granted and Movement During the Year

The aggregate number of Performance Rights in the Company that were granted as compensation, exercised and lapsed to each Executive KMP for the year ended 30 June 2022 is set out in the following table.

EXECUTIVE KEY MANAGEMENT PERSONNEL	Balance at 1 July 2021	Rights Vested and Exercised During the Year[4]	Value of Rights Exercised During the Year[1]	Lapsed / Cancelled During the Year	Value of Lapsed / Cancelled[2]	Rights Granted During the Year[3]	Value of Rights Granted During the Year	Balance at 30 June 2022	Maximum Total Yet to Vest
	No.	**No.**	**$**	**No.**	**$**	**No.**	**$**	**No.**	**No.**
Susan Reisbord	2,466,770	(236,402)	(354,519)	(2,648,312)	(847,400)	417,944	405,406	-	-
Peter Barker	1,446,728	(199,490)	(299,164)	(1,446,648)	(446,499)	199,410	193,428	-	-
Jenifer Picard	584,282	-	-	(751,460)	(283,237)	167,178	162,163	-	-

1. *Calculated based on the number of shares received multiplied by the market value of Cardno shares on the date of exercise.*
2. *Value is calculated at fair market value of the performance right on date of grant.*
3. *Rights granted in relation to the 2022 Performance Equity Plan during the current financial year.*
4. *In accordance with the rules of the 2019 LTI Plan, the rights exercised resulted in 381,203 Cardno shares being issued to Susan Reisbord and 321,682 Cardno shares being issued to Peter Barker, prior to the share consolidation in December 2021.*

Directors' Report *(continued)*

Details of vesting profiles of Performance Rights granted as remuneration to Key Management Personnel of Cardno and still outstanding at 30 June 2022, including those granted during the financial year are as follows in the table below:

	Year	No. Performance Rights Granted	Grant Date	Vesting Date	% Vested in Year	% Forfeited/ lapsed in Year	Fair Value at Grant Date Tranche 1	Fair Value at Grant Date Tranche 2
EXECUTIVE KEY MANAGEMENT PERSONNEL								
Susan Reisbord	2019	236,402	1-Nov-18	1-Nov-21	100.0%	0.0%	1.08	N/A
	2020	769,662	1-Nov-19	31-Oct-22	0.0%	100.0%	0.07	0.29
	2021	1,460,706	1-Nov-20	31-Oct-23	0.0%	100.0%	0.22	0.29
	2022	417,944	8-Sep-21	31-Oct-24	0.0%	100.0%	0.67	0.94
Peter Barker	2019	199,490	1-Nov-18	1-Nov-21	100.0%	0.0%	1.08	N/A
	2020	426,354	1-Nov-19	31-Oct-22	0.0%	100.0%	0.07	0.29
	2021	820,884	1-Nov-20	31-Oct-23	0.0%	100.0%	0.22	0.29
	2022	199,410	8-Sep-21	31-Oct-24	0.0%	100.0%	0.67	0.94
Jenifer Picard	2021	584,282	1-Nov-20	31-Oct-23	0.0%	100.0%	0.22	0.29
	2022	167,178	8-Sep-21	31-Oct-24	0.0%	100.0%	0.67	0.94

No Performance Rights remain outstanding, or are vested and exercisable, at 30 June 2022 for Executive KMP.

Securities Trading Policy

The Company prohibits KMP from entering into any hedging arrangements or acquiring financial products (such as equity swaps, caps and collars or other hedging products) over unvested Performance Rights which have the effect of reducing or limiting exposure to risks associated with the market value of the Company's securities.

No Directors or Senior Executives may directly or indirectly enter into any margin loan facility against the Company's securities unless the prior written consent of the Chairman of the Board is obtained.

G. LTI SHARE PLANS

LTI plans were delivered through the Performance Equity Plan (PEP) under which awards were paid in Performance Rights. Following the sale of the Group's Asia Pacific and Americas consulting divisions in December 2021 the Board made the decision to cancel all remaining Performance Equity Plans with employees. The Board used its discretion to compensate participating employees for the cancellation of the Performance Equity Plans with a cash payment. As such, the Company no longer has an LTI remuneration structure, and the terms outlined below relate to the performance periods prior to cancellation of the Plans.

Performance Period:

The performance period for Performance Rights issued under the PEP is three years and the rights vest subject to the achievement of Performance Hurdles detailed below. The issue of Performance Rights is discretionary and applied to eligible staff considered to have been high performers in their respective roles.

All Performance Rights expire on the earlier of their expiry date or termination of employment. There are no voting or dividend rights attached to the Performance Rights.

If there is a Change of Control in respect of the Company or in the event that a major part of the Company's assets or operations will imminently cease to be owned by the Group, then the Participant's unvested Performance Rights or unvested Options (or a portion of unvested Performance Rights or unvested Options) may vest to the extent determined by the Board irrespective of whether the Vesting Conditions are satisfied in respect of those Performance Rights or Options.

Directors' Report *(continued)*

2020, 2021 and 2022 LTI Plan Performance Hurdles:

Performance Rights are issued in two tranches with 50% allocated to Tranche1 and 50% allocated under Tranche 2 (subject to the employee continuing to be employed by the Cardno Group):

Tranche 1: Indexed Total Shareholder Return (iTSR)
Vesting criteria:
- 100% vest at Target with no ability to earn above target.
- 25% vest at Threshold, vesting proportionally from Threshold to Target.

The TSR benchmark measure is the ASX Small Industrials Total Return Index, with vesting criteria subject to Cardno's performance against this index.

Performance Level	Annualised Cardno TSR vs Annualised ASX Small Industrials TR Index Return for Measurement Period	% of Tranche Vesting
Target	**≥Index Return + 5% TSR p.a.**	**100%**
Threshold - Minimum Acceptable Outcome	= Index Return	25%
Below Threshold	< Index Return	0%

Pro-rata outcomes apply between the specified levels.

Tranche 2: EBITDA Per Share Growth (EBITDAPSG)
Vesting criteria:
- 100% vest at Target with no ability to earn above target.
- 25% vest at Threshold, vesting proportionally from Threshold to Target.

Performance Level	EBITDAPSG	% of Tranche Vesting
Stretch/Target - Incentive/Upside	≥10% p.a.	100%
Threshold - Minimum Acceptable Outcome	= 6% p.a.	25%
Below Threshold	<6% p.a.	0%

Pro-rata outcomes apply between the specified levels.

EBITDA is consistent with the definition of EBITDA under the 2019 LTI Plan below.

Following 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. The Board compensated participating employees for the cancellation of the Performance Equity Plans with a cash payment. The cash payment equated to the value weighted average price (VWAP) of Cardno Shares over the 5 day period from 15th November to 19th November 2021, being $1.60, multiplied by the number of performance rights cancelled in relation to the 2020 and 2021 LTI plans with the exception of Ms Reisbord who was also compensated for rights cancelled under the 2022 LTI plan. As a result of the cancellation, an expense was immediately recognised up to the grant date fair value of each Performance Equity Plan. To the extent the compensation paid exceeded the fair value of the existing Performance Equity Plans, reassessed on the cancellation date, this excess value provided to employees was expensed for accounting purposes as it represented additional value being provided to these employees. The balance of the cash compensation payment was recognised for accounting purposes within the general reserve in equity as this was considered to represent the repurchase of equity instruments. The portion of the cash compensation recognised in equity is not reflected in the remuneration of Executive KMP which reflects the amounts required to be expensed under the Australian Accounting Standards.

Directors' Report *(continued)*

The PEP's were cancelled on 3 December 2021 and the market price of Cardno's shares on this date was $1.60. The fair value of Performance Rights on both the Grant Date and Cancellation Date, together with the cash compensation provided to KMP is outlined below.

	Year	No. of Performance Rights Granted	Fair Value at Grant Date Tranche 1	Fair Value at Grant Date Tranche 2	Fair Value at Cancellation Date Tranche 1	Fair Value at Cancellation Date Tranche 2	Cash Compensation $
EXECUTIVE KEY MANAGEMENT PERSONNEL							
Susan Reisbord	2020	769,662	0.07	0.29	1.545	1.556	1,231,459
	2021	1,460,706	0.22	0.29	1.480	1.482	2,337,130
	2022	417,944	0.67	0.94	1.315	1.411	668,710
Peter Barker	2020	426,354	0.07	0.29	1.545	1.556	682,166
	2021	820,884	0.22	0.29	1.480	1.482	1,313,414
	2022	199,410	0.67	0.94	1.315	1.411	-
Jenifer Picard	2021	584,282	0.22	0.29	1.480	1.482	934,851
	2022	167,178	0.67	0.94	1.315	1.411	-

2019 LTI Plan Performance Hurdles:

Performance Rights issued are subject to a Group EBITDA performance hurdle in order for the Performance Rights to vest on the third anniversary of the grant date, in addition to the employee continuing to be employed by the Cardno Group.

In order to ensure employees were not disadvantaged by the Demerger of Intega Group Limited and the overall value of the Performance Rights granted to the employees is preserved, the vesting terms for the 2019 Performance Rights were amended in the 2020 financial year under rule 13.2 of the Previous Cardno Plan as follows:

- One Performance Right will entitle the employee to a number of fully paid Cardno Shares calculated in accordance with the following formula (rounded down to the nearest whole number) to ensure the employee receives the same economic value as they would have received had the Demerger not taken place:

$$\frac{(SP(\text{Cardno}) \times NS(\text{Cardno})) + (SP(\text{Intega}) \times NS(\text{Intega}))}{\text{Number of Cardno shares}} \times \frac{1}{SP(\text{Cardno})}$$

Where:

NS(Cardno) means the total number of Cardno Shares on issue on the Reference Date.

NS(Intega) means the total number of Intega Shares on issue on the Reference Date.

Number of Cardno Shares means the total number of Cardno Shares on issue on the date immediately prior to completion of the Demerger.

Reference Date means the date immediately prior to the vesting date.

SP(Cardno) means the VWAP of a Cardno Share over a 20-day trading period on the ASX ending on and including the Reference Date.

SP(Intega) means the VWAP of Intega Shares over a 20-day trading period on the ASX ending on and including the Reference Date.

VWAP for this purpose means the volume weighted average price on the ASX over the relevant reference trading period.

Directors' Report *(continued)*

The EBITDA hurdle remains that 50 per cent of the Performance Rights will vest if the Combined EBITDA for the full 2021 financial year exceeds $73.5 million, with the remaining 50 per cent vesting in straight line growth against a Combined EBITDA of $77.5 million. Combined EBITDA for this purpose is calculated by reference to the following formula:

Combined EBITDA = Cardno EBITDA + Intega EBITDA

EBITDA means, in relation to an entity, the audited consolidated profit from ordinary activities of that entity before borrowing costs and income tax, plus depreciation, plus amortisation of identifiable, intangible assets for the relevant corporate Group, as determined on a consistent basis with the entity's statutory accounts, adjusted for the impact of any acquisition, divestment or changes to the planned capital expenditure determined by the board of that entity in its absolute discretion at the time of the acquisition, divestment or change to planned capital expenditure. EBITDA is determined on a pre AASB 16 basis.

Cardno EBITDA means the EBITDA for Cardno for the financial year to 30 June 2021.

Intega EBITDA means the EBITDA for Intega for the financial year to 30 June 2021.

As a result of the modifications made to the Plan as outlined above, an updated valuation was completed on the modification date to determine the fair value of the share based payment arrangement. The valuation indicated that there was no material change and therefore no changes required in how to account for these arrangements.

The performance hurdles associated with the 2019 plan were satisfied, resulting in the vesting of 100% of the performance rights issued under this plan.

H. THE GROUP'S PERFORMANCE

The Group's performance in respect of the current financial year and the previous three financial years is summarised in the following table.

	2022[3]	**2021**	**2020**	**2019[2]**	**2018[2]**
Gross Revenue (000's)	$10,632	$890,390	$978,268	$1,319,272	$1,116,975
Underlying EBITDAI (000's)[1]	$407	$51,231	$43,033	$62,006	$56,210
Net Profit / (Loss) After Tax (000's)	$509,354	$32,658	$56,586	($44,490)	($14,018)
Dividends Paid or Provided (000's)	$238,264	$6,019	-	-	-
Return of Capital (000's)	$359,349	-	-	-	-
Change in Share Price – year on year ($ per share)	($7.98)	$0.73	($0.35)	($0.38)	$0.11

1. Underlying EBITDAI is presented on a pre AASB 16 basis for all years.

2. 2018 and 2019 financial results are presented inclusive of Intega Group, which was demerged in October 2019.

3. 2022 financial results exclude the results of the Group's Asia Pacific and Americas engineering consultancy divisions, in addition to its International Development business, which were sold in December 2021 and June 2022 respectively and are presented as discontinued operations.

Directors' Report *(continued)*

I. OTHER RELATED PARTY TRANSACTIONS

Share Holdings

The movement for the year ended 30 June 2022 in the number of ordinary shares in the Company held, directly or indirectly or beneficially, by each KMP, including their related parties, is detailed in the following table.

Name	Balance at the Start of the Year[1]	Received During the Year on the Exercise of Rights	Other Changes During the Year	Balance at the End of the Year
NON-EXECUTIVE DIRECTOR				
Michael Alscher	-	-	-	-
Jeffrey Forbes	14,862	-	-	14,862
Name	**Balance at the Start of the Year[1]**	**Received During the Year on the Exercise of Rights**	**Ceased as KMP**	**Balance at the End of the Year**
EXECUTIVE KEY MANAGEMENT PERSONNEL				
Nathanial Thomson	-	-	-	-
Susan Reisbord	31,902	38,121	(70,023)	N/A
Peter Barker	30,430	32,168	(62,598)	N/A
Jenifer Picard	-	-	-	N/A

[1] *The opening balance of ordinary shares held reflects the impact of the share consolidation which was completed on 31 December 2021, resulting in the consolidation of every 10 ordinary shares held by a shareholder into 1 ordinary share.*

Loans to Key Management Personnel

There were no loans to KMP made during the period and no outstanding balances at reporting date.

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

Two of Cardno's 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. See section C of the Remuneration Report for further details.

During the year, the Company also paid $11,440 to Crescent Capital Partners (CCP) for the services of a CCP staff member to perform the role of Cardno's Acting Asia Pacific CFO.

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.

Directors' Report *(continued)*

NON-AUDIT SERVICES

The Company's auditor may perform certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and in accordance with advice provided by resolution of the Audit, Risk and Compliance Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

> All non-audit services were subject to the corporate governance procedures adopted by the Board and have been reviewed by the Audit, Risk and Compliance Committee to ensure they do not impact the integrity and objectivity of the auditor; and

> The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for Cardno, acting as an advocate for Cardno or jointly sharing risks and rewards.

Details of the amounts paid to the auditor and its related practices for audit and non-audit services provided during the year are set out in Note 28.

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2011

The lead auditor's independence declaration is set out on page 26 and forms part of the Directors' report for the year ended 30 June 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 legislative instrument to the nearest thousand dollars or, in certain cases, to the nearest dollar.

This Report is made in accordance with a resolution of the Directors.

MICHAEL ALSCHER
Chairman

26 August 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 audit of Cardno Limited for the financial year ended 30 June 2022 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Jason Adams
Partner

Brisbane
26 August 2022

Consolidated Statement of Financial Performance

Cardno Limited and its Controlled Entities for the year ended 30 June 2022

	Note	2022 $'000	2021 $'000 Restated[1]
Continuing operations			
Revenue	3A	10,632	6,390
Other income	3B	12,562	13,490
Financing income	4	210	584
Employee expenses		(6,348)	(4,296)
Consumables and materials used		(7,082)	(2,830)
Sub-consultant and contractor costs		(493)	(176)
Depreciation and amortisation expenses		(1,412)	(4,333)
Financing costs	4	(1,529)	(3,722)
Impairment reversal on trade receivables and contract assets	5, 18	3,757	3,428
Other expenses		(2,474)	(695)
Profit before income tax from continuing operations		7,823	7,840
Income tax expense	6	(44,421)	(41)
Profit/(loss) from continuing operations, net of tax		**(36,598)**	**7,799**
Profit after tax for the year from discontinued operations	2	**545,952**	**24,859**
Profit attributable to:			
Owners of the Company		509,354	32,658
		509,354	**32,658**
Earnings per share attributable to ordinary equity holders of the parent from continuing operations			
Basic earnings/(loss) per share (cents per share)	23	(93.76)	18.82
Diluted earnings/(loss) per share (cents per share)	23	(93.76)	18.38
Earnings per share attributable to ordinary equity holders			
Basic earnings per share (cents per share)	23	1,304.91	78.82
Diluted earnings per share (cents per share)	23	1,304.91	76.98

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

Consolidated Statement of Other Comprehensive Income

Cardno Limited and its Controlled Entities for the year ended 30 June 2022

	Note	2022 $'000	2021 $'000 Restated[1]
Profit for the year		**509,354**	**32,658**
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations - Continuing		(2,130)	(912)
Exchange differences on translation of foreign operations - Discontinued		6,198	(14,299)
Reclassification of foreign currency reserves – Discontinued operations and other liquidated operations		(91,835)	-
Other comprehensive loss for the year, net of tax		(87,767)	(15,211)
Total comprehensive income for the year		**421,587**	**17,447**
Total comprehensive income/(loss) for the year, net of tax, attributable to members of the parent arising from:			
Continuing operations		(38,728)	6,887
Discontinued operations		460,315	10,560
		421,587	**17,447**

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

Consolidated Statement of Financial Position

Cardno Limited and its Controlled Entities as at 30 June 2022

	Note	2022 $'000	2021 $'000
CURRENT ASSETS			
Cash and cash equivalents	8	46,609	37,272
Trade and other receivables	9	47,104	92,911
Contract assets	3A	3,155	80,032
Work in progress		-	1,021
Other current assets		679	6,985
Current tax receivable		-	2,699
TOTAL CURRENT ASSETS		**97,547**	**220,920**
NON-CURRENT ASSETS			
Trade and other receivables		-	190
Other financial assets		-	2,464
Property, plant and equipment	10	620	15,238
Right-of-use assets	14	27	76,187
Deferred tax assets	7	-	66,211
Intangible assets	11	-	172,580
TOTAL NON-CURRENT ASSETS		**647**	**332,870**
TOTAL ASSETS		**98,194**	**553,790**
CURRENT LIABILITIES			
Trade and other payables	12	6,509	85,536
Lease liabilities	13, 14	8	21,607
Employee benefits		264	30,887
Short-term provisions	15	1,341	4,022
Contract liabilities	3A	121	38,248
Current tax liability		624	1,433
TOTAL CURRENT LIABILITIES		**8,867**	**181,733**
NON-CURRENT LIABILITIES			
Loans and borrowings	13	-	22,288
Lease liabilities	13, 14	19	68,844
Employee benefits		341	3,227
TOTAL NON-CURRENT LIABILITIES		**360**	**94,359**
TOTAL LIABILITIES		**9,227**	**276,092**
NET ASSETS		**88,967**	**277,698**
EQUITY			
Issued capital	16	10,730	370,079
Reserves		125,448	225,920
Retained losses		(47,211)	(318,301)
TOTAL EQUITY		**88,967**	**277,698**

The statement of financial position should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

Cardno Limited and its Controlled Entities for the year ended 30 June 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 2020		**390,682**	**(344,940)**	**104,422**	**(14,611)**	**151,320**	**286,873**
Profit for the year		-	32,658	-	-	-	32,658
Exchange differences on translation of foreign operations		-	-	(15,211)	-	-	(15,211)
Total comprehensive income for the period		**-**	**32,658**	**(15,211)**	**-**	**-**	**17,447**
Transactions with owners in their capacity as owners:							
Unmarketable Parcel - Share Buyback	16	(642)	-	-	-	-	(642)
Share Buyback Program	16	(21,476)	-	-	-	-	(21,476)
Employee share based payments	16	1,515	-	-	-	-	1,515
Dividends paid	16	-	(6,019)	-	-	-	(6,019)
		(20,603)	**(6,019)**	**-**	**-**	**-**	**(26,622)**
BALANCE AT 30 JUNE 2021		**370,079**	**(318,301)**	**89,211**	**(14,611)**	**151,320**	**277,698**

BALANCE AT 1 JULY 2021		**370,079**	**(318,301)**	**89,211**	**(14,611)**	**151,320**	**277,698**
Profit for the year		-	509,354	-	-	-	509,354
Exchange differences on translation of foreign operations		-	-	4,068	-	-	4,068
Recycle of FCTR related to disposed entities		-	-	(91,835)	-	-	(91,835)
Total comprehensive income for the period		**-**	**509,354**	**(87,767)**	**-**	**-**	**421,587**
Transactions with owners in their capacity as owners:							
Return of capital	16	(359,349)	-	-	-	-	(359,349)
Employee share based payments [2]	16	-	-	-	(12,705)	-	(12,705)
Dividends paid	16	-	(238,264)	-	-	-	(238,264)
		(359,349)	(238,264)	-	(12,705)	-	(610,318)
BALANCE AT 30 JUNE 2022		**10,730**	**(47,211)**	**1,444**	**(27,316)**	**151,320**	**88,967**

[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 30 June 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.

The statement of changes in equity should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows

Cardno Limited and its Controlled Entities for the year ended 30 June 2022

	Note	2022[1] $'000	2021[1] $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		603,232	981,681
Interest received		274	432
Finance costs paid		(3,320)	(7,416)
Cash paid to suppliers and employees		(620,597)	(910,607)
Income tax paid		(1,314)	(1,507)
NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	22	**(21,725)**	**62,583**
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal of discontinued operations, net of cash disposed of[1]	2	697,888	-
Transaction costs incurred on sale of discontinued operations	2	(30,666)	-
Payments of deferred acquisition consideration		(2,160)	(2,992)
Receipt of settlement proceeds		1,370	6,307
Proceeds from disposal of business assets		691	3,580
Proceeds from sale of property, plant and equipment		45	271
Payments for property, plant and equipment		(2,414)	(4,177)
NET CASH PROVIDED BY INVESTING ACTIVITIES		**664,754**	**2,989**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	16	(238,264)	(6,019)
Return of capital	16	(359,349)	-
Share Buy-Back	16	-	(22,118)
Proceeds from borrowings	13	130,993	125,589
Repayment of borrowings	13	(156,305)	(157,450)
Repayment of lease liabilities	13	(12,040)	(24,291)
NET CASH USED IN FINANCING ACTIVITIES		**(634,965)**	**(84,289)**
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS HELD		**8,064**	**(18,717)**
CASH AND CASH EQUIVALENTS AT 1 JULY		**37,272**	**57,723**
Effects of exchange rate changes on cash and cash equivalents at the end of year		1,273	(1,734)
CASH AND CASH EQUIVALENTS AT 30 JUNE	8	**46,609**	**37,272**

[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; amounts related to discontinued operations by operating, investing and financing activities are disclosed in note 2.

The statement of cash flows should be read in conjunction with the notes to the financial statements.

Notes to the Consolidated Financial Statements

Cardno Limited and its Controlled Entities for the year ended 30 June 2022

Set out below is an index of the notes to the financial statements, the details of which are available on the pages that follow:

GROUP STRUCTURE

1. SEGMENT INFORMATION

Cardno had four reportable segments during the year with three segments being divested in the period 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

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

	Continuing Operations			Discontinued Operations			
2022 $'000 Restated	**Latin America**	**Other**	**Total**	**Asia Pacific**	**Americas**	**ID**	**Total**
SEGMENT REVENUE							
Fees from consulting services	10,600	-	10,600	91,148	111,414	166,307	368,869
Fees from recoverable expenses	-	-	-	18,148	42,838	164,060	225,046
Segment Revenue	10,600	-	10,600	109,296	154,252	330,367	593,915
Other revenue	-	32	32	-	-	-	-
Total Segment Revenue	**10,600**	**32**	**10,632**	**109,296**	**154,252**	**330,367**	**593,915**
Underlying EBITDAI	**1,221**	**(404)**	**817**	**13,848**	**23,176**	**9,687**	**46,711**
Sale of Americas and Asia Pacific Consulting divisions	-	-	-	-	-	-	488,738
Sale of International Development division	-	-	-	-	-	-	36,741
Share based payment expense	-	(687)	(687)	-	-	-	(3,744)
Other non cash transactions relating to disposed entities	-	-	-	-	-	-	(6,496)
Legal fees	-	-	-	-	-	(1,450)	(1,450)
Receipt of settlement proceeds	1,385	-	1,385	-	-	-	-
Release of liabilities no longer required	6,829	-	6,829	-	-	-	-
Other non-trade income recognised net of costs incurred	3,315	-	3,315	-	-	-	-
Write off unrecoverable GST	-	(861)	(861)	-	-	-	-
Other	-	(40)	(40)	-	-	(145)	(145)
Depreciation and amortisation expense	(142)	(931)	(1,073)	(1,474)	(760)	(171)	(2,405)
Amortisation of right-of-use assets	(56)	(283)	(339)	(4,242)	(3,794)	(3,042)	(11,078)
Unrealised foreign exchange losses	(4)	(200)	(204)	(148)	(148)	313	17
Profit before interest and income tax			**9,142**				**546,889**
Finance costs and interest income			(1,279)				32
Finance costs on lease liabilities			(40)				(1,997)
Profit before income tax			**7,823**				**544,924**
Income tax (expense)/benefit			(44,421)				1,028
Profit/(loss) after income tax			**(36,598)**				**545,952**
Profit from continuing and discontinuing operations after income tax							**509,354**

1. SEGMENT INFORMATION CONTINUED

	Continuing Operations			Discontinued Operations			
2021 $'000 Restated[1]	**Latin America**	**Other**	**Total**	**Asia Pacific**	**Americas**	**ID**	**Total**
SEGMENT REVENUE							
Fees from consulting services	6,357	12	6,369	188,359	250,457	167,558	606,374
Fees from recoverable expenses	-	17	17	42,119	89,448	145,507	277,074
Segment Revenue	6,357	29	6,386	230,478	339,905	313,065	883,448
Other revenue	4	-	4	144	213	195	552
Total Segment Revenue	**6,361**	**29**	**6,390**	**230,622**	**340,118**	**313,260**	**884,000**
Underlying EBITDAI	**280**	**1,452**	**1,732**	**18,152**	**49,885**	**8,714**	**76,751**
Costs related to disposed entities	-	-	-	(88)	192	(1,344)	(3,166)
Onerous contracts and other costs associated with office rationalisation	-	-	-	(2,145)	(354)	-	(2,499)
Costs associated with restructuring	-	-	-	(1,559)	(211)	(373)	(2,143)
Receipt of settlement proceeds	8,365	-	8,365	-	-	-	-
Release of liabilities no longer required	4,339	-	4,339	-	165	-	165
Other	-	-	-	(9)	(10)	(9)	(28)
Depreciation and amortisation expense	(196)	(3,276)	(3,472)	(3,912)	(2,704)	(187)	(6,803)
Amortisation of right-of-use assets	-	(860)	(860)	(10,652)	(9,703)	(3,088)	(23,443)
Unrealised foreign exchange losses	(6)	881	875	(458)	(25)	(794)	(1,277)
Profit before interest and income tax			**10,979**				**37,557**
Finance costs and interest income			(2,992)				323
Finance costs on lease liabilities			(147)				(4,240)
Profit before income tax			**7,840**				**33,640**
Income tax expense			(41)				(8,781)
Profit after income tax			**7,799**				**24,859**
Profit from continuing and discontinuing operations after income tax							**32,658**

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

Notes to the Consolidated Financial Statements
Cardno Limited and its Controlled Entities for the year ended 30 June 2022

1. SEGMENT INFORMATION CONTINUED

GEOGRAPHICAL INFORMATION

	Continuing operations		Continuing and discontinued operations	
	2022 Revenues $'000	**2021 Revenues $'000 Restated[1]**	**2022 Non-Current Assets $'000**	**2021 Non-Current Assets[2] $'000**
Australia & New Zealand	-	-	271	158,216
United States of America	70	-	-	104,965
United Kingdom	-	-	-	466
Canada	-	-	-	(204)
Africa	-	-	-	487
Latin America	10,562	6,390	376	968
Asia	-	-	-	811
Other Countries	-	-	-	950
Total	**10,632**	**6,390**	**647**	**266,659**

[1]Comparative revenue information has been restated due to discontinued operations, see note 2.
[2]The are no deferred tax assets disclosed in Non-Current Assets for 2022 (2021: The Non-Current Assets disclosed above exclude net deferred tax assets of $66.2 million).

2. DISCONTINUED OPERATIONS

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

For the year ended	30 June 2022 $'000	30 June 2021 $'000
Results of discontinued operations		
Americas and Asia Pacific consulting divisions	502,057	24,899
International Development business	43,895	1,333
Demerger of Intega – Subsequent costs	-	(1,373)
Profit after tax from discontinued operations	**545,952**	**24,859**
Earnings per share – discontinued operations		
Basic earnings per share	**1,398.67**	**59.99**
Diluted earnings per share	**1,398.67**	**58.59**

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 million.

For the year ended	30 June 2022 $'000	30 June 2021 $'000
Results of discontinued operations		
Revenue	263,548	570,740
Operating expenses	(238,508)	(537,731)
Share based payment expense on closure of Performance Equity Plans	(3,744)	-
Other non cash transactions relating to disposed entities	(6,566)	-
Results from operating activities	**14,730**	**33,009**
Income tax expense	(1,411)	(8,110)
Results from operating activities, net of tax	**13,319**	**24,899**
Gain on sale of discontinued operations	488,738	-
Income tax on gain on sale of discontinued operation	-	-
Profit from discontinued operations, net of tax:	**502,057**	**24,899**

2. DISCONTINUED OPERATIONS CONTINUED

For the year ended	**30 June 2022 $'000**	**30 June 2021 $'000**
Gain on sale		
Net proceeds received on sale	699,319	-
Less:		
Carrying amount of net assets	(264,390)	-
Transaction costs	(24,903)	-
Add:		
Recycle of FCTR relating to disposed entities	78,712	-
Net gain on sale before income tax	**488,738**	**-**
Income tax expense [1]	-	-
Gain on sale after income tax	**488,738**	**-**

[1] No income tax expense has been recognised in relation to the net gain on sale as the capital loss generated on sale of the International Development business exceeds the capital gain on sale of the Americas and Asia Pacific consulting divisions, resulting in a net capital loss for the income year.

Cashflows from discontinued operations	**30 June 2022 $'000**	**30 June 2021 $'000**
Net cash from operating activities	9,993	10,551
Net cash used in financing activities	(8,904)	(20,923)
Net cash used in investing activities	(1,680)	(3,356)
Net cash flows for the period	**(591)**	**(13,728)**

	08-Dec-21 $'000
Assets and liabilities of controlled entities at date of sale	
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**

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$56.5 million, in addition to the working capital and net debt adjustment amount payable. $39.3 million of the consideration was paid at completion, with a further $15.2 million received subsequent to year end but prior to the financial statements being issued. As at the date of issuing this financial report, $23.7 million remains outstanding and is expected to be received before 31 December 2022 on finalisation of the working capital and net debt adjustment amount.

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.

For the year ended	**30 June 2022 $'000**	**30 June 2021 $'000**
Results of discontinued operations		
Revenue	330,367	313,260
Operating expenses	(325,652)	(310,701)
Results from operating activities	**4,715**	**2,559**
Income tax (expense) / benefit	2,439	(1,226)
Results from operating activities, net of tax	**7,154**	**1,333**
Gain on sale of discontinued operations	36,741	-
Income tax on gain on sale of discontinued operation[1]	-	-
Profit from discontinued operations, net of tax:	**43,895**	**1,333**

[1] No income tax expense has been recognised in relation to the net gain on sale as the historical tax cost base of the International Development business exceeds the proceeds received on sale resulting in a net capital loss (noting that no deferred tax assets have been recognised by the Group at 30 June 2022, refer note 7).

Gain on sale		
Net proceeds to be received on sale	78,209	-
Less:		
Carrying amount of net assets	(48,828)	-
Transaction costs	(5,763)	-
Add:		
Recycle of FCTR relating to disposed entities	13,123	-
Net gain on sale before income tax	**36,741**	**-**
Income tax expense	-	-
Gain on sale after income tax	**36,741**	**-**

Cashflows from discontinued operations	**30 June 2022 $'000**	**30 June 2021 $'000**
Net cash from operating activities	(1,312)	13,278
Net cash from/(used in) financing activities	7,958	(16,828)
Net cash used in investing activities	(269)	(124)
Net cash flows for the period	**6,377**	**(3,674)**

Notes to the Consolidated Financial Statements

Cardno Limited and its Controlled Entities for the year ended 30 June 2022

2. DISCONTINUED OPERATIONS CONTINUED

	30 June 2022 $'000
Assets and liabilities of controlled entities at date of sale	
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**

KEY FINANCIAL STATEMENT ITEMS

3. (A) REVENUE

	2022 $'000	2021 $'000 Restated[1]
Revenue from Continuing Operations		
Professional services revenue	10,600	6,369
Fees from consulting services	**10,600**	**6,369**
Fees from recoverable expenses	-	17
Fees from recoverable expenses	**-**	**17**
Other	32	4
	10,632	**6,390**

[1]*Comparative information has been restated due to discontinued operations. See note 2 for details of revenue attributable to discontinued operations for June 2022 and 2021. The accounting policies associated with the recognition of revenue described within this note apply to both revenue attributable to continuing and discontinued 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.

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 recognised in line with the timing of transfer of services, being over time. Revenue has been disaggregated into existing segments in the table below.

$'000	2022 $'000	2021 $'000 Restated[1]
Segment Revenue		
Latin America	10,600	6,361
Other	32	29
Total revenue	**10,632**	**6,390**

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

3. (A) REVENUE CONTINUED

Revenue from providing services on lump sum contracts is recognised based on the actual services provided to the end of the reporting period as a proportion of the total services to be provided, on the basis that the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date. This is determined based on the proportion of actual costs incurred relative to the total expected project costs at completion (input method). Revenue is capped at the approved budget for each client contract.

The customer pays Cardno based on the agreed payment schedule. If the services rendered by Cardno as at the reporting date exceed the payments received, a contract asset is recognised. If the payments received exceed the services rendered, a contract liability (i.e. unearned revenue) is recognised.

Revenue on Cost Plus projects is recognised in line with effort required to satisfy the performance obligations of the contract with no cap. For Cost Plus Max projects, revenue is capped at the approved budget amount for each contract.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management. This includes variations to client contracts which increase the total contract value and result in an adjustment to revenue recognised to date in the period in which the variation is approved.

Contract balances

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

$'000	Note	30 June 2022	30 June 2021
Receivables (included in Trade and other receivables)	9	14,559	108,237
Loss allowance	9	(12,776)	(25,921)
Contract assets		3,155	80,032
Contract liabilities		121	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 30 June 2022 is reduced by an impairment provision of $4.7 million (30 June 2021: $7.2 million). Impairment provisions are booked against specific high risk and aged contract assets relating to the Group's INSUS business 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. As the majority of contracts have a duration of 12 months or less, contract liabilities as at 30 June 2021 were recognised as revenue in the year ended 30 June 2022.

3. (A) REVENUE CONTINUED

Revenue recognition policies
Revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control at a point in time or over time requires judgement. When recognising the contract revenue over time using the input method, revenue is recognised on the basis of the entity's efforts or inputs and requires a judgemental assessment of cost or labour hours incurred to date as a proportion of total cost or labour hours remaining to fully satisfy contract performance obligations.

Revenue measured and recognised at a point in time requires judgement in relation to the assessment of whether the entity has a right to payment for services performed to date, whether legal title of an asset has passed to the client, in addition to the transfer of risks and rewards and the acceptance and physical possession of the asset by the client.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers and the related revenue recognition policies.

Revenue type	Nature and timing of performance obligations	Revenue recognition
Professional services revenue	The Group performs engineering design and project delivery services. Performance obligations are fulfilled over time as the services are delivered.	Revenue for these services is recognised over time rather than at a point in time as the Group has a right of payment for services delivered to date.
Fees from recoverable expenses	Revenue received from customers for pass through expenses incurred by the Group in performing professional services and from entering into contracts with customers to acquire equipment or services provided by different subcontractors.	The Group recognises revenue as services performed.

3. (B) OTHER INCOME

Continuing operations	2022 $'000	2021 $'000 Restated[1]
Transitional Services Income – Intega Group	-	3,441
Non-refundable R&D tax incentives	-	311
Receipt of settlement proceeds[2]	1,385	8,365
Release of liabilities no longer required	6,228	1,335
Other non-trade income recognised	4,949	-
Other	-	38
Other Income	**12,562**	**13,490**

[1]*Comparative information has been restated due to discontinued operations, see note 2.*
[2]*Settlement proceeds in relation to INSUS.*

4. NET FINANCING COSTS

Continuing operations	Note	2022 $'000	2021 $'000 Restated[1]
Interest paid		1,379	3,282
Interest on leases	14	52	147
Amortisation of borrowing costs		98	293
Financing costs		**1,529**	**3,722**
Interest received		(210)	(584)
Net Financing Costs		**1,319**	**3,138**

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

4. NET FINANCING COSTS CONTINUED

Accounting for Net Finance Costs

Finance costs are recognised as expenses in the period in which they are incurred.

Borrowing costs are calculated using the effective interest method and include costs incurred in connection with arrangement of borrowings.

Interest income is recognised in profit or loss as it accrues, using the effective interest method.

5. EXPENSES

Continuing operations	2022 $'000	2021 $'000 Restated[1]
Recovery of bad debts [2]	(3,757)	(3,428)

[1]Comparative information has been restated due to discontinued operations, see note 2.
[2]Bad debt recoveries relate to the reversal of provisions previously held at a Group level in relation to AASB 9 and INSUS provisions, see note 20 (2021: recoveries relate to the reversal of provisions previously held for INSUS, See note 20).

6. INCOME TAX EXPENSE

Continuing operations	2022 $'000	2021 $'000 Restated[1]
(a) The components of tax expense comprises:		
Current tax expense		
Current year	12,410	(275)
Adjustments for prior years	25	317
	12,435	42
Deferred tax expense		
Current year	31,560	453
Adjustments for prior years	426	(454)
	31,986	(1)
Total income tax expense from continuing operations	**44,421**	**41**
(b) Numerical reconciliation between tax expense and pre-tax profit		
Profit before tax from continuing operations	7,823	7,840
Income tax using the Australian corporation tax rate of 30% (2020: 30%)	2,347	2,352
Increase/ (decrease) in income tax expense due to:		
Non-deductible expenses	25	880
Effect of tax rates in foreign jurisdictions	(189)	(255)
Settlement of streamlined assurance review with ATO	6,076	-
Derecognition of deferred tax asset	36,674	-
Write-off of income tax receivable and withholding tax credits	2,123	-
Allowances for R&D expenditure	-	(165)
Non-taxable income	(2,802)	(2,867)
Sundry items	142	233
	44,396	**178**
(Over) / Under provided in prior years	25	(137)
Income tax expense from continuing operations	**44,421**	**41**

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

6. INCOME TAX EXPENSE CONTINUED

(c) Amounts recognised directly in equity

	2022 $'000	2021 $'000
Foreign exchange	949	(567)

The effective tax rate for FY22 was 567.75% compared to 21.27% in FY21. Excluding the impact of: (a) settlement of the ATO's streamlined assurance review; (b) the derecognition of deferred tax assets (refer to Deferred Tax Assets & Liabilities section below); (c) the derecognition of franking deficit tax credits and other income tax receivables no longer considered recoverable; (d) adjustments relating to our Latin American operations; (e) prior year adjustments; the effective tax rate is 31.43%.

7. DEFERRED TAX ASSETS & LIABILITIES

Recognised deferred tax assets and liabilities

	2022 $'000	2021 $'000
Assets		
Accruals	-	8,650
Provisions	-	14,841
Tax losses	-	36,317
Lease liability	-	18,734
Other	-	19,878
Total deferred tax assets	**-**	**98,420**
Set-off of deferred tax liabilities	-	(32,209)
Net deferred tax assets	**-**	**66,211**
Liabilities		
Contract assets	-	5,298
Intangibles	-	1,750
Prepayments	-	530
Property, plant and equipment	-	1,921
Right-of-use asset	-	21,769
Other	-	941
Total deferred tax liabilities	**-**	**32,209**
Set-off against deferred tax assets	-	(32,209)
Net deferred tax liabilities		**-**
NET DEFERRED TAX ASSETS	**-**	**66,211**

7. DEFERRED TAX ASSETS & LIABILITIES CONTINUED

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 (and resulted in the derecognition of $6.1m in deferred tax assets during the year ended 30 June 2022 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 net deferred tax asset

Judgement is required to determine the amount of deferred tax assets that are recognised based on the likely timing and the level of future taxable profits generated by the Group.

The divestment of the Group's APAC division in December 2021 and International Development business in June 2022 will impact the ability of the Group to generate taxable income in future financial years. As a result, the Group reassessed the recognition of deferred tax assets and determined that given the change in the Group's operations, it was no longer probable that sufficient taxable profits would be generated in the future to support the recognition of deferred tax assets at 30 June 2022. Net deferred tax assets arising from tax losses and other temporary differences were derecognised. The derecognition of net deferred tax assets resulted in a charge to income tax expense from continuing operations during the year ended 30 June 2022 of $36.7m.

The group has unrecognised deferred tax assets from: (a) revenue losses in Australia of $28.2m (2021: $Nil); and (b) capital losses in Australia of $26.1m (2021: $30.3m) - the future utilisation of which is reliant on the generation of taxable income/capital gains, as well as satisfaction of the continuity of ownership and/or similar business tests. The group also has unrecognised deferred tax assets relating to accruals, provisions, R&D credits and other items in Australia of $8.4m (2021: $Nil), and from revenue losses in Papua New Guinea of $1.6m (2021: $1.6m).

Impact of changes in income tax legislation

Judgements are also required about the application of income tax legislation and its interaction with income tax accounting principles. These judgements are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. Where the final tax outcomes are different from the amounts that were initially recorded, these differences impact the current and deferred tax provisions in the period in which the determination is made.

7. DEFERRED TAX ASSETS & LIABILITIES CONTINUED

30 June 2022	1 July 2021 $'000	Recognised[1] in profit or loss $'000	Adjustments[2] to prior years $'000	Sale of discontinued operations $'000	Other[3] $'000	30 June 2022 $'000
Accruals	8,650	(2,137)	25	(6,920)	382	**-**
Provisions	14,841	(1,240)	4	(13,462)	(143)	**-**
Tax losses	36,317	(23,557)	(2,153)	(9,849)	(758)	**-**
Sundry items	17,016	(7,577)	2,427	(14,337)	2,471	**-**
Prepayments	(530)	236	30	322	(58)	**-**
Contract assets	(5,298)	(475)	-	5,805	(32)	**-**
AASB 16 – *Leases*	(3,035)	775	-	2,422	(162)	**-**
Goodwill on acquisition	(1,750)	(978)	-	2,648	80	**-**
	66,211	(34,953)	333	(33,371)	1,780	**-**

30 June 2021	1 July 2020 $'000	Recognised in profit or loss $'000	Adjustments[2] to prior years $'000	Sale of discontinued operations $'000	Other[3] $'000	30 June 2021 $'000
Accruals	7,803	984	(26)	-	(111)	**8,650**
Provisions	15,464	(3,146)	(9)	-	2,532	**14,841**
Tax losses	40,816	(1,594)	(2,415)	-	(490)	**36,317**
Sundry items	10,417	1,385	5,428	-	(214)	**17,016**
Prepayments	(576)	79	(83)	-	50	**(530)**
Contract assets	(5,657)	170	-	-	189	**(5,298)**
AASB 16 – *Leases*	3,642	(2,900)	-	-	(3,777)	**(3,035)**
Goodwill on acquisition	2,297	(3,158)	-	-	(889)	**(1,750)**
	74,206	**(8,180)**	**2,895**	**-**	**(2,710)**	**66,211**

[1] Amounts recognised in profit and loss comprise $31.6m from continuing operations and $3.4m from discontinued operations.
[2] This includes adjustments associated with both continuing and discontinued operations.
[3] Other adjustments relate to impacts of translating foreign operations, acquisitions and amounts booked to equity. In FY22 other adjustments comprise $0.9m from continuing operations and $0.9m from discontinued operations.

8. CASH AND CASH EQUIVALENTS

	2022 $'000	2021 $'000
Cash at bank and on hand	46,609	29,459
Restricted cash[1]	-	7,813
	46,609	**37,272**

[1] Cash held in relation to foreign ownership compliance for US government contracts and project advances held in country for International Development projects.

Accounting for Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand. Bank overdrafts are shown with interest-bearing loans and borrowings in current liabilities on the statement of financial position.

9. TRADE & OTHER RECEIVABLES

	2022 $'000	2021 $'000
Trade debtors	14,559	108,237
Loss allowance [1]	(12,776)	(25,921)
	1,783	**82,316**
Sundry debtors [2]	45,321	10,595
	47,104	**92,911**

[1] The remaining loss allowance at 30 June 2022 relates to long outstanding receivables associated with the INSUS business which is in the process of being wound down. Outstanding amounts have been fully provided for given challenges in the recoverability of these amounts from customers.

[2] Sundry debtors includes $38.9m in outstanding consideration relating to the sale of the International Development division, refer note 2. $15.2m has been received subsequent to year end with the remainder expected to be received before 31 December 2022. DT Global Australia Pty Ltd's global parent has provided a guarantee to the Group relating to payment of all proceeds of the sale transaction.

Accounting for Trade and Other Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. Refer to note 20 for details of the Group's accounting policy associated with expected credit losses.

10. PROPERTY, PLANT & EQUIPMENT

2022	Property, Plant & Equipment			
$'000	Land and buildings	Office furniture and equipment	Motor vehicles	Total
At cost	-	2,858	667	**3,525**
Less accumulated depreciation	-	(2,538)	(367)	**(2,905)**
	-	**320**	**300**	**620**
Carrying amount at the beginning of the year	**1,737**	**12,940**	**561**	**15,238**
Additions	-	2,245	168	**2,413**
Disposals – discontinued operations	(1,729)	(12,318)	(346)	**(14,393)**
Depreciation expense	(60)	(2,851)	(161)	**(3,072)**
Foreign Exchange	52	304	78	**434**
Carrying amount at the end of the year	**-**	**320**	**300**	**620**

2021	Property, Plant & Equipment			
$'000	Land and buildings	Office furniture and equipment	Motor vehicles	Total
At cost	3,663	80,534	4,150	**88,347**
Less accumulated depreciation	(1,926)	(67,594)	(3,589)	**(73,109)**
	1,737	**12,940**	**561**	**15,238**
Carrying amount at the beginning of the year	**1,567**	**17,810**	**607**	**19,984**
Additions	19	3,918	240	**4,177**
Disposals	-	(371)	(168)	**(539)**
Depreciation expense	(155)	(7,784)	(402)	**(8,341)**
Foreign Exchange	306	(633)	284	**(43)**
Carrying amount at the end of the year	**1,737**	**12,940**	**561**	**15,238**

10. PROPERTY, PLANT & EQUIPMENT CONTINUED

Accounting for Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Cardno and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that Cardno will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

> buildings 40 years

> motor vehicles 4-7 years

> office furniture and equipment 3-11 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

11. INTANGIBLE ASSETS

Reconciliation of movement in carrying amounts from the beginning of year to end of year:

	Goodwill	Customer Contracts	Patents and Trademarks	Customer Relationships	Total
	\$'000	**\$'000**	**\$'000**	**\$'000**	**\$'000**
2022					
Balance at the beginning of year	167,990	1,504	2,609	477	172,580
Amortisation charges	-	(142)	-	(294)	(436)
Disposals – discontinued operations	(169,463)	(1,362)	(609)	-	(171,434)
Disposals and write offs	-	-	(2,000)	(183)	(2,183)
Effect of foreign exchange	1,473	-	-	-	1,473
Closing value at 30 June 2022	**-**	**-**	**-**	**-**	**-**
2021					
Balance at the beginning of year	175,928	2,618	2,609	1,328	182,483
Amortisation charges	-	(911)	-	(883)	(1,794)
Effect of foreign exchange	(7,938)	(203)	-	32	(8,109)
Closing value at 30 June 2021	**167,990**	**1,504**	**2,609**	**477**	**172,580**

11. INTANGIBLE ASSETS CONTINUED

Amortisation of Intangibles

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss within depreciation and amortisation expense. Goodwill is not amortised.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Impairment Testing

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

	2022 $'000	**2021 $'000**
Americas	-	88,060
Asia Pacific (APAC)	-	74,196
International Development (ID)	-	5,734
	-	**167,990**

As of 30 June 2022, the Group had no remaining goodwill or other intangible assets with indefinite useful lives on its balance sheet.

12.TRADE & OTHER PAYABLES

	2022 $'000	**2021 $'000**
CURRENT		
Trade payables & accruals	6,509	83,376
Vendor liability	-	2,160
	6,509	**85,536**

Accounting for Trade & Other Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to Cardno, and are stated at cost. Trade accounts payable are normally settled within 60 days.

Vendor liabilities are recognised at the present value of future payments of deferred consideration.

13. LOANS & BORROWINGS

	2022 $'000	2021 $'000
CURRENT		
Lease liabilities	8	21,607
NON-CURRENT		
Lease liabilities	19	68,844
Bank loans	-	22,679
Capitalised borrowing costs	-	(391)
TOTAL CURRENT & NON-CURRENT LOANS & BORROWINGS	**27**	**112,739**

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 Asia Pacific and Americas 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 (30 June 2021: $22.7 million).

Funding available to the Group from undrawn facilities is nil at 30 June 2022 (30 June 2021: $149.3 million), as the debt facilities were terminated.

There were no bank overdrafts in existence at 30 June 2022 (30 June 2021: Nil).

13. LOANS & BORROWINGS CONTINUED

Reconciliation of movement in loans and borrowings:

$'000	Loans and borrowings [1]	Lease liabilities (refer to Note 14)	Total
Balance as at 1 July 2021	**22,288**	**90,451**	**112,739**
Changes from financing and operating cash flows			
Proceeds from borrowings	130,993	-	130,993
Repayment of borrowings	(156,305)	-	(156,305)
Repayment of lease liabilities	-	(14,026)	(14,026)
Total changes from financing and operating cash flows	**(25,312)**	**(14,026)**	**(39,338)**
Other changes			
Amortisation of capitalised borrowing costs	390	-	390
Interest expense	-	1,986	1,986
Derecognition of leases – discontinued operations[2]	-	(86,166)	(86,166)
New leases	-	5,966	5,966
Movement in balance due to foreign exchange differences	2,634	1,816	4,450
Total other changes	**3,024**	**(76,398)**	**(73,374)**
Balance as at 30 June 2022	**-**	**27**	**27**
$'000	**Loans and borrowings**	**Lease liabilities (refer to Note 14)**	**Total**
Balance as at 1 July 2020	**58,326**	**115,905**	**174,231**
Changes from financing and operating cash flows			
Proceeds from borrowings	125,589	-	125,589
Repayment of borrowings	(157,450)	-	(157,450)
Repayment of lease liabilities	-	(28,760)	(28,760)
Total changes from financing and operating cash flows	**(31,861)**	**(28,760)**	**(60,621)**
Other changes			
Amortisation of capitalised borrowing costs	269	-	269
Interest expense	-	4,469	4,469
Termination of leases	-	(5,653)	(5,653)
New leases	-	9,212	9,212
Movement in balance due to foreign exchange differences	(4,446)	(4,722)	(9,168)
Total other changes	(4,177)	3,306	(871)
Balance as at 30 June 2021	**22,288**	**90,451**	**112,739**

[1] *Reconciliation of movement in loans and borrowings has been disclosed net of capitalised borrowing costs.*

[2] *Derecognition of lease liabilities resulting from the sale of the Americas, Asia Pacific and International Development divisions, see note 2.*

14. LEASES

Group as a lessee

The Group had lease contracts for various items of plant, machinery, vehicles and other equipment used in its operations with lease terms between 3 and 15 years which were disposed of as part of discontinued operations. Remaining leases are associated with properties utilised to support operations in Latin America which are not significant to the Group.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

2022	**Right-of-use assets**			
$'000	**Land and buildings**	**Office furniture and equipment**	**Motor vehicles**	**Total**
At cost	231	-	-	231
Less accumulated amortisation	(204)	-	-	(204)
	27	**-**	**-**	**27**
Carrying amount at the beginning of the year	**71,234**	**1,948**	**3,005**	**76,187**
Additions	5,059	-	548	5,607
Depreciation expense	(10,430)	(224)	(763)	(11,417)
Derecognition of right-of use assets – discontinued operations[1]	(67,294)	(1,818)	(2,991)	**(72,103)**
Foreign Exchange	1,458	94	201	**1,753**
As at 30 June 2022	**27**	**-**	**-**	**27**

[1]Derecognition of the right-of-use assets resulting from the sale of the Americas, APAC and ID divisions, see note 2.

2021	**Right-of-use assets**			
$'000	**Land and buildings**	**Office furniture and equipment**	**Motor vehicles**	**Total**
At cost	116,736	3,709	5,720	126,165
Less accumulated amortisation	(45,502)	(1,761)	(2,715)	(49,978)
	71,234	**1,948**	**3,005**	**76,187**
Carrying amount at the beginning of the year	**94,956**	**3,254**	**4,351**	**102,561**
Additions	8,987	-	1,019	10,006
Depreciation expense	(21,897)	(529)	(1,876)	(24,302)
Derecognition of right-of use assets[1]	(1,491)	-	-	(1,491)
Termination of leases	(5,777)	(537)	(279)	(6,593)
Foreign Exchange	(3,544)	(240)	(210)	(3,994)
As at 30 June 2021	**71,234**	**1,948**	**3,005**	**76,187**

[1]Derecognition of the right-of-use asset is a result of entering into a finance sub-lease arrangement.

14. LEASES CONTINUED

The following are the amounts recognised in profit or loss:

Continuing operations	2022 $'000	2021 $'000 Restated[1]
Depreciation expense of right-of-use assets	339	860
Interest expense on lease liabilities	52	147
Expense relating to short-term leases	9	-

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

The Group had total cash outflows for leases of $14.0 million in 2022 (2021: $28.8 million). There are no significant leases that have been entered into by the Group for contracts that have not yet commenced as at 30 June 2022.

Group as a lessee

Right-of-use assets

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for leases of office equipment the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The estimated useful lives for property right-of-use assets that the Group had was between 3 to 15 years and the estimated useful lives for equipment right-of-use assets was 3 to 5 years, these were disposed of as part of discontinued operations. Remaining leases are associated with properties utilised to support operations in Latin America which are not significant to the Group.

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period on which the event or condition that triggers the payment occurs.

14. LEASES CONTINUED

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The lease liability is measured at amortised cost using the effective interest method. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the Group's assessment of whether it will purchase the underlying asset.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group's lease liabilities are included in Interest-bearing loans and borrowings (see Note 13).

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease terms.

15. PROVISIONS

	2022 $'000	2021 $'000
CURRENT		
Provision for legal claims	1,341	4,022
	1,341	**4,022**

Accounting for Provisions

A provision is recognised in the Statement of Financial Position when Cardno has a present legal, equitable or constructive obligation as a result of a past event, and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain. If the effect is material, provisions are determined by discounting the expected future cash flows at the pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

16. ISSUED CAPITAL

	30 June 2022		30 June 2021	
	No. of shares	**$'000**	**No. of shares**	**$'000**
Balance at the beginning of the year	**388,929,110**	**370,079**	**447,017,851**	**390,682**
Shares issued during the year:				
> Employee share based payments [1]	-	-	-	1,515
> Share buy-back [2]	-	-	(56,836,598)	(21,476)
> Unmarketable Parcel – Share Buyback [3]	-	-	(2,292,700)	(642)
> Shares issued under PEP	1,667,387	-	1,040,557	-
> Share consolidation [4]	(351,535,834)	-	-	-
> Capital reduction [5]	-	(359,349)	-	-
Balance at the end of the year	**39,060,663**	**10,730**	**388,929,110**	**370,079**

16. ISSUED CAPITAL CONTINUED

[1]Employee share based payments of $1,515,380 recorded during the prior period.

[2]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.

[3]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.

[4]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.

[5]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 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.

	2022 $'000	2021 $'000
Interim dividend – 1.5 cents per ordinary share – 60% franked	-	6,019
Final dividend – 4.0 cents per ordinary share - unfranked	15,624	-
Special dividend – 57.0 cents per ordinary share - unfranked[1]	222,640	-

[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 pre 10:1 share consolidation basis).

After the reporting date, the following dividends were proposed by the board of directors. The dividends have not been recognised as liabilities.

	2022 $'000	2021 $'000
Final dividend - 4.0 cents per ordinary share – unfranked	-	15,557
Special dividend - 170.0 cents per share - unfranked[1]	66,403	

[1]An unfranked special dividend of $1.70 per share is expected to be paid over three instalments as follows:

- *$0.78 per share which was paid on 14 July 2022*
- *$0.44 per share which was paid on 22 August 2022*
- *$0.48 per share is expected to be paid before 31 December 2022. The quantum and timing of this dividend is subject to receipt of final proceeds from the sale of the ID division.*

Franking account balance

	2022 $'000	2021 $'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

16. ISSUED CAPITAL CONTINUED

Performance Equity Plan (PEP)

The PEP was designed to reward strong performance by individuals within the Cardno Group of companies. Performance Options and Performance Rights were issued under the PEP (made in accordance with thresholds set in the plan approved at the 2009 AGM) which provides certain employees (as determined by the Board) with the right to acquire shares in the Company, or the option to acquire shares in the Company.

Each right or option was granted to the employee for no consideration and vest upon the achievement of specified performance hurdles.

At 30 June 2022, there were no Performance Options on issue (2021: nil) and no options were issued during the year (2021: nil).

Following the sale of the Group's Asia Pacific and Americas consulting divisions in December 2021 the Board made the decision to cancel all remaining Performance Equity Plans with employees. The Board used its discretion to compensate participating employees for the cancellation of the Performance Equity Plans with a cash payment.

As such, the Company no longer has a Long Term Incentive (LTI) remuneration structure, and the terms outlined below relate to the performance periods before cancellation of the Plans.

2020, 2021 and 2022 LTI Plan Performance Hurdles:

Performance Rights are issued in two tranches with 50% allocated to Tranche1 and 50% allocated under Tranche 2 (subject to the employee continuing to be employed by the Cardno Group):

Tranche 1: Indexed Total Shareholder Return (iTSR)
Vesting criteria:
- 100% vest at Target with no ability to earn above target.
- 25% vest at Threshold, vesting proportionally from Threshold to Target.

The TSR benchmark measure is the ASX Small Industrials Total Return Index, with vesting criteria subject to Cardno’s performance against this index.

Performance Level	Annualised Cardno TSR vs Annualised ASX Small Industrials TR Index Return for Measurement Period	% of Tranche Vesting
Target	**≥Index Return + 5% TSR p.a.**	**100%**
Threshold - Minimum Acceptable Outcome	= Index Return	25%
Below Threshold	< Index Return	0%

Pro-rata outcomes apply between the specified levels.

Tranche 2: EBITDA Per Share Growth (EBITDAPSG)
Vesting criteria:
- 100% vest at Target with no ability to earn above target.
- 25% vest at Threshold, vesting proportionally from Threshold to Target.

Performance Level	EBITDAPSG	% of Tranche Vesting
Stretch/Target - Incentive/Upside	≥10% p.a.	100%
Threshold - Minimum Acceptable Outcome	= 6% p.a.	25%
Below Threshold	<6% p.a.	0%

Pro-rata outcomes apply between the specified levels.

16. ISSUED CAPITAL CONTINUED

Following 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. The Board compensated participating employees for the cancellation of the Performance Equity Plans with a cash payment. The cash payment equated to the value weighted average price (VWAP) of Cardno Shares over the 5 day period from 15th November to 19th November 2021, being $1.60, multiplied by the number of performance rights cancelled in relation to the 2020 and 2021 LTI plans with the exception of Ms Reisbord who was also compensated for rights cancelled under the 2022 LTI plan. As a result of the cancellation, an expense was immediately recognised up to the grant date fair value of each Performance Equity Plan, resulting in the recognition of a $3,707,701 share based payment expense in the current year relating to both continuing and discontinued operations. To the extent the compensation paid exceeded the fair value of the existing Performance Equity Plans, reassessed on the cancellation date, this excess value provided to employees was expensed for accounting purposes as it represented additional value being provided to these employees. This resulted in the recognition of an additional $1,089,852 in share based payment expense in the current year relating to both continuing and discontinued operations. The balance of the cash compensation payment totalling $16,412,627, was recognised for accounting purposes within the general reserve in equity as this was considered to represent the repurchase of equity instruments. The portion of the cash compensation recognised in equity is not reflected in the remuneration of Executive KMP which reflects the amounts required to be expensed under the Australian Accounting Standards.

2019 LTI Plan Performance Hurdles:

Performance Rights issued are subject to a Group EBITDA performance hurdle in order for the Performance Rights to vest on the third anniversary of the grant date, in addition to the employee continuing to be employed by the Cardno Group.

In order to ensure employees were not disadvantaged by the Demerger of Intega Group Limited and the overall value of the Performance Rights granted to the employees was preserved, the vesting terms for the 2019 Performance Rights were amended in the 2020 financial year under rule 13.2 of the Previous Cardno Plan.

As a result of the modifications made to the Plan, an updated valuation was completed on the modification date to determine the fair value of the share based payment arrangement. The valuation indicated that there was no material change and therefore no changes required in how to account for these arrangements. Refer section G of the Remuneration Report for further details and definitions.

The performance hurdles associated with the 2019 plan were satisfied, resulting in the vesting of 100% of the performance rights issued under this plan.

There no Performance Rights on issue at 30 June 2022 (30 June 2021: 12,014,050). As a share-based payment, these Performance Rights were valued for accounting and reporting purposes using the Monte Carlo simulation and Black Scholes method.

LTI Plan	**2022**		**2021**		**2020**		**2019[1]**
	Grant Date	**Cancellation Date**	**Grant Date**	**Cancellation Date**	**Grant Date**	**Cancellation Date**	**Grant Date**
Fair Value – Tranche 1[2]	0.67	1.315	0.22	1.480	0.07	1.545	1.08
Fair Value – Tranche 2[2]	0.94	1.411	0.29	1.482	0.29	1.556	N/A
Inputs:							
Date of Valuation:	8 Sep 2021	3 Dec 2021	1 Nov 2020	3 Dec 2021	1 Nov 2019	3 Dec 2021	1 Nov 2018
Share Price[2]	$1.09	$1.60	$0.29	$1.60	$0.29	$1.60	$1.08
Risk Free Rate	0.69%	0.95%	0.12%	0.55%	0.12%	0.55%	0%
Dividend Yield	5%	5%	0%	5%	0%	5%	0%
Volatility	64%	65%	50%	65%	50%	65%	0%

1. Due to the 2019 LTI Plan being only subject to an EBITDA non-market based performance hurdle, the valuation is based on the grant date share price.
2. The fair value and share price disclosed is on a pre-consolidation basis.

16. ISSUED CAPITAL CONTINUED

Key Employee Share Grant:

The movements in the performance rights are as follows:

	Number of Performance Rights 2022	Number of Performance Rights 2021
Outstanding at the beginning of the period	**12,014,050**	**2,047,863**
Granted during the period	-	11,433,154
Vested during the period	-	(971,144)
Cancelled/lapsed during the period	(12,014,050)	(495,823)
Outstanding at the end of the period	**-**	**12,014,050**
Exercisable at the end of the period	**-**	**-**

RISKS

17. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Cardno makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

> Revenue recognition in relation to long term contracts including estimating stage of completion and total contract costs – refer to Note 3.
> Assessment of the ability of the Group to continue as a going concern - refer to Note 29(b).
> Contingent assets and liabilities associated with the INSUS business – refer to Note 20.
> Recognition of deferred tax assets – availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised – refer to Note 7 and 29(e).
> Assessing the recoverability of trade receivables and contract assets –refer to Note 18.

18. FINANCIAL RISKS

Determination of fair values

In determining fair value measurement for 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.

18. FINANCIAL RISKS CONTINUED

Fair values of financial instruments

The carrying amount of the Group's financial assets and liabilities at 30 June 2022 and 30 June 2021 are included in the balance sheet at amounts that approximate fair values. The Group does not have any derivative financial instruments at 30 June 2022 (2021: nil).

Financial risk management

The main risks arising from Cardno's financial instruments are interest rate risk, foreign exchange risk, credit risk and liquidity risk. Cardno uses different methods to measure different types of risk to which it is exposed.

These methods include sensitivity analysis in the case of interest rate and foreign exchange risks and ageing analysis for credit risk. The Board through the Audit, Risk & Compliance Committee (ARCC) reviews and agrees policies for managing these risks and ensures that risk management strategies are implemented in the business. A Quality Management System supports consistent risk mitigation practices and procedures in order to maintain a consistent level of quality across Cardno which includes the minimisation of risk. The policies for managing each of Cardno's financial risks are summarised below and remain unchanged from the prior year.

Credit risk

Credit risk is the risk of financial loss to Cardno if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from Cardno's receivables from customers.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised below.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers in accordance with the policy.

Cardno does not require collateral in respect of financial assets.

In line with the Group's Treasury policy, investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than a rating approved by the ARCC. The Treasury policy is reviewed by the ARCC annually.

There are no material concentrations of credit risk (2021: nil). Identifying concentrations of risk requires judgement in light of specific circumstances, and may arise in industry sectors, geographic distribution or a limited number of counterparties.

Trade receivables and contract assets

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	2022 $'000	2021 $'000
Australia & New Zealand	9	11,880
Americas	1,774	59,880
Asia Pacific	-	8,104
Europe & Africa	-	2,652
	1,783	**82,316**

18. FINANCIAL RISKS CONTINUED

The ageing of Cardno's trade receivables at the reporting date was:

	2022		2021	
	Gross $'000	**Impairment $'000**	**Gross $'000**	**Impairment $'000**
Not past due (current)	1,441	-	69,569	3,476
Past due 0-30 days (30 day ageing)	104	-	14,131	227
Past due 31-60 days (60 day ageing)	8	-	4,159	1,840
Past due more than 60 days (>90 day ageing) [1]	13,006	12,776	20,378	20,378
	14,559	**12,776**	**108,237**	**25,921**

[1]Impairment of $12.8 million (2021: $18.2 million) relates to long outstanding receivables associated with the INSUS business which is in the process of being wound down. Outstanding amounts have been fully provided for given challenges in the recoverability of these amounts from customers.

The maximum exposure to credit risk for contract assets at the reporting date by geographic region was:

	2022 $'000	**2021 $'000**
Australia & New Zealand	-	36,304
Americas	3,155	43,176
Asia Pacific	-	380
Europe & Africa	-	172
	3,155	**80,032**

The ageing of Cardno's contract assets at the reporting date was:

	2022		2021	
	Gross $'000	**Impairment $'000**	**Gross $'000**	**Impairment $'000**
Not past due (current)	3,155	-	62,208	-
Past due 0-30 days (30 day ageing)	-	-	6,959	-
Past due 31-60 days (60 day ageing)	-	-	2,917	-
Past due more than 60 days	4,748	4,748[1]	15,195	7,247
	7,903	**4,748**	**87,279**	**7,247**

[1] This relates to long outstanding contracts associated with the INSUS business which is in the process of being wound down. Outstanding amounts have been fully provided for given challenges in the recoverability of these amounts from customers.

Cardno establishes an allowance for impairment that represents its estimate of expected credit losses in respect of trade and other receivables and contract assets.

Expected credit loss assessment

The recoverability of trade receivables is reviewed on an ongoing basis and its loss allowance is determined at both a specific and collective level. All individually significant and aged receivables are assessed for specific impairment.

18. FINANCIAL RISKS CONTINUED

The Group has elected to measure its loss allowances for trade receivables and contract assets at amounts equal to their lifetime expected credit loss (ECL). The ECLs are a probability weighted estimate calculated based on debtors ageing, actual credit loss experience over the past three years and future economic conditions. The Group's trade receivables and contract assets were segmented based on common credit risk characteristics such as customer type, geographical location of customer, and ageing of financial asset. The Group considers a financial asset to be in default when the client is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held) or the financial asset is more than 90 days past due.

Sundry Debtors

Sundry debtors include $38.9m in outstanding consideration relating to the sale of the International Development division, refer note 2. $15.2m has been received subsequent to year end with the remainder expected to be received before 31 December 2022. DT Global Australia Pty Ltd's global parent has provided a guarantee to the Group relating to payment of all proceeds of the sale transaction.

Contract assets held by the Group relate to work in progress which has not yet been billed and as such the average ECL percentage applied is equivalent to that applied to current (not past due) trade receivables.

Bad debts are written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. In some segments and industries, extended payment terms may be agreed, for example under a paid when pay arrangement. It is therefore not appropriate to implement a policy of writing off financial assets based solely on the age of the debtor and other factors are considered.

The Group has assessed the expected credit losses for trade receivables and contract assets at 30 June 2021 and determined that there are no significant or increasing concentrations of credit risk on prior year.

The movement in the provision for impairment in respect of trade receivables of Cardno during the year was as follows:

	2022 $'000	**2021 $'000**
Balance at 1 July	25,921	33,330
Impairment loss reversed during the year – Continuing operations	(3,757)	(3,428)
Impairment loss recognised during the year – Discontinued operations	1,420	1,470
Receivables written off	(6,171)	(4,778)
Sale of AME and APAC divisions	(2,830)	-
Sale of ID division	(1,347)	-
Effect of foreign exchange	(459)	(673)
Balance at 30 June	**12,776**	**25,921**

18. FINANCIAL RISKS CONTINUED

Liquidity risk

Liquidity risk is the risk that Cardno will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash to meet Cardno's requirements.

The following are the contractual maturities of financial liabilities at the reporting date, including estimated interest payments and excluding the impact of netting agreements:

30 June 2022	Carrying amount $'000	Contractual cash flows $'000	Less than 1 year $'000	1 – 5 years $'000	Over 5 years $'000
Non-derivative financial liabilities					
Trade and other payables	6,509	6,509	6,509	-	-
Lease Liabilities	27	30	30	-	-
	6,536	**6,539**	**6,539**	**-**	**-**
30 June 2021					
Non-derivative financial liabilities					
Trade and other payables	85,536	85,536	85,536	-	-
Lease Liabilities	90,451	118,215	29,114	67,585	21,516
Bank loans	22,288	23,441	572	22,869	-
	198,275	**227,192**	**115,222**	**90,454**	**21,516**

As at 30 June 2022 the Group did not have any debt or lending covenants which it was required to abide by. Funding available to the Group from undrawn facilities is nil (2021: $149.3 million).

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the functional currency of the respective Group entities. No significant foreign exchange exposures remain at 30 June 2022 following the sale of discontinued operations.

Cardno does not engage in any transactions which are of a speculative nature.

Cardno has previously borrowed funds in foreign currency to hedge its net investments in foreign operations. As at 30 June 2022 the Group does not have any foreign currency denominated loans designated as hedges (30 June 2021: Cardno had loans denominated in US dollars totalling AUD $14.6 million which were designated as hedges of Cardno's net investments in subsidiaries with a functional currency of USD).

Interest rate risk

Cardno repaid all of its bank loans during the year and the only remaining exposure to interest rate fluctuations at 30 June 2022 relates to cash at bank, which is not considered to be a material risk for the Group.

Capital management

Cardno's objectives when managing capital are to safeguard its ability to continue as a going concern, so that the Company can maintain an optimal capital structure to reduce the cost of capital.

Following the special dividends and returns of capital distributed to shareholders associated with the sale of the Company's Asia Pacific and Americas consulting and International Development divisions, Cardno's capital management strategy is now focused on maintaining sufficient cash to meet its ongoing working capital requirements.

UNRECOGNISED ITEMS

19. COMMITMENTS

There are no significant leases that have been entered into by the Group for contracts that have not yet commenced as at 30 June 2022.

The Group has no commitments relating to the acquisition of property, plant and equipment or intangible assets.

20. CONTINGENT LIABILITIES AND ASSETS

Cardno had contingent liabilities at 30 June 2022 in respect of:

	2022 $'000	2021 $'000
Bank guarantees and insurance bonds	1,498	24,125

No bank guarantee facilities are available to Cardno at 30 June 2022 (2021: $22.8 million).

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 30 June 2022 (30 June 2021: 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 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 $11.5 million of non-recurring income during the year ended 30 June 2022 (2021: $12.7 million) associated with the successful recovery of funds and resolution of other matters relating to INSUS that had been previously reserved or provided.

20. CONTINGENT LIABILITIES AND ASSETS CONTINUED

As at 30 June 2022, the consolidated financial statements of the Group include the following assets and liabilities of INSUS:

	30 June 2022 $'000	30 June 2021 $'000
Cash	1,607	228
Trade and other receivables (net of provisions)	-	-
Property, plant and equipment	57	252
Trade and other payables	(485)	(4,999)
Current tax liabilities	(630)	(1,457)
Unearned revenue	(35)	(956)
Provisions	(1,341)	(1,360)
Net assets/(liabilities)	**(827)**	**(8,291)**

Other Matters

Other than the above, the Directors are not aware of any current material litigation involving Cardno. The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

21. SUBSEQUENT EVENTS

Sale proceeds received from DT Global

As at the date of this report, Cardno has received $54.5m of the total $78.2m proceeds in relation to the sale of the International Development division. The balance outstanding of $23.7m is expected to be received before 31 December 2022.

Distributions:

Subsequent to year end, the Board announced the following distributions to shareholders:

- an unfranked special dividend of $1.70 per share (unfranked) is expected to be paid over three instalments as follows:
  - $0.78 per share which was paid on 14 July 2022
  - $0.44 per share which was paid on 22 August 2022
  - $0.48 per share which is expected to be paid before 31 December 2022. The quantum and timing of this dividend is subject to receipt of final proceeds from the sale of the ID division
- a return of capital of $0.24 per share which was paid on 14 July 2022

Other than the above, there has not arisen in the interval between the end of the 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 the affairs of the Group, in future years.

OTHER INFORMATION

22. NOTES TO THE CASH FLOW STATEMENT

	2022 $'000	2021 $'000
Reconciliation of Net Cash from Operating Activities to Net profit for the year		
Net profit for the year	**509,354**	**32,658**
Adjust for non-cash items		
Depreciation and amortisation	16,906	34,578
Write off FCTR – discontinued and liquidated operations	(91,835)	-
(Gain) / Loss on sale of property, plant & equipment	(258)	268
(Gain) / Loss on sale of disposed entities	(464,310)	290
Unrealised foreign exchange losses / (gains)	537	(402)
Share based remuneration	12,705	1,515
Adjust for changes in assets and liabilities:		
(Increase)/decrease in assets:		
Contract assets	21,913	(22,505)
Deferred tax assets	37,876	4,600
Trade receivables	(55,074)	47,337
Provision for doubtful debts	(7,701)	(7,409)
Other receivables	3,385	2,959
Prepayments	(8,853)	814
Other assets	1,228	994
Increase/(decrease) in liabilities:		
Trade payables	(5,766)	(39,193)
Income tax payable	5,955	(1,200)
Employee provisions	3,365	3,289
Contract liabilities	(2,394)	435
Other liabilities	2,994	(361)
Deferred tax liabilities	(1,752)	3,916
	(21,725)	**62,583**

23. EARNINGS PER SHARE

The calculation of earnings per share was based on the following:

	2022[2] $'000	2021[1, 2] $'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	**(36,598)**	**7,799**
Weighted average number of ordinary shares	**No.**	**No.**
Issued ordinary shares at 1 July	38,892,911	44,701,785
Effect of share buy-back	-	(3,327,570)
Effect of shares issued during the year	140,700	61,987
Weighted average number of ordinary shares at 30 June	**39,033,611**	**41,436,202**
	Cents	**Cents**
Basic earnings/(loss) per share (cents per share) from continuing operations	**(93.76)**	**18.82**
Diluted earnings per share – continuing operations		
Profit/(loss) from continuing operations attributable to ordinary shareholders (diluted)	**(36,598)**	**7,799**
Weighted average number of ordinary shares (diluted)		
Issued ordinary shares at 1 July	38,892,911	44,701,785
Effect of Performance Options and Rights on issue	-	990,249
Effect of share buy-back	-	(3,327,570)
Effect of shares issued during the year	140,700	61,987
Weighted average number of ordinary shares (diluted) at 30 June	**39,033,611**	**42,426,451**
Diluted earnings/(loss) per share (cents per share) from continuing operations	**(93.76)**	**18.38**

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

[2]*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.*

23. EARNINGS PER SHARE CONTINUED

	2022[1] $'000	2021[1] $'000
(b) Earnings per share		
Basic earnings per share		
Basic profit attributable to ordinary shareholders	**509,354**	**32,658**
Weighted average number of ordinary shares	**No.**	**No.**
Issued ordinary shares at 1 July	38,892,911	44,701,785
Effect of share buy-back	-	(3,327,570)
Effect of shares issued during the year	140,700	61,987
Weighted average number of ordinary shares at 30 June	**39,033,611**	**41,436,202**
	Cents	**Cents**
Basic earnings per share (cents per share)	**1,304.91**	**78.82**
Diluted earnings per share		
Profit attributable to ordinary shareholders (diluted)	**509,354**	**32,658**
Weighted average number of ordinary shares (diluted)		
Issued ordinary shares at 1 July	38,892,911	44,701,785
Effect of Performance Options and Rights on issue	-	990,249
Effect of share buy-back	-	(3,327,570)
Effect of shares issued during the year	140,700	61,987
Weighted average number of ordinary shares (diluted) at 30 June	**39,033,611**	**42,426,451**
Diluted earnings per share (cents per share)	**1,304.91**	**76.98**

[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. The current year and prior year share movements for the calculation of earnings per share have been adjusted to consistently reflect the share consolidation.

Performance Rights are considered to be potential ordinary shares and are therefore excluded from the weighted average number of ordinary shares used in the calculation of basic earnings per share. Where dilutive, potential ordinary shares are included in the calculation of diluted earnings per share.

Cardno presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, which comprise share Performance Options and Performance Rights granted to employees.

24. RELATED PARTY DISCLOSURES

Key management personnel

Key management personnel compensation included in employee expenses are as follows:

	2022 $	2021 $
Short-term employee benefits	1,382,466	2,684,043
Post-employment benefits	56,550	89,698
Equity compensation benefits	1,738,895	591,974
Termination benefits	102,291	-
	3,280,202	**3,365,715**

No Director has entered into 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 year-end.

Two of Cardno's 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. See section C of the Remuneration Report for further details.

During the year, the Company paid $11,440 to Crescent Capital Partners (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.

25. CONTROLLED ENTITIES

Cardno's significant subsidiaries are listed below. As part of ongoing efforts to streamline the Group, a number of dormant subsidiaries were dissolved or closed during the year, and a number of subsidiaries were divested with the sale of the Americas, Asia Pacific and International Development consulting divisions. (see Note 2).

Name	Country of Incorporation	Equity Holding 2022	Equity Holding 2021
Cardno International Pty Ltd	Australia	100%	100%
ENTRIX Americas, SA	Ecuador	100%	100%
Cardno Entrix (Colombia) S.A.S.	Colombia	100%	100%
Caminosca S.A.S	South America	100%	100%
Entrix International Inc. [1]	United States of America	100%	0%
Cardno Hold Pty Ltd [1]	Australia	100%	0%
Cardno Holdings Pty Ltd	Australia	0%	100%
Cardno (Qld) Pty Ltd	Australia	0%	100%
Cardno Staff Pty Ltd	Australia	0%	100%
Cardno Staff No. 2 Pty Ltd	Australia	0%	100%
Cardno Operations Pty Ltd	Australia	0%	100%
Cardno (WA) Pty Ltd	Australia	0%	100%
Cardno (NSW/ACT) Pty Ltd	Australia	0%	100%
Cardno Willing Pty Ltd	Australia	0%	100%
Cardno Victoria Pty Ltd	Australia	0%	100%
Cardno Emerging Markets (Australia) Pty Ltd	Australia	0%	100%
Cardno UK Limited	United Kingdom	0%	100%
Cardno Emerging Markets (UK) Limited	United Kingdom	0%	100%
Cardno Emerging Markets (East Africa) Limited	Kenya	0%	100%
Cardno (NZ) Limited	New Zealand	0%	100%
Cardno Holdings New Zealand Limited	New Zealand	0%	100%
Cardno USA, Inc.	United States of America	0%	100%
Cardno, Inc.	United States of America	0%	100%
Cardno (NT) Pty Ltd	Australia	0%	100%
Cardno (PNG) Ltd	Papua New Guinea	0%	100%
Cardno BEC (Qld) Pty Ltd	Australia	0%	100%
Cardno Emerging Markets (USA), Ltd	United States of America	0%	100%
Cardno Humphrey Reynolds Perkins Pty Ltd	Australia	0%	100%
Cardno GS, Inc.	United States of America	0%	100%
Cardno Hard & Forester Pty Ltd	Australia	0%	100%
Cardno ChemRisk, LLC	United States of America	0%	100%
Cardno South Africa (Pty) Ltd	South Africa	0%	100%
Cardno Emerging Markets (Rwanda) Limited	Rwanda	0%	100%

[1]Entities established in the current year as part of a corporate restructure which occurred prior to the sale of the Asia Pacific, Americas and International Development divisions, refer note 2.

25. CONTROLLED ENTITIES CONTINUED

Name	Country of Incorporation	Equity Holding 2022	Equity Holding 2021
Cardno Mozambique LDA	Mozambique	0%	100%
ES NY Engineering P.A	United States of America	0%	100%
TGM Group Pty Ltd	Australia	0%	100%
David Douglas Associates Inc	United States of America	0%	100%
Cardno International Development – SMC Ltd	Uganda	0%	100%
Cardno Canada Holdings Limited	Canada	0%	100%
Cardno S&E Limited	Canada	0%	100%
Cardno Technical Asia, Inc	Philippines	0%	100%
Cardno Geosciences PNG Ltd	Papua New Guinea	0%	100%

26. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ending 30 June 2022 the parent Company of the Group was Cardno Limited.

	Company	
	2022 $'000	**2021 $'000**
Results of the parent entity		
Profit/(loss) for the year – continuing operations	(36,893)	9,096
Gain on sale – discontinued operations	411,993	-
Total comprehensive income for the year	375,100	9,096
Financial position of the parent entity at year end		
Current assets	81,600	143,889
Total assets	81,600	271,989
Current liabilities	19,477	138
Total liabilities	19,477	138
Total equity of the parent entity comprising of:		
Share capital	10,730	370,079
Demerger reserve	151,320	151,320
Retained earnings	(99,927)	(249,548)
Total equity	**62,123**	**271,851**

26. PARENT ENTITY DISCLOSURES CONTINUED

Parent entity contingencies	2022 $'000	2021 $'000
Bank guarantees	-	12,715

There were no bank guarantee facilities available to Cardno as at 30 June 2022 (2021: $22.8 million). The facilities as at 30 June 2021 were secured jointly and severally by the Company and a number of its wholly-owned subsidiaries.

The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Parent entity guarantees in respect of debts of its subsidiaries

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of its subsidiaries.

Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed, are disclosed in Note 27.

27. DEED OF CROSS GUARANTEE

Pursuant to *ASIC Corporations (Wholly owned Companies) Instrument 2016/785*, the wholly-owned subsidiaries listed below are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports, and Directors' reports. It is a condition of the Legislative Instrument that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full for any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

During the year, a number of entities previously party to the deed were disposed as a result of the of the sale of the Americas and Asia pacific consulting divisions and the sale of the International Development division (see note 2). The entities revoked from the deed at the time of disposal were:

- Cardno Holdings Pty Ltd
- Cardno (Qld) Pty Ltd
- Cardno Staff Pty Ltd
- Cardno Emerging Markets (Australia) Pty Ltd
- Cardno (NSW/ACT) Pty Ltd
- Cardno Victoria Pty Ltd

After removing the above entities from the deed, the only remaining entity party to the deed is Cardno Limited.

A consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, for the year ended 30 June 2022 is set out as follows:

Statement of comprehensive income and retained losses	**2022 $'000**	**2021 $'000**
Revenue	**3,023**	**417,021**
Employee expenses	(1,827)	(148,209)
Consumables and materials used	761	(160,584)
Sub-consultant and contractor costs	(15)	(88,048)
Depreciation and amortisation expenses	-	(12,433)
Finance costs	(1,159)	(5,285)
Other expenses	(1,101)	(2,553)
Loss before income tax from continuing operations	(318)	(91)
Income tax (expense)/benefit	(36,575)	5,033
Net Profit/(loss) for the year from continuing operations	**(36,893)**	**4,942**
Net profit/ (loss) for the year from discontinued operations	**411,993**	**-**
Total comprehensive income for the year	**375,100**	**4,942**
Retained losses at the beginning of the year	(328,664)	(358,101)
Remove entities disposed – discontinued operations	79,116	-
Dividend paid	(238,264)	(6,019)
Loan forgiveness with related party in the Cardno Limited Group	12,785	-
Add Cardno Victoria Pty Ltd to the Deed	-	30,514
Retained losses at the end of the year	**(99,927)**	**(328,664)**
Attributable to:		
Owners of the Company	**(99,927)**	**(328,664)**

27. DEED OF CROSS GUARANTEE CONTINUED

Statement of financial position	**2022 $'000**	**2021 $'000**
CURRENT ASSETS		
Cash and cash equivalents	42,135	10,062
Trade and other receivables	38,869	781,082
Contract assets	-	14,444
Current tax receivables	-	16,326
Other current assets	596	3,804
TOTAL CURRENT ASSETS	**81,600**	**825,718**
NON-CURRENT ASSETS		
Investments	-	182,078
Property, plant and equipment	-	1,738
Right-of-use assets	-	43,036
Deferred tax assets	-	62,666
Intangible assets	-	37,214
TOTAL NON-CURRENT ASSETS	**-**	**326,732**
TOTAL ASSETS	**81,600**	**1,152,450**
CURRENT LIABILITIES		
Trade and other payables	19,430	805,740
Lease Liabilities	-	12,058
Short-term provisions	47	18,316
Contract liabilities	-	9,194
TOTAL CURRENT LIABILITIES	**19,477**	**845,308**
NON-CURRENT LIABILITIES		
Lease Liabilities	-	38,420
Loans and borrowings	-	22,288
Deferred tax liabilities	-	15,554
Employee benefits	-	2,945
TOTAL NON-CURRENT LIABILITIES	**-**	**79,207**
TOTAL LIABILITIES	**19,477**	**924,515**
NET ASSETS	**62,123**	**227,935**
EQUITY		
Issued capital	10,730	370,079
Reserves	-	35,200
Demerger reserve	151,320	151,320
Retained losses	(99,927)	(328,664)
TOTAL EQUITY	**62,123**	**227,935**

28. AUDITOR'S REMUNERATION

	2022 $	2021 $
Audit and review services		
Auditors of the Group – KPMG Australia:		
> Audit and review of financial statements - Group	422,000	479,700
> Audit and review of financial statements - Controlled entities	-	86,200
	422,000	**565,900**
Other auditors		
> Audit and review of financial statements - Controlled entities	-	95,000
Total audit and review services	**422,000**	**660,900**
Assurance services		
Auditors of the Group – KPMG Australia:		
> Other assurance services	-	-
Total assurance services	**-**	**-**
Other services		
Auditors of the Group – KPMG Australia:		
> Other services	80,521	50,000
> Taxation advice and tax compliance services	-	5,990
Total other services	**80,521**	**55,990**

29. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Cardno Limited (the "Company") is a Company incorporated and domiciled in Australia. The consolidated financial report of the Company for the year ended 30 June 2022 encompasses the Company and its subsidiaries (together referred to as "Cardno" or the "Group").

Cardno is a for-profit entity that operates as a professional infrastructure and environmental services Company, with expertise in the development and improvement of physical and social infrastructure for communities around the world.

The financial report was authorised for issue by the Board of Directors on 26 August 2022.

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial statements of the consolidated entity also comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and in accordance with that instrument, amounts in the consolidated financial statements have been rounded to the nearest thousand dollars, unless otherwise stated.

29. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(b) Basis of Preparation

The financial report has been prepared on a historical cost basis except where otherwise noted.

The consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

Standards issued but not yet effective

At the date of this report the Standards and Interpretations listed below were issued but not yet effective and were not adopted in preparing these consolidated financial statements. None of these are expected to have a material impact on the Group.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	1 January 2023	30 June 2024
AASB 2020-3 Amendments to Australia Accounting Standards – Annual Improvements 2018–2020 and Other Amendments	1 January 2022	30 June 2023

Going Concern:

In preparing the financial report, the Directors have assessed the ability of the Group to continue as a going concern which contemplates that there is no intention to liquidate the Company or Group or to cease trading or there is no realistic alternative other than to liquidate or cease trading.

As set out in the Group's announcement to the ASX dated 4 August 2022, the Directors continue to assess plans for the Group following the finalisation of the remaining distribution payments to shareholders from the sale of the International Development business. In determining the extent of proceeds from the sale able to be distributed to shareholders, the Directors intend to retain cash reserves of approximately $5.0m in Australian domiciled subsidiaries (after paying all transaction costs associated with the sale) to fund the Group's forecasted ongoing cash flow requirements in continuing to operate as an Australian listed entity. The Directors believe this quantum of cash reserves will be sufficient for the Group to continue as a going concern for at least 12 months from the date of this financial report.

As set out in note 20, the INSUS business in Latin America is involved in a number of legal claims both by and against it. In assessing the cash reserves to be retained in the Australian domiciled entities, the Directors have assumed that the activities relating to these claims and their outcome will be funded from cash balances held by INSUS and will not result in any additional funding needing to be provided by the Group. At 30 June 2022, INSUS had cash of $1.6m. Uncertainties related to these legal claims are outlined in note 20 and the Directors' strategy to mitigate the risks to the Group from them have been taken into account when considering the appropriateness of the going concern basis of preparation.

In the unexpected event that the level of cash reserves retained by the Directors is not sufficient, or additional liabilities or obligations arise that were not anticipated by the Directors at the time of issuing this financial report (such as from the resolution of the legal claims relating to INSUS), and the Group is not able to implement alternative strategies to obtain funding or mitigate its obligations, it may not be able to continue as a going concern. No adjustments have been made to the amounts and classification of recorded assets and liabilities in the financial statements should the Group be unable to continue as a going concern.

(c) Basis of Consolidation

Subsidiaries

Subsidiaries are entities controlled by Cardno. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

29. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(c) Basis of Consolidation continued

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by Cardno.

A list of the significant subsidiaries is contained in Note 25 to the financial statements. All controlled entities have a June financial year-end.

Transactions eliminated on consolidation

Intra-group balances and transactions, unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

(d) Foreign Currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the translation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, (see (ii) below) or qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at exchange rates at the reporting date. The revenue and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income and are presented within equity in the FCTR.

(e) Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting or taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

29. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(e) Income Tax continued

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(f) Intangible Assets

Works contracts, software intangibles and customer relationships

Works contracts, software intangibles and customer relationships are acquired by Cardno and are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives, which currently vary from 1 to 7 years.

Software-as-a-Service (Saas) arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. As such, the Group does not receive a software intangible asset at the contract commencement date. All costs associated with these arrangements are expensed in the Statement of Financial Performance as the services are received.

Patents and trademarks

Patents and trademarks acquired by Cardno are considered to have indefinite useful lives and are stated at cost less any impairment losses. Patents and trademarks are not amortised but tested for impairment annually.

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is charged to the profit and loss on a systematic basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite life are not amortised but are systematically tested for impairment each year at the same time. Works contracts which are assigned a value are amortised over the life of the contract from the date they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date.

(g) Impairment

Non-financial assets

The carrying amount of Cardno's assets, other than work in progress and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, an impairment test is performed. Cardno performs impairment testing of goodwill and intangibles with indefinite useful lives annually.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the profit and loss.

29. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(g) Impairment continued

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Calculation of recoverable amount

The recoverable amount of Cardno's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Reversals of impairment

An impairment loss in respect of receivables carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets

Trade receivables and contract assets

The Group recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost and contract assets. The Group has elected to measure its loss allowances for trade receivables and contract assets at amounts equal to lifetime ECLs. The ECLs are a probability weighted estimate calculated based on debtors ageing, actual credit loss experience over the past three years and future economic conditions. The Group's trade receivables and contract assets are segmented based on common credit risk characteristics such as customer type, geographical location of the customer and ageing of the financial asset.

Contract assets held by the Group relate to work in progress which has not yet been billed and as such the average ECL percentage applied is equivalent to the current (not past due).

(h) Employee Benefits

Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave expected to be settled within 12 months of the period end represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that Cardno expects to pay as at reporting date including related on-costs.

29. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(h) Employee Benefits continued

Long-term service benefits

The provisions for employee entitlements to long service leave and other deferred employee benefits represent the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date and include related on-costs. In determining the liability for long service leave, consideration has been given to future increases in wage and salary rates, and the consolidated entity's experience with staff departures.

Liabilities for employee entitlements which are not expected to be settled within 12 months are discounted using the rates attached to corporate bonds at balance date, which most closely match the terms of maturity of the related liabilities.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value. Amounts paid to defined contribution plans for the year were $7.1 million (2021: $13.5 million).

Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

(i) Reserves

Foreign Currency Translation Reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign Group entities where their functional currency is different to the presentation currency of the reporting entity as well as from the translation of liabilities that offset the Company's net investment in a foreign subsidiary.

General Reserve

The General Reserve was used to record amounts associated with the repurchase of equity instruments associated with the Group's Performance Equity Plans with employees. Refer to additional details in note 16.

Demerger reserve

The demerger reserve is used to recognise the gain on demerger of Intega Group Limited in 2020.

Directors' Declaration

Cardno Limited and its Controlled Entities for the year ended 30 June 2022

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

   (a) the consolidated financial statements and notes set out on pages 32 to 79 and the Remuneration Report of the Directors' Report, set out on pages 12 to 24, are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards 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.

2. There are reasonable grounds to believe that the Company and Cardno entities identified in Note 25 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those Group entities pursuant to *ASIC Corporations (Wholly Owned Companies) Instrument 2016/785*.

3. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2022

4. The Directors draw attention to Note 29 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Dated at Brisbane on the 26 day of August 2022.

Signed in accordance with a resolution of the Directors.

MICHAEL ALSCHER
Chairman

KPMG

Independent Auditor's Report

To the shareholders of Cardno Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Cardno Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group***'s financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2022;
- Consolidated statement of financial performance, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with 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 Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of Matter

We draw attention to Note 20 to the 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 opinion is not modified in respect of this matter.

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Accounting for and disclosure of business disposals; and
- Going concern basis of accounting.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">Accounting for and disclosure of business disposals (Gain on sale: $525.4m)</th></tr>
<tr><td colspan="2">Refer to Note 2 to the Financial Report</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>During the year the Group completed the disposal of its:
• Asia Pacific (APAC) and Americas (US) consulting divisions; and
• International Development (ID) division.
The audit of the Group's accounting for these disposals, in particular the gain on sale and presentation of discontinued versus continuing operations in the financial report, is a key audit matter due to:
• the size and significance of the disposals to the Group's financial statements;
• the increased judgement in assessing the timing of completion of the disposal of the ID division given its occurrence close to year end and risk that not meeting certain conditions might necessitate recording the disposal in a future period;
• the audit effort involved in responding to additional complexity associated with taxation implications, noting that the transactions impact multiple jurisdictions and interpreting the local taxation legislation requires specialist knowledge; and</td><td>Our procedures included:
• reading the transaction documents to understand the terms and conditions of the disposals, including those relating to timing of completion;
• evaluating the substance of the disposals, using the terms and conditions of the transaction documents, against the criteria for discontinued operations in the accounting standards;
• assessing the identification of assets and liabilities disposed of, comparing to transaction documents and underlying financial records at the point of disposal;
• checking the consideration received by comparing relevant amounts to bank records and the transaction documents;
• checking the calculation of the gain on disposal, including the treatment of foreign currency gains and losses previously deferred in the foreign currency translation reserve;
• assessing the identification and treatment by the Group of costs relating to the disposals for compliance with relevant accounting standards;</td></tr>
</table>

• the pervasive impact on the presentation of the financial statements due to the restatement of historic financial information into continuing and discontinued operations.	• using our tax specialists, we evaluated the Group's respective tax implications in the individual jurisdictions against the requirements of applicable tax legislation; • assessing the disclosure in the Financial Report relating to the disposals, including the restatement of prior period information and classification of financial transactions as relating to continuing or discontinued operations, against our knowledge from our testing of the disposed assets and liabilities and the requirements of the accounting standards.

Going concern basis of accounting	
Refer to Note 29(b) to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**

The Group's use of the going concern basis of accounting and the associated extent of uncertainty is a key audit matter due to the high level of judgement required by us in evaluating the Group's assessment of going concern and the events or conditions that may cast significant doubt on their ability to continue as a going concern. These are outlined in Note 29(b).
 	
The Directors have determined that the use of the going concern basis of accounting is appropriate in preparing the financial report. Their assessment of going concern was based on cash flow projections. The preparation of these projections incorporated a number of assumptions and significant judgements and the Directors have concluded that the range of possible outcomes considered in arriving at this judgement does not give rise to a material uncertainty casting significant doubt on the Group's ability to continue as a going concern.
 	
We critically assessed the levels of uncertainty, as it related to the Group's ability to continue as a going concern, within these assumptions and judgements, focusing on the following:
 	
• that there is no intention by the Directors' to liquidate the Company or the Group during the forecast period, in light of the
	Our procedures included:
	
	• making inquiries with the Group's senior management and the Directors, as well as reading of minutes, to understand the future intentions for the Group in the forecast period and subsequent to the finalisation of the remaining distribution payments to shareholders from the sale of the ID division. We compared this to the conditions in the accounting standards for using the going concern basis of preparation;
	• analysing cash flow projections by assessing:
	  - the expected remaining proceeds from disposals against the signed underlying purchase and sale agreement and correspondence between the parties;
	  - planned distributions to shareholders against Board minutes and for consistency with recent announcements made by the Group and available cash reserves;
	  - expenditures for ongoing activities for consistency with the nature of the remaining business, historical patterns and our knowledge of the business;
	• making enquiries of the Group's Directors and

significant reduction in the size and scope of remaining operations subsequent to the sale of the APAC and US consulting divisions and ID division during the year; • the quantum of distributions planned to shareholders from the proceeds of the sale of the ID division which impact on the cash reserves being retained by the Group to fund ongoing cash flow requirements; • the Group's planned levels of expenditures and the ability of the Group to manage cash outflows within available funding; and • the Directors' plans for the wind down of the Group's INSUS business in Ecuador, including their strategies to mitigate risks to the Company and Group from the ongoing legal claims. In assessing this key audit matter, we involved senior audit team members who understand the Group's business, industry and the economic environment it operates in.	senior management and reading relevant correspondence with the Group's legal advisors to understand and assess the status of the legal claims relating to the INSUS business and the Directors' strategies to mitigate potential risks for the Company's and Group's ability to continue as a going concern; • assessing the competence, capabilities and objectivity of external legal advisors; and • evaluating the Group's going concern disclosures in the financial report by comparing them to our understanding of the matter, the events or conditions incorporated into the cash flow projection assessment, the Group's plans to address those events or conditions and accounting standard requirements.

Other Information

Other Information is financial and non-financial information in Cardno Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Cardno Limited for the year ended 30 June 2022, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 12 to 24 of the Directors' report for the year ended 30 June 2022.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Jason Adams
Partner

Brisbane
26 August 2022

Additional Shareholder Information

DISTRIBUTION OF ORDINARY SHAREHOLDERS

The number of shareholders, by size of holding, as at 29 July 2022 were:

	Ordinary Shares	
	Number of	Number of Shares
1 – 1,000	1,972	650,536
1,001 – 5,000	711	1,671,990
5,001 – 10,000	117	883,356
10,001 – 100,000	136	3,565,979
100,001 – and over	24	32,288,802
Total	**2,960**	**39,060,663**

As at 29 July 2021 there were 2,189 shareholders who held less than a marketable parcel of 1,563 shares.

TWENTY LARGEST ORDINARY SHAREHOLDERS

The names of the twenty largest holders as at 29 July 2022 were:

	Listed Ordinary Shares Number	
	Held	Percentage
CRESCENT CAPITAL INVESTMENTS	21,794,638	55.80
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	2,752,918	7.05
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,264,773	5.80
CITICORP NOMINEES PTY LIMITED	886,057	2.27
NATIONAL NOMINEES LIMITED	714,739	1.83
NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	578,607	1.48
BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	554,689	1.42
MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED	536,387	1.37
FIRST SAMUEL LTD ACN 086243567 <ANF ITS MDA CLIENTS A/C>	376,500	0.96
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	372,757	0.95
SHARESIES NOMINEE LIMITED <CHILD A/C>	366,151	0.94
MIENGROVE PTY LTD	195,000	0.50
HALJAN MANAGEMENT LP	168,620	0.43
MIENGROVE PTY LTD <G J & P K BIRD SUPER A/C>	165,000	0.42
BUI PTY LTD <BUI AND NGUYEN FAMILY A/C>	127,762	0.33
EAGLE EYE EQUITIES PTY LTD	116,998	0.30
ANNE FELICITY PHILLIPS	110,138	0.28
WHILEY CLOSE INVESTMENTS PTY LTD <SIMS FAMILY SUPER A/C>	104,075	0.27
CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	102,993	0.26
MR TIMOTHY L BELCHER	100,000	0.26
Total	**32,388,802**	**82.92**

Additional Shareholder Information

SUBSTANTIAL SHAREHOLDERS

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Number Held	Percentage
Crescent Capital Investments	22,889,188	58.44%
Richmond Hill Capital Pty Ltd	3,244,573	8.09%

VOTING RIGHTS

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

ESCROWED SHARES

There are currently no shares held in escrow.

RIGHTS

There were no Performance Rights on issue as at 30 June 2022 and all company Performance Equity Plans have now been closed.

VOTING RIGHTS OF RIGHTS

The ordinary shares issued on exercise of the rights will rank equally with all other ordinary shares.

BOARD OF DIRECTORS

Chairman

Michael Alscher

Directors

Nathanial Thomson
Jeffrey Forbes

Executive Director

Nathanial Thomson

Chief Financial Officer

Cherie O'Riordan

Company Secretary

Cherie O'Riordan

REGISTERED OFFICE

Cardno Limited
ABN 70 108 112 303

Level 4, South Tower
339 Coronation Drive
Milton QLD 4064
Australia

Phone + 61 7 3709 8100

Companysecretary@cardno.com.au
https://cddho.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

Registered office

Cardno Limited
ABN 70 108 112 303

Level 4, South Tower

339 Coronation Drive

Milton QLD 4006
Australia

https://cddho.com