

Cardno Limited

ABN 70 108 112 303

Appendix 4E

2016 Preliminary Final Report Results for Announcement to the Market

1. REPORTING PERIOD

Reporting period: 30 June 2016

Previous Corresponding period: 30 June 2015

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	2016 \$'000	Restated* 2015 \$'000	Up / Down	% Movement
Revenue from continuing operations	1,196,450	1,185,949	Up	0.9%
Loss after income tax from continuing operations	(129,372)	(184,164)	Up	29.8%
Loss from discontinued operations	(46,643)	(60,904)	Up	23.4%
Loss from continuing and discontinuing operations after income tax	(176,015)	(245,068)	Up	28.2%
Attributable to:				
Ordinary equity holders of the parent	(176,015)	(245,068)	Up	28.2%

* See note 6 and 12 for details about restatement of comparative information

Explanation of revenue

Total revenue from continuing operations for the year ended 30 June 2016 is \$1,196.5 million, up 0.9% against the last corresponding period. Revenue was significantly impacted by the stronger US dollar relative to the prior corresponding period, substantially increasing the translated revenue contribution from the Americas businesses. In constant currency terms, total revenue from continuing operations would have been down by 20%.

Revenue grew marginally in the Asia Pacific segment, which is largely denominated in Australian dollars, while a 20% constant currency decline in revenue in the Americas segment was due to difficult business and trading conditions across many of the company's Americas operations.

Explanation of loss from ordinary activities after tax

Net statutory loss after income tax is \$176.0 million, an improvement of 28.2% over the last corresponding period (as restated). This outcome was the net result of a number of factors, including significant non-recurring items, impacting the current and prior reporting period.

The company recorded a \$46.6 million loss in FY16 on the sale of its ATC business and ECS mining business. In the prior year results, as restated, the company wrote down or impaired the carrying value of these businesses by \$56.2 million which, together with their operating loss for the period, created an aggregate loss in the prior corresponding period for these businesses of \$60.9 million.

The company also recorded a further impairment loss of \$154.3 million in FY16 (incremental to the \$288.0 million in FY15).

The Asia Pacific business operations were negatively impacted by difficult trading conditions in Queensland and Western Australia, largely offset by a solid performance in New South Wales. The Americas operations were significantly impacted by delayed or deferred project starts particularly in the engineering and natural resources businesses as well as a sharp reduction in oil and gas related projects. The group overall was impacted by costs associated with rationalising and right sizing the business structure (including redundancies) and costs associated with the defence of the ultimately successful proportional takeover offer by Crescent Capital.

Explanation of net loss

Please refer above.

Explanation of dividends

On 17 August 2015, the Directors of Cardno Limited declared a final dividend of 7 cents per share (100 per cent franked) for the 2015 financial year. The dividend was paid on 2 October 2015 to shareholders registered on 8 September 2015.

No interim or final dividend has been declared for the 2016 financial year.

Refer to the Preliminary Consolidated Financial Statements, together with the Media Release and Investor Presentation for commentary on the results.

Consolidated Statement of Financial Performance

Cardno Limited and its Controlled Entities for the year ended 30 June 2016

	Note	2016 \$'000	Restated* 2015 \$'000
Revenue from continuing operations		1,196,450	1,185,949
Other Income		17,602	11,955
Employee expenses		(584,317)	(587,771)
Consumables and materials used		(367,752)	(351,133)
Sub-consultant and contractor costs		(177,936)	(123,651)
Impairment losses		(154,346)	(287,966)
Depreciation and amortisation expenses		(26,167)	(29,851)
Financing costs		(13,728)	(10,673)
Other expenses		(40,551)	(22,922)
Loss before income tax		(150,745)	(216,063)
Income tax benefit	7	21,373	31,899
Loss for the year from continuing operations		(129,372)	(184,164)
Loss for the year from discontinued operations, net of tax	6	(46,643)	(60,904)
Loss for the period		(176,015)	(245,068)
Loss attributable to:			
Owners of the Company		(176,015)	(245,068)
		(176,015)	(245,068)
Continuing Operations			
Basic earnings per share (cents per share)	10	(52.56)	(98.46)
Diluted earnings per share (cents per share)	10	(52.56)	(98.46)
Continuing and Discontinuing Operations			
Basic earnings per share (cents per share)	10	(71.51)	(131.02)
Diluted earnings per share (cents per share)	10	(71.51)	(131.02)

Consolidated Statement of Comprehensive Income

Cardno Limited and its Controlled Entities for the year ended 30 June 2016

	Note	2016 \$'000	Restated* 2015 \$'000
Loss for the year		(176,015)	(245,068)
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		20,447	82,993
Reclassification of exchange differences on disposal of subsidiary	6	(5,204)	-
Other comprehensive income for the year, net of tax		15,243	82,993
Total comprehensive income for the year		(160,772)	(162,075)
Total comprehensive income attributable to:			
Owners of the Company		(160,772)	(162,075)
		(160,772)	(162,075)

* See note 6 and 12 for details about restatement of comparative information

Consolidated Statement of Financial Position

Cardno Limited and its Controlled Entities as at ended 30 June 2016

	Note	2016 \$'000	Restated* 2015 \$'000
CURRENT ASSETS			
Cash and cash equivalents		105,613	84,750
Trade and other receivables		191,053	266,513
Inventories		115,305	154,611
Other current assets		11,276	12,794
Current tax receivable		4,819	19,349
Assets held for sale	5	10,233	9,191
TOTAL CURRENT ASSETS		438,299	547,208
NON-CURRENT ASSETS			
Other financial assets, including derivatives		3,770	7,625
Property, plant and equipment		47,310	64,851
Deferred tax assets		113,548	65,448
Intangible assets		346,540	548,084
TOTAL NON-CURRENT ASSETS		511,168	686,008
TOTAL ASSETS		949,467	1,233,216
CURRENT LIABILITIES			
Trade and other payables		125,115	150,566
Loans and borrowings		2,795	2,982
Current tax liabilities		-	14,785
Employee benefits		33,216	33,549
Provisions		3,139	3,410
Other current liabilities		40,691	43,047
Liabilities held for sale	5	10,233	9,191
TOTAL CURRENT LIABILITIES		215,189	257,530
NON-CURRENT LIABILITIES			
Loans and borrowings		152,425	393,108
Deferred tax liabilities		531	1,752
Employee benefits		4,545	10,342
Other non-current liabilities		776	876
TOTAL NON-CURRENT LIABILITIES		158,277	406,078
TOTAL LIABILITIES		373,466	663,608
NET ASSETS		576,001	569,608
EQUITY			
Issued capital	8	820,374	641,661
Reserves		77,325	62,082
Retained earnings / (losses)		(321,698)	(134,135)
TOTAL EQUITY		576,001	569,608

* See note 12 for details about restatement of comparative information

Consolidated Statement of Changes in Equity

Cardno Limited and its Controlled Entities for the year ended 30 June 2016

	Note	Share Capital Ordinary \$'000	Retained Earnings / (losses) \$'000	Foreign Translation Reserve \$'000	Reserve for Own Shares \$'000	Total \$'000
BALANCE AT 1 JULY 2014		623,875	160,385	(6,300)	(14,444)	763,516
Loss for the year		-	(245,068)	-	-	(245,068)
Exchange differences on translation of foreign operations		-	-	82,993	-	82,993
Total comprehensive income for the year		-	(245,068)	82,993	-	(162,075)
Transactions with owners in their capacity as owners:						
Shares issued	8	13,512	-	-	-	13,512
Employee share based payments	8	2,946	-	-	-	2,946
Own shares issued*		1,328	-	-	(1,328)	-
Own shares sold*		-	-	-	1,161	1,161
Dividends paid or provided	8	-	(49,452)	-	-	(49,452)
		17,786	(49,452)	-	(167)	(31,833)
BALANCE AT 30 JUNE 2015		641,661	(134,135)	76,693	(14,611)	569,608
Loss for the year		-	(176,015)	-	-	(176,015)
Exchange differences on translation of foreign operations		-	-	20,447	-	20,447
Reclassification of exchange difference on disposal of subsidiary	6	-	-	(5,204)	-	(5,204)
Total comprehensive income for the year		-	(176,015)	15,243	-	(160,772)
Transactions with owners in their capacity as owners:						
Shares issued	8	176,923	-	-	-	176,923
Employee share based payments	8	1,790	-	-	-	1,790
Own shares issued*		-	-	-	-	-
Own shares sold*		-	-	-	-	-
Dividends paid or provided	8	-	(11,548)	-	-	(11,548)
		178,713	(11,548)	-	-	167,165
BALANCE AT 30 JUNE 2016		820,374	(321,698)	91,936	(14,611)	576,001

* Shares issued are held in trust by the Cardno Limited Performance Equity Plan Trust which has been formed solely for the purpose of subscribing for, acquiring and holding shares for the benefit of employees participating in the Performance Equity Plan (PEP) of Cardno Limited. Own Shares sold are those shares transferred to PEP participants on exercise of Performance Options.

Consolidated Statement of Cash Flows

Cardno Limited and its Controlled Entities for the year ended 30 June 2016

	Note	2016 \$'000	Restated 2015 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		1,372,935	1,474,734
Interest received		1,196	506
Finance costs paid		(11,583)	(7,456)
Cash paid to suppliers and employees		(1,311,859)	(1,395,805)
Income tax paid		5,698	(23,856)
NET CASH PROVIDED BY OPERATING ACTIVITIES	9	56,387	48,123
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on disposal of subsidiaries	6	85,943	-
Acquisition of subsidiaries, deferred consideration paid		(23,857)	(11,187)
Payments for intangible assets		(1,122)	(1,005)
Proceeds from sale of property, plant and equipment		9,826	1,288
Payments for property, plant and equipment		(19,312)	(24,273)
NET CASH USED IN INVESTING ACTIVITIES		51,478	(35,177)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		177,038	6,135
Share issue transaction costs		(5,648)	(18)
Sale of own shares*		-	1,161
Proceeds from borrowings		444,598	707,228
Repayment of borrowings		(706,749)	(688,849)
Proceeds from termination of interest rate swap		11,761	-
Finance lease payments		(1,305)	(2,028)
Dividends paid		(7,693)	(42,055)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		(87,998)	(18,426)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		19,867	(5,480)
CASH AND CASH EQUIVALENTS AT 1 JULY		84,750	85,885
Reclassification of cash included in disposal group held for sale		77	(1,592)
Effects of exchange rate changes on cash and cash equivalents at the end of year		919	5,937
CASH AND CASH EQUIVALENTS AT 30 JUNE		105,613	84,750

* Own shares sold are those shares transferred to PEP participants in exercise of Performance Options.

Supplementary Appendix 4E Information

Cardno Limited and its Controlled Entities for the year ended 30 June 2016

3. SEGMENT INFORMATION

Cardno has two reportable segments managed separately by location and services provided. Internal management reports on the performance of these reportable segments are reviewed monthly by the Group's Chief Executive Officer (Chief Operating Decision Maker). The following summary describes the operations in each of Cardno's reportable segments.

- > **Professional Services Asia Pacific** – provides consulting engineering, planning, surveying, landscape architecture, environmental services, electrical engineering, geotechnical services as well as managing aid projects on behalf of unilateral and multilateral government agencies and private clients in that region.
- > **Professional Services Americas** – provides consulting engineering, planning, surveying, landscape architecture, environmental services and software sales globally. It also manages aid projects on behalf of unilateral and multilateral government agencies and private clients in that region.

Segment results that are reported to the chief operating decision makers include items directly attributed to the segment as well as those that can be allocated on a reasonable basis. Segment result is measured as the segment profit before interest, tax, depreciation, amortisation and impairment loss. Unallocated items mainly comprise other income, head office expenses, financing costs, and income tax expense.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill. Intersegment pricing is determined on an arm's length basis. Segment assets and liabilities have not been disclosed as these are not provided to the Chief Operating Decision Maker. This information is provided at a Group level only.

2016	Professional Services Asia Pacific \$'000	Professional Services Americas \$'000	Unallocated \$'000	Total \$'000
SEGMENT REVENUE – CONTINUING OEPERATIONS				
Fees from services and sale of goods	347,585	461,624	-	809,209
Fees from recoverable expenses	161,510	223,350	-	384,860
Inter-segment revenue	4,581	26,693	-	31,274
Segment Revenue	513,676	711,667	-	1,225,343
Other revenue	384	1,997	-	2,381
Total Segment Revenue	514,060	713,664	-	1,227,724
Inter-segment elimination				(31,274)
Total Revenue				1,196,450
Segment Result	43,567	9,268	(10,535)	42,300
Impairment losses	(26,734)	(127,612)	-	(154,346)
Depreciation and amortisation expense	(8,898)	(17,269)	-	(26,167)
Profit/(loss) from continuing operations	7,935	(135,613)	(10,535)	(138,213)
Finance costs and interest income				(12,532)
Loss before income tax				(150,745)
Income tax benefit				21,373
Loss from continuing operations after income tax				(129,372)
Net loss from discontinued operations after income tax				(46,643)
Loss from continuing and discontinuing operations after income tax				(176,015)
Acquisition of property, plant & equipment	13,966	6,043	-	20,009

Supplementary Appendix 4E Information

Cardno Limited and its Controlled Entities for the year ended 30 June 2016

3. SEGMENT INFORMATION CONTINUED

2015	Professional Services Asia Pacific \$'000	Professional Services Americas \$'000	Unallocated \$'000	Total \$'000
SEGMENT REVENUE – CONTINUING OPERATIONS				
Fees from services and sale of goods	360,967	493,752	-	854,719
Fees from recoverable expenses	136,299	190,552	-	326,851
Inter-segment revenue	3,168	37,667	-	40,835
Segment Revenue	500,434	721,971	-	1,222,405
Other revenue	282	4,097	-	4,379
Total Segment Revenue	500,716	726,068	-	1,226,784
Inter-segment elimination				(40,835)
Total Revenue				1,185,949
Segment Result	47,998	61,553	2,370	111,921
Impairment losses	-	(287,966)	-	(287,966)
Depreciation and amortisation expense	(10,032)	(19,819)	-	(29,851)
Profit/(loss) from continuing operations	37,966	(246,232)	2,370	(205,896)
Finance costs and interest income				(10,167)
Loss before income tax				(216,063)
Income tax benefit				31,899
Loss from continuing operations after income tax				(184,164)
Net loss from discontinued operations after income tax				(60,904)
Loss from continuing and discontinuing operations after income tax				(245,068)
Acquisition of property, plant & equipment	9,220	20,995	-	30,215

GEOGRAPHICAL INFORMATION

	2016		2015	
	Revenues \$'000	Total Non-Current Assets \$'000	Revenues \$'000	Total Non-Current Assets \$'000
Australia & New Zealand	443,867	236,804	425,177	283,343
Americas	555,354	246,019	527,895	315,733
United Kingdom	40,042	24,666	27,762	46,334
Singapore	23,438	-	35,444	-
Africa	26,019	1,212	52,646	37,689
Latin America	27,760	-	22,377	-
Indonesia	71,416	770	85,084	1,144
Other Countries	8,554	1,697	9,564	1,765
	1,196,450	511,168	1,185,949	686,008

Supplementary Appendix 4E Information

Cardno Limited and its Controlled Entities for the year ended 30 June 2016

4. BUSINESS COMBINATIONS

There were no acquisitions made during the year ended 30 June 2016 or 2015.

5. DISPOSAL GROUP HELD FOR SALE

In May 2015, management committed to a plan to sell Caminosca S.A., a controlled entity based in Ecuador and part of the Americas segment. At 30 June 2016, management is still actively seeking to sell Caminosca and accordingly, Caminosca continues to be presented as a disposal group held for sale.

Results and impairment losses relating to the disposal group

Impairment losses of \$46.2 million for write downs of the disposal group to the lower of its carrying amount and its fair value less costs to sell have been included in 'impairment losses' in the consolidated statement of financial performance in 2015.

The net contribution to the Group's loss after tax by the disposal group was a loss of \$4.9 million in the 2016 financial year (2015: profit \$4.7million before classified as held for sale and prior to the write down).

Cumulative income included within the foreign currency translation reserve relating to the disposal group is \$4.0 million (2015: \$3.8 million).

Assets and liabilities of disposal group held for sale

At 30 June 2015, the disposal group was stated at fair value less costs to sell. During 2016, the entity had transactions relating to the continuation of business whilst it has been held for sale and these have resulted in the following asset and liability balances:

	2016 \$'000	2015 \$'000
Cash and cash equivalents	1,513	1,592
Trade and other receivables	6,612	5,538
Property, plant and equipment	1,595	1,919
Deferred tax assets	164	58
Other current assets	349	84
Assets held for sale	10,233	9,191
Trade and other payables	2,988	3,674
Interest bearing loans and borrowings	52	119
Employee benefits	2,095	1,748
Current tax liabilities	5,098	3,650
Liabilities held for sale	10,233	9,191

Assets and liabilities classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell at the time of reclassification.

Supplementary Appendix 4E Information

Cardno Limited and its Controlled Entities for the year ended 30 June 2016

6. DISCONTINUED OPERATIONS

In November 2015 the Group sold its subsidiary Cardno ATC and in March 2016 sold its ECS business, both of which were part of the Americas segment. Management committed to a plan to sell these businesses, following a strategic review of the Group's operations necessitating the divestiture of non-core parts of the business. Cardno ATC was classified as held-for-sale during the period and as such was written down to its fair value less costs to sell prior to its disposal.

The businesses were not classified as held-for-sale or as discontinued operations in the prior period. The comparative consolidated statement of financial performance has been restated to show the discontinued operations separately from continuing operations.

	2016 \$'000	2015 \$'000
(a) Results of discontinued operation		
Revenue	105,270	240,461
Expense	(115,584)	(247,959)
Results of operating activities	(10,314)	(7,498)
Income tax	4,941	2,832
Results from operating activities, net of tax	(5,373)	(4,666)
Loss on disposal of subsidiary	(9,620)	-
Impairment losses	(36,854)	(56,238)
Reclassification of foreign currency differences and reserves	5,204	-
Profit/(loss) for the period	(46,643)	(60,904)
Basic earnings (loss) per share	(18.95)	(32.56)
Diluted earnings (loss) per share	(18.95)	(32.56)

The loss from discontinued operations of \$46.6 million (2015: \$60.9 million) is attributable entirely to the owners of the company.

	2016 \$'000	2015 \$'000
(b) Cash flows from (used in) discontinued operation		
Net cash from (used in) operating activities	(14,816)	(14,473)
Net cash from (used in) investing activities	13,479	15,848
Net cash flow for the period	(1,337)	1,375

	2016 \$'000
(c) Effect of disposal on the financial position of the group	
Property, plant and equipment	10,587
Inventories	41,403
Intangibles	48,320
Trade and other receivables	66,913
Bank overdraft	(1,016)
Deferred tax liabilities	(4,472)
Trade and other payables	(30,334)
Net assets and liabilities	131,401
Consideration received, satisfied in cash	84,927
Bank overdraft disposed of	1,016
Net cash inflow	85,943

Supplementary Appendix 4E Information

Cardno Limited and its Controlled Entities for the year ended 30 June 2016

7. INCOME TAX EXPENSE

	2016 \$'000	2015 \$'000
(a) The components of tax expense comprises:		
Current tax expense		
Current year	21,454	18,862
Adjustments for prior years	(8,701)	(5,553)
	12,753	13,309
Deferred tax expense		
Current year	(40,956)	(48,129)
Adjustments for prior years	6,830	2,921
	(34,126)	(45,208)
Total income tax expense / (benefit)	(21,373)	(31,899)
(b) Numerical reconciliation between tax expense and pre-tax profit		
Profit / (loss) before tax from continuing operations	(150,745)	(216,063)
Income tax using the Australian corporation tax rate of 30% (2015: 30%)	(45,224)	(64,819)
Increase (decrease) in income tax expense due to:		
Non-deductible expenses	4,249	6,008
Effect of tax rates in foreign jurisdictions	(10,320)	(10,836)
Allowances for R&D expenditure	(2,508)	(734)
Non-deductible portion of goodwill impairment	40,517	42,332
Sundry items	(6,218)	(1,218)
	(19,504)	(29,267)
Under / (over) provided in prior years	(1,869)	(2,632)
Income tax expense / (benefit)	(21,373)	(31,899)

The effective tax rate for FY2016 was 14.2 per cent as compared to 14.8 per cent in FY2015. The tax benefit recognised includes the tax effect of the impairment charges where goodwill is deductible for tax in the USA. This rate also reflects an increase in income earned in lower tax jurisdictions and a lower profit contribution from the United States.

	2016 \$'000	2015 \$'000
(c) Amounts recognised directly in equity		
Share based payments	-	283
Tax benefit on equity raising costs	1,678	-
Foreign exchange	26,104	-

Supplementary Appendix 4E Information

Cardno Limited and its Controlled Entities for the year ended 30 June 2016

8. ISSUED CAPITAL

	30 June 2016		30 June 2015	
	No. of shares	\$'000	No. of shares	\$'000
Balance at the beginning of the period	165,633,532	641,661	162,627,638	623,875
Shares issued during the period:				
> Dividend reinvestment scheme	1,471,163	3,854	1,667,137	7,397
> Shares issued for cash (net of transaction costs)	311,936,210	173,069	1,088,757	6,115
> Employee share based payments	-	1,790	-	2,946
> Own shares issued (i)	-	-	250,000	1,328
Balance at the end of the year	479,040,905	820,374	165,633,532	641,661

(i) Shares issued are held in trust by the Cardno Limited Performance Equity Plan Trust which has been formed solely for the purpose of subscribing for, acquiring and holding shares for the benefit of employees participating in the Performance Equity Plan (PEP) of Cardno Limited.

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.

	2016 \$'000	2015 \$'000
<i>Dividends Paid or Provided for on Ordinary Shares</i>		
(a) Dividends paid during the year (7 cents per share, 100% franked at 30%) (2015 30 cents per share, 100% franked at 30%)	11,548	49,452
(b) Franking credit balance 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%		
> franking credits/(debits) that will arise from the payment/(receipt) of income tax payable/(receivable) as at the end of the financial year	172	2,325
	(3,800)	13,059
	(3,628)	15,384

Supplementary Appendix 4E Information

Cardno Limited and its Controlled Entities for the year ended 30 June 2016

9. NOTES TO THE CASH FLOW STATEMENT

	2016 \$'000	2015 \$'000
Reconciliation of Net Cash from Operating Activities to Net profit for the year		
Net profit for the year	(176,015)	(245,068)
Adjust for non-cash items:		
Depreciation and amortisation	26,167	29,851
Impairment loss	154,346	344,204
(Gain)/loss on sale of property, plant & equipment	(1,896)	185
Loss on discontinued operations	46,643	2,970
Gain on repayment of USPP loan notes	(7,039)	-
Unrealised foreign exchange (gain)/loss	(590)	(9,036)
Net (gain)/loss on interest rate swap	(5,218)	83
Share based remuneration	1,790	2,946
Adjust for changes in assets and liabilities:		
(Increase) / decrease in assets:		
Inventories	1,530	(7,687)
Deferred tax assets	(24,732)	(45,434)
Trade receivables	33,034	7,918
Provision for doubtful debts	2,933	5,556
Other receivables	7,360	(8,593)
Prepayments	(623)	(1,024)
Other assets	2,102	(13,218)
Increase / (decrease) in liabilities:		
Trade payables	7,706	4,002
Income tax payable	(219)	(16,785)
Employee provisions	1,285	4,761
Unearned revenue	(7,124)	(7,677)
Other liabilities	(2,775)	(767)
Deferred tax liabilities	(2,278)	936
	56,387	48,123

10. EARNINGS PER SHARE

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

	2016 \$	2015 \$
Loss attributable to ordinary shareholders	(176,015,000)	(245,068,000)
Loss from continuing operations attributable to ordinary shareholders	(129,372,000)	(184,164,000)
Weighted average number of ordinary shares	Number	Number
Number of ordinary shares at 1 July	165,633,532	162,627,638
Effect of bonus element of rights issues	30,099,492	22,672,432
Effect of shares issued during the year	50,408,183	1,740,614
Weighted average number of ordinary shares at 30 June	246,141,207	187,040,684
	Cents	Cents
Earnings per share	(71.51)	(131.02)
Earnings per share - continuing operations	(52.56)	(98.46)

Supplementary Appendix 4E Information

Cardno Limited and its Controlled Entities for the year ended 30 June 2016

10. EARNINGS PER SHARE CONTINUED

Performance Options and 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.

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

	2016 \$	2015 \$
Loss attributable to ordinary shareholders (diluted)	(176,015,000)	(245,068,000)
Loss from continuing operations attributable to ordinary shareholders (diluted)	(129,372,000)	(184,164,000)
Weighted average number of ordinary shares (diluted)	Number	Number
Weighted average number of ordinary shares at 30 June (basic)	246,141,207	187,040,684
Effect of Performance Options and Performance Rights on issue	-	-
Weighted average number of ordinary shares (diluted) at 30 June	246,141,207	187,040,684
	Cents	Cents
Diluted Earnings per share	(71.51)	(131.02)
Diluted Earnings per share – continuing operations	(52.56)	(98.46)

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 or loss 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.

The bonus element in a rights issue to existing shareholders increases the number of ordinary shares outstanding without a corresponding change in resources. In this case, the number of ordinary shares outstanding before the event is adjusted for the proportionate change in the number of ordinary shares outstanding as if the event had occurred at the beginning of the earliest period presented. If the changes occur after the reporting period but before the financial statements are authorised for issue, the per share calculations for those and any prior period financial statements presented shall be based on the new number of shares. The fact that per share calculations reflect such changes in the number of shares shall be disclosed. In addition, basic and diluted earnings per share of all periods presented shall be adjusted for the effects of errors and adjustments resulting from changes in accounting policies, accounted for retrospectively.

Supplementary Appendix 4E Information

Cardno Limited and its Controlled Entities for the year ended 30 June 2016

11. CONTROLLED ENTITIES

Cardno's significant subsidiaries are listed below.

Name	Country of Incorporation	Equity Holding 2016	Equity Holding 2015
Cardno Holdings Pty Ltd	Australia	100%	100%
Cardno (Qld) Pty Ltd	Australia	100%	100%
Cardno Staff Pty Ltd	Australia	100%	100%
Cardno Staff No. 2 Pty Ltd	Australia	100%	100%
Cardno Operations Pty Ltd	Australia	100%	100%
Cardno International Pty Ltd	Australia	100%	100%
Cardno (WA) Pty Ltd	Australia	100%	100%
Cardno CCS Pty Ltd	Australia	100%	100%
Cardno Lawson Treloar Pty Ltd	Australia	100%	100%
Cardno (NSW/ACT) Pty Ltd	Australia	100%	100%
Cardno Willing Pty Ltd	Australia	100%	100%
Cardno Victoria Pty Ltd	Australia	100%	100%
Cardno Emerging Markets (Australia) Pty Ltd	Australia	100%	100%
Cardno UK Limited	United Kingdom	100%	100%
Cardno Emerging Markets (UK) Limited	United Kingdom	100%	100%
Cardno Emerging Markets (East Africa) Limited	Kenya	100%	100%
Cardno (NZ) Limited	New Zealand	100%	100%
Cardno Holdings New Zealand Limited	New Zealand	100%	100%
Cardno USA, Inc.	United States of America	100%	100%
Cardno, Inc.	United States of America	100%	100%
Cardno Emerging Markets Belgium s.a.	Belgium	100%	100%
Cardno (NT) Pty Ltd	Australia	100%	100%
Cardno (PNG) Ltd	Papua New Guinea	100%	100%
XP Software Pty Ltd	Australia	100%	100%
XP Software, Inc.	United States of America	100%	100%
XP Software Solutions Ltd	United Kingdom	100%	100%
Cardno Construction Sciences Pty Ltd	Australia	100%	100%
Cardno ITC Pty Ltd	Australia	100%	100%
Cardno Australian Underground Services Pty Ltd	Australia	100%	100%

Supplementary Appendix 4E Information

Cardno Limited and its Controlled Entities for the year ended 30 June 2016

11. CONTROLLED ENTITIES CONTINUED

Name	Country of Incorporation	Equity Holding 2016	Equity Holding 2015
Cardno Construction Sciences Pty Ltd	Australia	100%	100%
Cardno ITC Pty Ltd	Australia	100%	100%
Cardno Australian Underground Services Pty Ltd	Australia	100%	100%
Environmental Resolutions, Inc	United States of America	100%	100%
ENTRIX Inc	United States of America	100%	100%
ENTRIX Americas, SA	Ecuador	100%	100%
J.F. New & Associates, Inc.	United States of America	100%	100%
Cardno Roadtest Pty Ltd	Australia	100%	100%
Cardno BEC Pty Ltd	Australia	100%	100%
Cardno BEC (Qld) Pty Ltd	Australia	100%	100%
Cardno (Colombia) S.A.S.	Colombia	100%	100%
Cardno Emerging Markets (USA), Ltd	United States of America	100%	100%
Cardno Humphrey Reynolds Perkins Pty Ltd	Australia	100%	100%
Cardno Humphrey Reynolds Perkins Jewell Pty Ltd	Australia	100%	100%
Cardno Humphrey Reynolds Perkins Gold Coast Pty Ltd	Australia	100%	100%
Cardno Humphrey Reynolds Perkins Sunshine Coast Pty Ltd	Australia	100%	100%
Cardno Chenoweth Environmental Planning & Landscape Architecture Pty Ltd	Australia	100%	100%
Cardno LP Pty Ltd	Australia	100%	100%
Moriedale Holdings Pty Ltd	Australia	100%	100%
Geotech Solutions Pty Limited	Australia	100%	100%
Cardno GS, Inc.	United States of America	100%	100%
ATC Group Holdings, Inc.	United States of America	-	100%
Marshall Miller & Associates, Inc.	United States of America	100%	100%
Cardno EM-Assist, Inc.	United States of America	100%	100%
Cardno BTO Limited	New Zealand	100%	100%
Cardno Hard & Forester Pty Ltd	Australia	100%	100%
Cardno ChemRisk, LLC	United States of America	100%	100%
Caminosca S.A.S	South America	100%	100%
Cardno Geotech Pty Ltd	Australia	100%	100%
Cardno Haynes Whaley, Inc.	United States of America	100%	100%
Cardno PPI, LLC	United States of America	100%	100%
Cardno PPI Engineering & Construction Services, LLC	United States of America	-	100%
Cardno PPI Quality & Asset Management, LLC	United States of America	100%	100%
Cardno PPI Technology Services, LLC	United States of America	100%	100%
PPI Australia Pty Ltd	Australia	100%	100%
PPI Quality & Asset Management (Singapore) Pte Ltd	Singapore	100%	100%
PPI Quality & Asset Management (Malaysia) Sdn Bhd	Malaysia	100%	100%
Cardno PPI Technology Services Nigeria Limited	Nigeria	100%	100%
Cardno South Africa (Pty) Ltd	South Africa	100%	100%
I.T. Transport Limited	United Kingdom	100%	100%

Supplementary Appendix 4E Information

Cardno Limited and its Controlled Entities for the year ended 30 June 2016

12. RESTATEMENT OF COMPARATIVE INFORMATION

The Group completed a review during the year ended 30 June 2016 of its accounting policies and methodology for impairment testing. This review resulted in the Group revising its methodology in relation to the treatment of group overheads and corporate costs. Group overhead and corporate costs are now allocated to the individual cash generating units (CGUs) for impairment testing purposes whereas previously these were included in an impairment assessment at an overall group level. This change in approach is required to be applied retrospectively and resulted in the restatement of the impairment loss on goodwill recognised in the year ended 30 June 2015.

As set out in Note 6, the Group sold businesses during the 2016 year. The consolidated statement of financial performance has been restated to show the discontinued operations from continuing operations.

The following tables summarise the financial effects of these changes on the Group's consolidated statement of financial performance and consolidated statement of financial position presented in its financial statements for the year ended 30 June 2015:

	Year Ended 30 June 2015			
	Previously Reported \$'000	Impairment \$'000	Discontinued Operations \$'000	Restated \$'000
Profit before income tax and impairment losses	64,405	-	7,498	71,903
Impairment losses	(224,023)	(120,181)	56,238	(287,966)
Loss before income tax	(159,618)	(120,181)	63,736	(216,063)
Income tax benefit / (expense)	14,450	20,281	(2,832)	31,899
Profit/(loss) from continuing operations	(145,168)	(99,900)	60,904	(184,164)
Profit/(loss) from discontinued operations	-	-	(60,904)	(60,904)
Profit/(loss) for the period	(145,168)	(99,900)	-	(245,068)
Basic EPS	(88.32)			(131.02)
Diluted EPS	(88.32)			(131.02)

	Year Ended 30 June 2015			
	Previously Reported \$'000	Impairment \$'000	Discontinued Operations \$'000	Restated \$'000
Current Assets	547,208	-	-	547,208
Intangible assets	668,265	(120,181)	-	548,084
Deferred tax assets	45,167	20,281	-	65,448
Other non-current assets	72,476	-	-	72,476
Non Current Assets	785,908	(99,900)	-	686,008
Total Assets	1,333,116	(99,900)	-	1,233,216
Current Liabilities	257,530	-	-	257,530
Non Current Liabilities	406,078	-	-	406,078
Total Liabilities	663,608	-	-	663,608
Net Assets	669,508	(99,900)	-	569,608
Retained Earnings	(34,235)	(99,900)	-	(134,135)
Other Equity Items	703,743	-	-	703,743
Total Equity	669,508	(99,900)	-	569,608

There was no impact of the change on the Group's consolidated balance sheet as at 1 July 2014.

Supplementary Appendix 4E Information

Cardno Limited and its Controlled Entities for the year ended 30 June 2016

13. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Cardno Limited (the "Company") is a company incorporated and domiciled in Australia. This preliminary final report of the Company for the year ended 30 June 2016 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.

(a) Statement of compliance

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and has been derived from the unaudited annual consolidated financial statements for the year ended 30 June 2016, which are in the process of being audited.

The consolidated financial statements 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 preliminary final report does not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the consolidated annual financial statements of the Group as at and for the year ended 30 June 2015.

(b) Basis of Preparation

This preliminary final report has been prepared on a historical cost basis except where otherwise noted.

This preliminary final report and the consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191 dated 1 April 2016 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

Supplementary Appendix 4E Information

Cardno Limited and its Controlled Entities for the year ended 30 June 2016

14. NET TANGIBLE ASSETS ('NTA') PER SECURITY

	2016 cents	2015 cents
NTA per security	47.90	12.99

15. ASSOCIATES AND JOINT VENTURE ENTITIES

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

16. ACCOUNTING STANDARDS USED FOR FOREIGN ENTITIES

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

17. COMMENTARY ON THE RESULTS FOR THE PERIOD

Refer to Media Release and Management Presentation.

18. STATUS OF AUDIT

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



Michael Pearson
Company Secretary

29 August 2016