2020 FULL-YEAR ANNUAL REPORT

intega

Consolidated Financial Statements

for the year ended 30 June 2020

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The Company's Corporate Governance Statement last updated and Board approved on 24 August 2020 can be viewed on the website at https://intega.net/corporate-governance/

Directors' Report

The Directors present their Report together with the Consolidated Financial Statements of Intega Group Limited ("the Company") being the Company and the entities it controlled at the end of, or during the year ended 30 June 2020.

DIRECTORS

The names of Directors of the Company at any time during or since the end of the financial year are set out below. All directors held office during and since the end of the year unless otherwise indicated.

Neville Buch	Non-Executive Director and Chairman (appointed 20 August 2019)
Matt Courtney	Chief Executive Officer and Managing Director (appointed 20 August 2019)
Michael Alscher	Non-Executive Director (appointed 20 August 2019)
Jeffrey Forbes	Non-Executive Director (appointed 20 August 2019)
Steven Sherman	Non-Executive Director (appointed 20 August 2019)
Peter Barker	Non-Executive Director (appointed 1 May 2019, resigned 20 August 2019)
Paul Heick	Non-Executive Director (appointed 1 May 2019, resigned 20 August 2019)
Shael Munz	Non-Executive Director (appointed 1 May 2019, resigned 20 August 2019)

COMPANY SECRETARY

Courtney Marsden	General Counsel & Company Secretary

Qualifications of Company Secretary

Courtney Marsden – BAppSc, LLB (Hons), LLM

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

Directors' Report *(continued)*

Director	Experience	Special Responsibilities
Neville Buch	Neville Buch joined as a Non-Executive Director and Chairman of Intega Group Limited in August 2019. He is a Partner of Crescent Capital Partners where he heads Crescent's Operating Improvement Practice. He brings expertise in operational management and strategic planning. Prior to joining Crescent in 2009, Neville was the Chief Executive Officer of Wormald Australia and a Senior Executive of Tyco, where he was the Global Deputy Chairman of the Fire and Safety Division. He spent twelve years in senior management with Tyco, both in Australia and overseas and has significant experience in the United States, Europe and Asia. Neville is the Non-Executive Director of Steel Mains and the Non-Executive Chair of NZ Panels Group, Hall Contracting Pty Ltd, Viridian Glass Ltd and Nude By Nature Pty Ltd. Neville holds a Bachelor of Science in Electronic Engineering and a Masters of Business Administration from the University of Witwatersrand, South Africa.	*Non-Executive Chairman* *Chairman of Remuneration Committee*
Matt Courtney	Matt Courtney is the Managing Director and Chief Executive Officer of Intega Group Limited and was appointed in August 2019. However, he has been a part of Cardno Limited (Cardno) since Cardno purchased Bowler in 2008. Matt has more than 30 years' experience providing quality control and quality assurance to all sectors of construction for government and private clients, with multiple delivery modes including JV, Alliances, EPCM, and PPP. Matt's career started with Queensland Water Resources Commission (now SunWater) a Queensland Government owned corporation, prior to joining Bowler Geotechnical in 1992, and purchasing a franchise in Bowler Geotechnical in 1995. Matt has held several management roles in Cardno and was appointed CEO of Construction Sciences in 2016. During this period Matt has led the acquisition and integration of a number of businesses in Australia and in the USA. In October 2019 Intega Group Limited was demerged from Cardno and Matt was appointed CEO and Managing Director. Matt holds a Masters Degree in Engineering Science from the University of New South Wales and is a member of the Australian Institute of Company Directors.	*Chief Executive Officer and Managing Director*
Michael Alscher	Michael Alscher joined as a Non-Executive Director of Intega Group Limited in August 2019. He is the Managing Partner and founder of Crescent Capital Partners, a leading Australian based private equity firm with $2 billion in funds under management, specialising in high growth companies and certain industries such as healthcare and the services sector across multiple disciplines. 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 currently a Non-Executive Director of ClearView Limited and the Non-Executive Chair of Australian Clinical Labs Pty Ltd, National Dental Care Pty Ltd, 24-7Healthcare Pty Limited and Cardno Limited Michael holds a Bachelor of Commerce (Finance & Mathematics) from the University of New South Wales.	*Non-Executive Director* *Member of Audit, Risk & Compliance Committee* *Member of Remuneration Committee*
Steven Sherman	Steven Sherman joined Intega Group Limited as a Non-Executive Director in August 2019. He is a Chartered Accountant with more than 35 years' experience in corporate restructuring and insolvency. His experience ranges from advising on and facilitating restructuring and turnaround strategies for large listed enterprises, to the re-engineering of entire businesses across multiple international jurisdictions. During his time in private practice Steven was the National Managing Partner of one of Australia's largest independent internationally operating restructuring and corporate advisory firms. He has practiced in the area of financial and operational restructuring and provided professional advice to multinational financiers and lending syndicates as well as company boards and executives. Steven is the Non-Executive Director of Cardno Limited. Steven has a Bachelor of Commerce from the University of New South Wales. He is a Fellow of the Institute of Chartered Accountants and a member of the Australian Institute of Company Directors.	*Non-Executive Director* *Member of Audit, Risk & Compliance Committee* *Member of Remuneration Committee*

Directors' Report *(continued)*

Director	Experience	Special Responsibilities
Jeffrey Forbes	Jeff Forbes joined Intega Group Limited as a Non-Executive Director in August 2019. 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. Jeff previously worked at Cardno as CFO 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 - Jeff 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. Jeff is the Non-Executive Chair of Herron Todd White Group and Non-Executive Director of PWR Holdings Ltd and Cardno Limited. Previously he was a Non-Executive Director of Talon Petroleum Limited, Exoma Energy Limited, Affinity Education Limited and CMI Limited. Jeff 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* *Member of Remuneration Committee*

PRINCIPAL ACTIVITIES

Intega Group Limited was incorporated on 1 May 2019, as a holding company for the construction materials, quality and surveying parts of the Cardno business. On 31 October 2019, these businesses demerged from Cardno at which point the principal activity was operating as a quality, testing and measurement company, with expertise in construction materials testing, subsurface utility engineering and quality assurance.

DIVIDENDS

No dividends were declared for the financial year ended 30 June 2020.

EVENTS SUBSEQUENT TO REPORTING DATE

While there continues to be uncertainty relating to the future impacts of COVID-19, there has not arisen in the interval between year end and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future years. Management continues to closely monitor the pandemic for any impact on the Group.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Intega Group will continue to manage its global business and as certainty returns following the impacts of COVID-19, will continue to pursue its policy of growing both organically and by acquisition during the next financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as disclosed elsewhere in this Directors' Report, there have been no significant changes in the state of affairs.

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 insurance contract, as such disclosures are prohibited under the terms of the contract.

REVIEW OF RESULTS

PERFORMANCE ($'000)	8 Months 2020	Pro-forma FY 2020
Gross Revenue	300,112	451,992
Fee Revenue	222,947	333,976
Underlying EBITDA [1]	26,888	42,946
Underlying EBITDA excluding AASB 16 Impact [2]	18,624	30,899
Underlying Net Profit before Tax [3]	2,047	7,970
Underlying Net Profit before Tax excluding AASB 16 Impact [2]	2,192	8,266
Underlying Net Profit after Tax [3]	1,635	5,159
Operating Cash Flow	36,329	47,578
EPS - basic (cents)	1.50	2.27

[1] EBITDA = EBIT plus underlying adjustments, depreciation and amortisation.

[2] Excluding AASB 16 Impact represents the results before adjustments were made to implement the new accounting standard AASB 16 – Leases.

[3] Underlying Net Profit represents operating performance before the impact of underlying adjustments.

EBITDA and EBIT are unaudited. However, it is based on amounts extracted from the audited financial statements as reported in the consolidated statement of financial performance on page 21. These metrics provide a measure of Intega's performance before the impact of non-cash expense items, such as depreciation and amortisation, as well as interest costs associated with Intega's external debt facility and hire purchase arrangements.

FY 2020 relates to July 2019 to June 2020 and includes 4 months worth of results pre-demerger when Intega Group was still a subsidiary of Cardno. 8 Months 2020 relates to the period November 2019 to June 2020 where Intega has been operating as a separate Company.

Effective 21 October 2019, Cardno shares ceased trading with an entitlement to Intega shares. On 22 October 2019, Intega Group Limited was listed as a separate standalone entity on the Australian Securities Exchange on a deferred settlement basis. Economic separation and distribution of Intega shares to shareholders became effective from 31 October 2019.

Prior to the demerger, Intega Group and Cardno were required to undertake a number of internal share and asset transfers in connection with the corporate restructure.

Statutory financial information for Intega Group has been presented for the financial year ended 30 June 2020 from the date of demerge from the Cardno Group.

Intega Group Limited was first incorporated on 1st May 2019 and this is the first consolidated full year financial report issued by the group.

To assist shareholders in their understanding of the Intega Group, pro forma financial information for FY20 has been prepared to reflect the business as though the demerger occurred on 1 July 2019. Refer to page 7.

Directors’ Report *(continued)*

REVIEW OF RESULTS CONTINUED

Balance Sheet

At the time of demerger the company entered into its own bank debt facility. The new facility is a three-year multi-currency cash advance and letter of credit syndicated facility, expiring in October 2022. The company is in a net debt (cash on hand less debt excluding the impact on the new leasing standard) position of $46.0 million at the end of 30 June 2020 and all covenant ratios were met.

Included in the balance sheet are $99.7 million of intangible assets relating to goodwill, customer contracts and customer relationships acquired prior to the demerger relating to the Intega Group.

Cash Flow

The company recorded a net operating cash inflow from the date of demerge to the 30 June 2020 of $36.3 million and repaid debt facilities of $14.8 million.

SEGMENT OVERVIEW

Intega Group operates primarily in Australia, the United States, Canada and New Zealand. The services that the Group provides include:

Construction Materials Testing (CMT): This includes providing conformance tests on construction materials such as soil (earthworks), aggregate, pavement materials, concrete, grout, mortar and rock. This service also includes concrete mix design and trial mix testing. These tests help determine whether the construction of a project is meeting the standards specified by the designer/owner and the required regulations. CMT is conducted in laboratories that are accredited by regulatory bodies in each operating jurisdiction.

Subsurface Utility Engineering Services (UES): This includes mapping the location and condition of subsurface utilities such as pipes and cables, which helps reduce the occurrence of interference and conflict with existing infrastructure before and during construction.

Owners Representative Services to ensure that the quality requirements of a build meet the agreed specification and regulations for a project.

Environmental Testing: This includes testing soils, asbestos, groundwater quality, construction noise, dust and vibration levels to ensure that the build of a project meets the required environmental regulations.

Geotechnical Engineering: This includes design of temporary works, bored pile supervision, geotechnical investigation and site classification and pavement design; and

Quality Assurance (QA) on critical components for energy companies (both oil and gas and wind farms) to ensure that when parts arrive at a drill rig or a facility, that they are built and function as specified.

The Intega Group is made up of two segments Asia Pacific (APAC) and Americas.

Asia Pacific (APAC)

The APAC business gross revenue was $142.6 million including $91.9 million revenue in the eight months since demerge. Underlying EBITDA for the division was $17.8 million for the full year and $10.3 million since demerge. The APAC business has continued to perform well, maintaining market share and continuing to expand geographically.

During FY20, the APAC business operations saw no material impact from COVID-19 other than temporary project closures in New Zealand and border closures in Australia.

Americas

The Americas business revenue was $309.4 million and underlying EBITDA $26.0 million including $208.2 million revenue and $17.4 million EBITDA since demerge. The Americas saw strong results from the oil and gas sector in H1 2020 as well as continuing to benefit from large transportation infrastructure projects.

While the Americas saw some impact from COVID-19 in certain states in the US and areas of Canada forcing projects to delay, the business was able to respond quickly to curtail costs and minimise the financial impact during the year.

SEGMENT OVERVIEW CONTINUED

COVID-19 Response

Both segments of the Group responded quickly at the outset of the pandemic putting in place operational plans and appropriate protocols to ensure the safety of our employees and community. Deployment of remote working strategies, staggered shifts and segregated working areas together with site cleaning, sanitation stations and disinfectant procedures have meant that our sites have remained open and safe during this period.

The Group put in place greater governance around its systems and processes particularly from a finance perspective, increasing operational updates, cash forecasting and reporting and focus on working capital management. Aside from the deferral of payroll tax in Australia and social security payments in the US, the Group received no Government subsidies or initiatives. Payroll tax payments have since been made in Australia and the deferred payments in the US will be paid in 2021 in line with the initiatives terms.

	Statutory[1]	**Underlying Adjustments[3]**	**Underlying[1] Result 8 Months**	**Pre Demerger Result[2]**	**Underlying Adjustments[3]**	**Underlying[1] Result Full Year**
AUD '000			**Year Ended 30-June -2020**			
Asia Pacific	91,939	-	91,939	50,665	-	142,604
Americas	208,173	-	208,173	101,215	-	309,388
Gross Revenue	**300,112**	**-**	**300,112**	**151,880**	**-**	**451,992**
Asia Pacific	12,189	(1,873)	10,316	10,003	(2,500)	17,819
Americas	14,340	3,107	17,447	8,555	-	26,002
Operating EBITDA	**26,529**	**1,234**	**27,763**	**18,558**	**(2,500)**	**43,821**
Corporate	(875)	-	(875)	-	-	(875)
EBITDA[4]	**25,654**	**1,234**	**26,888**	**18,558**	**(2,500)**	**42,946**
Depreciation expense	(15,027)	-	(15,027)	(6,362)	-	(21,389)
Amortisation of intangibles	(5,937)	-	(5,937)	(3,022)	-	(8,959)
EBIT[5]	**4,690**	**1,234**	**5,924**	**9,174**	**(2,500)**	**12,598**
Net finance costs	(3,877)	-	(3,877)	(751)	-	(4,628)
Profit/(loss) before income tax	**813**	**1,234**	**2,047**	**8,423**	**(2,500)**	**7,970**
Income tax (expense)/benefit[7]	3,251	(3,663)	(412)	(2,399)	-	(2,811)
Profit/(loss) after income tax	**4,064**	**(2,429)**	**1,635**	**6,024**	**(2,500)**	**5,159**
Attributable to:						
Ordinary Equity holders	**4,064**	**(2,429)**	**1,635**	**6,024**	**(2,500)**	**5,159**

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. 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 the 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 the results of the Intega Group entities from 1 July 2019 to 31 October 2019 while a subsidiary of Cardno.*
3. *Details of adjustments from Statutory to Underlying financial information are set out on page 8.*
4. *EBITDA represents earnings before interest, income tax, and depreciation and amortisation.*
5. *EBIT represents earnings before interest and income tax.*
6. *Statutory EBITDA 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 21. These metrics provide a measure of Intega's performance before the impact of non-cash expense items, such as depreciation and amortisation, as well as interest costs associated with Intega's external debt facility and hire-purchase arrangements.*
7. *Income tax (expense)/benefit refer to Note 5 in the accompanying financial statements.*

Directors' Report *(continued)*

SEGMENT OVERVIEW CONTINUED

	Note	2020 $'000
Statutory Profit after Income Tax (Attributable to Ordinary Equity Holders)		4,064
Underlying Adjustments to EBITDA:		
APAC		
Demerger costs	1	259
Acquisition costs	2	(4,632)
AMERICAS		
Demerger costs	1	2,167
Acquisition costs	2	960
Results prior to demerge	3	18,558
Total Underlying Adjustments to EBITDA		**17,292**
Underlying Adjustments to Depreciation and Amortisation		
Results prior to demerge	3	(9,384)
Total Underlying Adjustments to Depreciation and Amortisation		**(9,384)**
Underlying Adjustments to Interest:		
Results prior to demerge	3	(751)
Total Underlying Adjustments to Interest		**(751)**
Underlying Adjustments to Income Tax:		
Tax effect of underlying adjustments		(23)
Recognition of previously unrecognised deferred tax asset	4	(7,836)
Change in tax rate	4	4,196
Results prior to demerge	3	(2,399)
Total Underlying Adjustments to Income Tax		**(6,062)**
Underlying Profit after Income Tax (Attributable to Ordinary Equity Holders)		**5,159**

1. *Costs incurred in relation to the Intega Group demerger from the Cardno Group implemented 31 October 2019.*
2. *Acquisition costs include retention payments in relation to prior acquisitions and a write back of prior year acquisition deferred settlement due to targets not being met.*
3. *Results for the Group for the four months prior to demerge from Cardno.*
4. *Accounting for the recognition of a DTA relating to the tax base of assets acquired by Intega Inc not previously recognised by Cardno. Change in the US State Income Tax rate of Intega as a standalone entity.*

OUTLOOK

During the year, Intega's businesses have responded with flexibility and agility in the current uncertain economic environment of COVID-19 from both an operational and financial perspective and are well positioned heading into 2021. Key areas of focus for the next twelve months are:

- Continue to refine and update business processes and plans in response to COVID-19 impacts;
- Continue to focus on financial agility to respond to changing markets;
- Process improvement and refinement following successful demerger and transition from Cardno;
- Expand organically and through acquisition; and
- Embed Intega values and drive consistency and continued growth.

DIRECTORS' MEETINGS

Attendance at Board meetings and Board Committee meetings for the year ended 30 June 2020 is set out below:

	Board of Directors		**Audit, Risk & Compliance Committee**		**Remuneration Committee**	
No. of Meetings Held	**A**	**B**	**A**	**B**	**A**	**B**
Neville Buch	5	5	-	-	2	2
Matt Courtney	5	5	-	-	-	-
Michael Alscher	5	5	1	2	2	2
Steven Sherman	5	5	2	2	2	2
Jeffrey Forbes	4	5	2	2	2	2

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

INTERESTS

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

	Ordinary Shares	**Options**	**Performance Rights**
Neville Buch	-	-	-
Matt Courtney	108,239	594,059	167,142
Michael Alscher	-	-	-
Steven Sherman	-	-	-
Jeffrey Forbes	148,619	-	-

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.

From time of demerger, Intega has for the purposes of this Report, considered the KMP to be the Directors, Chief Executive Officer (CEO), Executive Director Operations (EDO) and Chief Financial Officer (CFO). All forms of strategic and management decision making are centralised with the CEO, EDO and CFO (on behalf of the Board). The Company's delegation of authority matrix has been written and allows a delegation of operational (but not management) authority that enables the separate divisions to operate on a day-to-day basis. Members of management meet with the CEO weekly, and the CEO, EDO and CFO monthly to enable appropriate management oversight.

The KMP disclosed for the financial year ended 30 June 2020 are detailed in the following table.

Name	**Title**	**Period KMP (if less than full-year)**
NON-EXECUTIVE DIRECTORS		
Neville Buch	Non-Executive Director and Chairman	Appointed 31 October 2019
Michael Alscher	Non-Executive Director	Appointed 31 October 2019
Steven Sherman	Non-Executive Director	Appointed 31 October 2019
Jeffrey Forbes	Non-Executive Director	Appointed 31 October 2019
EXECUTIVES		
Matt Courtney	Chief Executive Officer and Managing Director	Appointed 31 October 2019
Gerard Midgley	Executive Director Operations	Appointed 31 October 2019
Shael Munz	Chief Financial Officer	Appointed 31 October 2019

KMP were appointed on 31 October 2019 however, pre-demerger the remuneration costs were borne by Cardno. The KMP commenced in their roles and Intega Group commenced payment for the roles in this entity on the 31st October 2019 when the demerger was successfully voted. Prior to the demerger the Company was a holding entity and neither the Directors or any management was acting as KMP during this time.

Remuneration Report (Audited) *(continued)*

B. ROLE OF THE REMUNERATION COMMITTEE

The remuneration of Directors, the CEO, KMP, managers and staff are reviewed by the Remuneration Committee.

Board decisions on the remuneration of the CEO and other executive KMP are made in the absence of the CEO and executive KMP.

When required, the Committee obtains independent advice from remuneration consultants on the appropriateness of remuneration based trends in comparative countries, both locally and internationally.

During the year ended 30 June 2020, the Remuneration Committee obtained advice from Godfrey Remuneration Group on an appropriate LTI structure going forward at a fee to Intega of $10,000. The Board met with Godfrey Remuneration Group and was satisfied that the recommendation was made without any influence by KMP and approved the recommendation on LTI structure made by Godfrey Group at the June Board meeting subject to approval at the FY20 AGM to be held in October 2020. No other advice was provided by Godfrey Remuneration Group during the year.

The Committee met twice during the year and committee members' attendance record is disclosed in the table of Directors' meetings.

C. NON-EXECUTIVE DIRECTORS' REMUNERATION

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

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 current aggregate fee limit of $850,000 was approved by shareholders at the Company's 2019 Extraordinary General Meeting.

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

	Board **$**	**Audit, Risk & Compliance Committee** **$**	**Remuneration Committee** **$**
Chairman	120,000	15,000	-
Non-Executive Director	60,000	10,000	10,000

The remuneration received by Non-Executive Directors from the period of demerger to 30 June 2020 is set out in the following table.

		Salary and Fees **$**	**Superannuation Benefits** **$**	**Total** **$**
NON-EXECUTIVE				
Neville Buch	2020	80,000	-	**80,000**
Michael Alscher	2020	53,333	-	**53,333**
Steven Sherman	2020	47,338	4,497	**51,835**
Jeffrey Forbes	2020	50,297	4,778	**55,075**
Total 2020		**230,968**	**9,275**	**240,243**

D. EXECUTIVE REMUNERATION STRATEGY AND STRUCTURE

The Board, has developed and adopted a remuneration structure driven by criteria which comprises 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. Refer to Section E for details of maximum STI available to KMP. For the year ended 30 June 2020, STI payments were determined by achievement of 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 — Prorata STI Paid 100% budget underlying EBITDA achieved — 100% STI target paid > 105% budget underlying EBITDA achieved — Maximum STI paid STI's are paid in cash following the release of the audited financial results to the ASX. Refer to section E for details of maximum STI available to KMP.
Long-Term Incentive (LTI)	Target LTI opportunities are expressed as a percentage of TFR. Performance Rights issued under the previous LTI plan transferred from Cardno at demerger, are 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. For FY20 the LTI scheme provides for the issue of Options for nil consideration to KMP and senior management. Options are issued subject to the employee continuing employment with the company and will vest on the third anniversary of the grant date. For FY21 and beyond, the proposed LTI scheme will provide for the issue of Indeterminate Rights for nil consideration to KMP and senior management who contribute to the achievement of performance hurdles over a three-year period that focus on rebuilding shareholder value and profit expectations. The performance hurdles are: - 50% of the Rights will vest upon the achievement of Total Shareholder Return (TSR) ranking criteria relative to the TSR of constituents of the Small Industrials Index, and - 50% of the Rights will vest on growth in annual EBITDA per Share Growth relative to a target set by the Board. Subject to meeting the relevant performance hurdles, upon vesting, the Indeterminate Rights will be converted into ordinary shares in the Company.

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 6 months.

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 discretion. In the event of termination without cause, the Group is required to pay Executive KMP their notice period of 6 months of salary.

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.

Matt Courtney commenced acting as CEO and Managing Director on 31 October 2019 and is paid Total Fixed Remuneration (TFR) of $400,000 per annum plus a car allowance of $6,000. He is eligible to receive an STI up to a maximum of 40% of TFR, subject to certain Intega Group EBITDA thresholds being met.

Matt was granted 594,059 Options in FY20, the equivalent of 30% TFR, that are due to vest in 3 years. Vesting is subject to Matt continuing employment at Intega at that time.

Prior to demerger, Matt held 79,102 FY18 Cardno Performance Rights and 88,040 FY19 Cardno Performance Rights under the Previous Cardno Plan. Upon Demerger, his existing FY18 and FY19 Performance Rights were cancelled and replaced by the grant of 79,102 FY18 Intega Performance Rights and 88,040 FY19 Intega Performance Rights under the Intega Plan.

Matt has a six month notice period required by either party on termination as well as a 12 month restraint period.

Gerard Midgley commenced as EDO on 31 October 2019 and is paid TFR of $300,000 per annum plus a car allowance of $6,000. He is eligible to receive an STI up to a maximum of 32.5% of TFR, subject to certain Intega Group EBITDA thresholds being met.

Gerard was granted 371,287 options in FY20, the equivalent of 25% TFR, that are due to vest in 3 years. Vesting is subject to Gerard continuing employment at Intega at that time.

Prior to demerger, Gerard held 49,720 FY19 Cardno Performance Rights under the Previous Cardno Plan. Upon Demerger, his existing FY19 Performance Rights were cancelled and replaced by the grant of 49,720 FY19 Intega Performance Rights under the Intega Plan.

Gerard has a six month notice period required by either party on termination as well as a six month restraint period.

Shael Munz commenced as CFO on 31 October 2019 and is paid TFR of $300,000 per annum. She is eligible to receive an STI up to a maximum of 32.5% of TFR, subject to certain Intega Group EBITDA thresholds being met.

Shael was granted 371,287 options in FY20, the equivalent of 25% TFR, that are due to vest in 3 years. Vesting is subject to Shael continuing employment at Intega at that time.

Shael has a six month notice period required by either party on termination as well as a six month restraint period.

Remuneration Report (Audited) *(continued)*

F. EXECUTIVE KEY MANAGEMENT PERSONNEL - REMUNERATION TABLES

The remuneration received by Executive KMP from the period of demerger to 30 June 2020 is set out in the following table. For the period before 31st October the executive KMP were not acting in their roles and remuneration was paid by Cardno.

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. Whether or not Executive KMP realise any value from these share based payments will depend upon the satisfaction of the applicable performance conditions.

	SHORT-TERM BENEFITS			SHARE-BASED PAYMENTS	POST EMPLOYMENT	
	Salary and Fees	**STI Cash**	**Non-Monetary Benefits**	**Performance Rights & Options**	**Superannuation Benefits**	**Total**
EXECUTIVE KEY MANAGEMENT PERSONNEL						
Matt Courtney	240,518	160,000	6,000	64,158	13,732	484,408
Gerard Midgley	183,495	97,500	6,000	25,680	13,732	326,407
Shael Munz	183,495	97,500	0	13,823	13,732	308,550
TOTAL 2020	**607,508**	**355,000**	**12,000**	**103,661**	**41,196**	**1,119,365**

KMP remuneration is for the period from 1 November 2019 to 30 June 2020, being the date the executives commenced acting as KMP in these roles. STI paid to KMP relates to targets achieved for the full FY20 financial year.

FY20 STI is assessed 100% against achievement of budgeted EBITDA for the year as set by the Board. There were no non-financial performance measures set. The budgeted EBITDA target was exceeded by more than 105% and KMP received STI at the maximum percentage of TFR.

NAME	ROLE	STI Target %TFR	STI Maximum % TFR
Matt Courtney	CEO and Managing Director	30%	40%
Gerard Midgley	Executive Director Operations	25%	32.5%
Shael Munz	Chief Financial Officer	25%	32.5%

Proportion of Performance Related Remuneration

		Percentage of Target STI Received	Percentage of Remuneration Performance Related
EXECUTIVE KEY MANAGEMENT PERSONNEL			
Matt Courtney	**2020**	**100%**	**42%**
Gerard Midgley	**2020**	**100%**	**35%**
Shael Munz	**2020**	**100%**	**32%**

Remuneration Report (Audited) *(continued)*

F. EXECUTIVE KEY MANAGEMENT PERSONNEL - REMUNERATION TABLES (CONTINUED)

Performance Rights and Options Granted and Movement during the Year

The aggregate number of Performance Rights and Options in the Company that were granted as compensation, exercised and lapsed to each Executive KMP for the year ended 30 June 2020 is set out in the following table.

	Balance at 1 November 2019	Rights / Options Granted During the Year as Remuneration	Value of Rights / Options Granted During the Year	Rights / Options Exercised During the Year	Value of Rights / Options Exercised During the Year	Lapsed / Cancelled During the Year	Value of Lapsed / Cancelled	Balance at 30 June 2020	Maximum Total Yet to Vest
	No.	No.	$	No.	$	No.	$	No.	No.
EXECUTIVE KEY MANAGEMENT PERSONNEL									
Matt Courtney	167,142	594,059	120,000	-	-	-	-	761,201	761,201
Gerard Midgley	49,720	371,287	75,000	-	-	-	-	421,007	421,007
Shael Munz	-	371,287	75,000	-	-	-	-	371,287	371,287

Details of vesting profiles of Performance Rights and Options granted as remuneration to Key Management Personnel of Intega and still outstanding at 30 June 2020, including those granted during the financial year are as follows in the table below:

	Year	Outstanding Performance Rights/Options	Grant Date	Vesting Date	% Vested in Year	% Forfeited in Year	Fair Value at Grant Date
EXECUTIVE KEY MANAGEMENT PERSONNEL							
Matt Courtney	2018	79,102	1-Nov-17	1-Nov-20	0.0%	0.0%	$1.21
	2019	88,040	1-Nov-18	1-Nov-21	0.0%	0.0%	$1.08
	2020	594,059	11-Dec-19	1-Nov-22	0.0%	0.0%	$0.202
Gerard Midgley	2019	49,720	1-Nov-18	1-Nov-21	0.0%	0.0%	$1.08
	2020	371,287	11-Dec-19	1-Nov-22	0.0%	0.0%	$0.202
Shael Munz	2020	371,287	11-Dec-19	1-Nov-22	0.0%	0.0%	$0.202

The 2018 & 2019 Performance Rights issued were revalued on demerge (31 October 2019). The valuation came in at a lower fair value and therefore for accounting purposes the original fair value was used.

The number of Performance Rights and Options included in the balance at 30 June 2020 for the Executive KMP is set out in the following table.

	Balance at 30 June 2020	Vested & Exercisable at the End of the Year
EXECUTIVE KEY MANAGEMENT PERSONNEL		
Matt Courtney	761,201	-
Gerard Midgley	421,007	-
Shael Munz	371,287	-

Subsequent to year end, no Performance Rights or Options have been issued to KMP. No terms of Performance Rights or Options transactions have been altered by the Company during the reporting period. The Board has not exercised its discretion to allow the early vesting of any Performance Rights or Options under any of the incentive plans.

F. EXECUTIVE KEY MANAGEMENT PERSONNEL - REMUNERATION TABLES (CONTINUED)

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 or Options 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 are delivered through the Intega Performance Equity Plan (PEP). Under this plan any LTI award is paid in either Shares, Performance Rights or Options.

At time of demerger, Matt Courtney and Gerard Midgley held Cardno Performance Rights. These performance rights are listed below as the "*2019 Pre Demerger LTI Plan Performance Hurdles"* and the "*2018 Pre Demerger LTI Plan Performance Hurdles".*

At the date of demerger, in order to ensure employees were not disadvantaged and the overall value of the Performance rights granted to the employees was preserved, there was a modification to these share based payment arrangements. The performance rights held by Intega employees were transferred to the Intega Plan. At the date of modification, the 2018 and 2019 performance rights were revalued at 31 October 2019 on transition to the Intega Plan. The fair value of the modified rights were less than the fair value of the original rights and accordingly there was no effect on the expense recognised.

The terms and performance hurdles are listed below.

Performance Period:

The performance period for Performance Rights and Options 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 and Options is discretionary and applied to eligible staff considered to have been high performers in their respective roles.

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

2020 LTI Plan Performance Hurdles:

Options issued under the FY20 plan were for retention purposes and as such are not subject to performance hurdles. The options will vest on the third anniversary of the grant date subject to the employee continuing employment at Intega Group.

2019 Pre Demerger LTI Plan Performance Hurdles:

2019 Pre Demerger LTI Plan Performance Rights are subject to a combined Group EBITDA performance hurdle.

The Rights will vest on 1 November 2021. 50% or more of the Performance Rights will vest subject to the Combined EBITDA hurdle for the full 2021 financial year being $73.5 million, with the remaining 50% vesting in straight line growth against a Combined EBITDA of $77.5 million.

Combined EBITDA will be determined by the Board according 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, 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.

G. LTI SHARE PLANS (CONTINUED)

2018 Pre Demerger LTI Plan Performance Hurdles:

2018 Pre Demerger LTI Plan Performance Rights are allocated in two equal tranches: 50% is subject to the Share Price performance hurdle and 50% is subject to a combined Group EBITDA performance hurdle. These conditions are tested independently.

The Rights will vest on 1 November 2020. The performance hurdles are, Share Price (Tranche 1: 50%), the volume weighted average price of Shares at the close of trading over a 20 day trading period immediately prior to the Company's 2020 AGM, must be a combined Share Price of at least $1.10 per share and, the combined underlying EBITDA (Tranche 2: 50%) for the full 2020 financial year must exceed $60 million (adjusted for acquisitions).

Combined EBITDA will be determined by the Board according to the following formula:
Combined EBITDA = Cardno EBITDA + Intega EBITDA

The combined Share Price is defined as:

$$\frac{(SP(Cardno) \times NS\ (Cardno)) + (SP(Intega) \times NS(\ Intega))}{Number\ of\ Cardno\ Shares}$$

Where:

- **NS(Cardno)** means the total number of ordinary shares in Cardno on issue on the ASX trading day that immediately precedes the date of the 2020 Annual General Meeting (AGM) for Cardno.
- **NS(Intega)** means the total number of ordinary shares in Intega on issue on the ASX trading day that immediately precedes the date of the (AGM) Meeting for Intega.
- **Number of Cardno Shares** means the total number of ordinary shares in Cardno on issue on the date immediately prior to completion of the Demerger.
- **SP(Cardno)** means the volume weighted average price (VWAP) of an ordinary share in Cardno over a 20-day trading period ending on and including the date immediately prior to the date of vesting of the performance right.
- **SP(Intega)** means the VWAP of ordinary shares in Intega over a 20-day trading period ending on and including the date immediately prior to the date of vesting of the performance right.

Number of Performance Rights & Options:

There are currently 216,862 Performance Rights and 1,584,158 Options on issue at 30 June 2020. As a share-based payment, these Performance Rights and Options were valued for accounting and reporting purposes using the Monte Carlo simulation and Black Scholes method.

As there were no market-based performance hurdle it is appropriate to value the Options using the Binomial method.

Assumption at fair value date	2020	Revised Fair Value 2019	Original Fair Value 2019	Revised Fair Value 2018	Original Fair Value 2018
Share Price	$0.51	$0.565	$1.08	$0.565	$1.35
Risk Free Rate	0.71%	0.80%	-	0.80%	1.99%
Volatility	50%	40%	-	40%	63%
Fair value	$0.202	$0.565	$1.080	$0.438	$1.210
Exercise price	$0.735				

Remuneration Report (Audited) *(continued)*

H. THE GROUP'S PERFORMANCE

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

	8 Months 2020
Gross Revenue – (000's)	300,112
Underlying EBITDA (000's)	26,888
Net Profit After Tax (000's)	4,064
Dividends Paid or Provided (000's)	-
Change in Share Price – Closing June 2020 (cents)	0.23

I. OTHER RELATED PARTY TRANSACTIONS

Share Holdings

The movement for the year ended 30 June 2020 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 1 July 2019	Balance at Demerger 1 Nov 2019	Received During the Year on the Exercise of Rights	Other Changes During the Year	Balance at 30 June 2020
NON-EXECUTIVE DIRECTOR					
Neville Buch	-	-	-	-	-
Michael Alscher	-	-	-	-	-
Steven Sherman	-	-	-	-	-
Jeffrey Forbes	-	148,619	-	-	148,619
EXECUTIVE KEY MANAGEMENT PERSONNEL					
Matt Courtney	-	61,239	-	47,000	108,239
Gerard Midgley	-	397	-	65,227	65,624
Shael Munz	-	2,000	-	55,000	57,000

Loans to Executive Key Management Personnel

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

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.

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 Intega, acting as an advocate for Intega 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 2001

The lead auditor’s independence declaration is set out on page 20 and forms part of the Directors’ report for the year ended 30 June 2020.

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.

NEVILLE BUCH

Chairman

25 August 2020

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

To the Directors of Integа Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Intega Group Limited for the financial year ended 30 June 2020 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

KPMG

Simon Crane
Partner

Brisbane
25 August 2020

Consolidated Statement of Financial Performance

Intega Group Limited and its Controlled Entities for the year ended 30 June 2020

	Note	2020 $'000	2019 $'000
Revenue	2A	300,112	**-**
Other income	2E	196	-
Financing income	3	66	-
Employee expenses		(176,463)	-
Consumables and materials used		(43,123)	-
Sub-consultant and contractor costs		(35,787)	-
Depreciation and amortisation expenses		(20,964)	-
Financing costs	3	(3,943)	-
Impairment loss on trade receivables and contract assets	4, 18	(1,475)	-
Other expenses		(17,806)	-
Profit before income tax		813	**-**
Income tax benefit	5	3,251	**-**
Profit for the year		**4,064**	**-**
Profit attributable to:			
Owners of the Company		4,064	-
Earnings per share			
Basic earnings per share (cents per share)	23	1.50	-
Diluted earnings per share (cents per share)	23	1.50	**-**

Consolidated Statement of Other Comprehensive Income

Intega Group Limited and its Controlled Entities for the year ended 30 June 2020

	Note	2020 $'000	2019 $'000
Profit for the year		**4,064**	**-**
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(118)	-
Other comprehensive income for the year, net of tax		3,946	-
Total comprehensive income for the year		3,946	-
Total comprehensive income attributable to:			
Owners of the Company		3,946	-

The statement of financial performance and statement of comprehensive income should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

Intega Group Limited and its Controlled Entities as at 30 June 2020

	Note	2020 $'000	2019 $'000
CURRENT ASSETS			
Cash and cash equivalents	7	40,029	-
Trade and other receivables	2C, 8	64,899	-
Contract Assets	2C, 9	26,319	-
Inventories		165	-
Other current assets	21	4,065	-
TOTAL CURRENT ASSETS		**135,477**	**-**
NON-CURRENT ASSETS			
Property, plant and equipment	10	18,973	-
Right of use assets	11	38,033	-
Deferred tax assets	6	21,515	-
Intangible assets	12	99,666	-
TOTAL NON-CURRENT ASSETS		**178,187**	**-**
TOTAL ASSETS		**313,664**	**-**
CURRENT LIABILITIES			
Trade and other payables	13	46,597	-
Loans and borrowings	14	13,641	-
Current tax liabilities		1,850	-
Employee benefits		15,603	-
Provisions	15	1,745	-
Contract liabilities	2C	1,343	-
Other current liabilities		66	-
TOTAL CURRENT LIABILITIES		**80,845**	**-**
NON-CURRENT LIABILITIES			**-**
Loans and borrowings	14	105,077	-
Deferred tax liabilities	6	1,020	-
Employee benefits		1,487	-
Other non-current liabilities		246	-
TOTAL NON-CURRENT LIABILITIES		**107,830**	**-**
TOTAL LIABILITIES		**188,675**	**-**
NET ASSETS		**124,989**	**-**
EQUITY			**-**
Issued capital	16	136,951	-
Reserves		1,353	-
Retained losses		(13,315)	-
TOTAL EQUITY		**124,989**	**-**

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

Consolidated Statement of Changes in Equity

Intega Group Limited and its Controlled Entities for the year ended 30 June 2020

	Note	Issued Capital $'000	Retained Earnings / (losses) $'000	Foreign Translation Reserve $'000	Total Equity $'000
DATE OF INCORPORATION 1 MAY 2019		**-**	**-**	**-**	**-**
Movement for the year		-	-	-	-
BALANCE AT 30 JUNE 2019		**-**	**-**	**-**	**-**
Profit/(loss) for the year		-	4,064	-	4,064
Exchange differences on translation of foreign operations		-	-	(118)	(118)
Total comprehensive income for the year		**-**	**4,064**	**(118)**	**3,946**
Transactions with owners in their capacity as owners:					
Employee share based payments	16	191	-	-	191
Issue of shares on demerger	16, 25	136,760	(17,379)	1,471	120,852
BALANCE AT 30 JUNE 2020		**136,951**	**(13,315)**	**1,353**	**124,989**

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

Consolidated Statement of Cash Flows

Intega Group Limited and its Controlled Entities for the year ended 30 June 2020

	Note	2020 $'000	2019 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		309,809	-
Interest received		66	-
Finance costs paid		(3,393)	-
Cash paid to suppliers and employees		(270,153)	-
Income tax paid		-	-
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	22	**36,329**	**-**
CASH FLOWS FROM INVESTING ACTIVITIES			
Deferred settlement of acquisitions		(6,772)	-
Proceeds from sale of property, plant and equipment		475	-
Payments for property, plant and equipment		(2,837)	-
Cash and Cash Equivalent on Demerge		20,588	-
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES		**11,454**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		15,574	-
Repayment of borrowings		(14,762)	-
Lease Liability payments		(8,655)	-
NET CASH USED IN FINANCING ACTIVITIES		**(7,843)**	**-**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		**39,940**	**-**
CASH AND CASH EQUIVALENTS AT 1 JULY		**-**	**-**
Effects of exchange rate changes on cash and cash equivalents at the end of year		89	-
CASH AND CASH EQUIVALENTS AT 30 JUNE	7	**40,029**	**-**

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

Notes to the Consolidated Interim Financial Statements

Intega Group Limited and its Controlled Entities for the year ended 30 June 2020

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

1. SEGMENT INFORMATION

Intega has two reportable segments managed separately by location and services provided. The segments are an aggregate of businesses which provide similar services in similar markets.

Internal management reports on the performance of these reportable segments are reviewed weekly and monthly by the Group's Chief Executive Officer (CEO). The following summary describes the operations in each of Intega's reportable segments.

- **Asia Pacific (APAC)** – provides services in construction materials testing, subsurface utility engineering services, environmental testing and geotechnical engineering.
- **Americas** – provides services in construction materials testing, subsurface utility engineering services, owners representative services, quality assurance, environmental testing and geotechnical engineering.
- **Other** – Group Head Office costs incurred as a publicly listed entity.

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

Reconciliations of reportable segment revenues and profit or loss

2020 $'000	**Asia Pacific**	**Americas**	**Other**	**Total**
SEGMENT REVENUE				
Fees from consulting services	91,499	131,448	-	222,947
Fees from recoverable expenses	390	76,540	-	76,930
Segment Revenue	91,889	207,988	-	299,877
Other revenue	50	185	-	235
Total Segment Revenue	**91,939**	**208,173**	**-**	**300,112**
Segment Result	**10,316**	**17,447**	**(875)**	**26,888**
Acquisition related expenses	2,132	(940)	-	1,192
De-merger related expenses	(259)	(2,167)	-	(2,426)
Depreciation and amortisation expense	(8,506)	(12,458)	-	(20,964)
Profit before interest and income tax	**3,683**	**1,882**	**(875)**	**4,690**
Finance Costs and interest income				(3,877)
Profit before income tax				**813**
Income tax expense				3,251
Profit after income tax				**4,064**

GEOGRAPHICAL INFORMATION

	2020	
	Revenues $'000	**Non-Current Assets $'000**
Australia & New Zealand	91,939	73,852
United States of America	186,862	97,363
United Kingdom	7,218	-
Canada	14,093	6,972
	300,112	**178,187**

2. REVENUE

A. Revenue Streams

The Group generates revenue primarily from construction materials testing, subsurface utility engineering services and quality assurance.

	2020 $'000	2019 $'000
REVENUE		
Fees from consulting services	222,947	-
Fees from recoverable expenses	76,930	-
Other	235	-
Revenue	**300,112**	**-**

B. Disaggregation of revenue from contracts with customers

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

$'000	Segment Revenue	Over Time Revenue	Point in Time Revenue
Asia Pacific	91,939	22,343	69,596
Americas	208,173	208,173	-
Revenue	**300,112**	**230,516**	**69,596**

Below is the disaggregation of the revenue streams into timing of transfer of services being overtime versus point in time.

Construction Materials Testing (CMT): This includes providing conformance tests on construction materials such as soil (earthworks), aggregate, pavement materials, concrete, grout, mortar and rock. This service also includes concrete mix design and trial mix testing. These tests help determine whether the construction of a project is meeting the standards specified by the designer/owner and the required regulations. CMT is conducted in laboratories that are accredited by regulatory bodies in each operating jurisdiction.

Subsurface Utility Engineering Services: This includes mapping the location and condition of subsurface utilities such as pipes and cables, which helps reduce the occurrence of interference and conflict with existing infrastructure before and during construction.

Quality Assurance on critical components for energy companies (both oil and gas and wind farms) to ensure that when parts arrive at a drill rig or a facility, that they are built and function as specified.

$'000	Segment Revenue	Over Time Revenue	Point in Time Revenue
Construction materials testing	188,699	119,103	69,596
Subsurface utility engineering	70,575	70,575	-
Quality assurance	40,838	40,838	-
Revenue	**300,112**	**230,516**	**69,596**

2. REVENUE CONTINUED

C. Contract balances

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

$'000	30 June 2020	30 June 2019
Receivables (included in Trade and other receivables)	72,914	-
Loss allowance	(8,969)	-
Contract assets	26,319	-
Contract liabilities	1,343	-

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The transfer amounts of the contract assets from demerge was $21.9 million refer to Note 25. The carrying amount of contract assets as at 30 June 2020 is reduced by a total impairment provision of $0.5 million. Impairment provisions are booked against specific high risk and aged contract assets where billing and recovery is doubtful.

The contract assets are transferred to trade receivables, on a continuous billing basis, 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 2020 will be recognised in the next financial year.

D. Revenue recognition policies

The Group may provide services on a per unit basis, time and materials basis or lump sum basis.

Under AASB 15 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 some contracts require 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.

E. Other Income

	2020 $'000	2019 $'000
Gain on disposal of property, plant and equipment	196	-
Other Income	**196**	**-**

3. NET FINANCING COSTS

	2020 $'000	2019 $'000
Interest paid	(2,963)	-
Lease Liabilities – Interest Expense	(980)	-
Interest received	66	-
Net Financing Costs	**(3,877)**	**-**

Accounting for Net Finance Costs

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

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

4. EXPENSES

	2020 $'000	2019 $'000
Impairment loss on trade receivables and contract assets	(1,475)	-

5. INCOME TAX BENEFIT

	2020 $'000	2019 $'000
(a) The components of tax expense comprises:		
Current tax expense		
Current year	2,834	-
Adjustments for prior years	-	-
	2,834	-
Deferred tax expense		
Current year	(6,085)	-
Adjustments for prior years	-	-
	(6,085)	-
Total income tax expense / (benefit)	**(3,251)**	**-**
(b) Numerical reconciliation between tax expense and pre-tax profit		
Profit / (loss) before tax	813	-
Income tax using the Australian corporation tax rate of 30%	244	-
Increase (decrease) in income tax expense due to:		
Non-deductible expenses	(371)	-
Effect of tax rates in foreign jurisdictions	(292)	-
Impact of valuation allowance on foreign tax credits	917	-
Allowances for R&D expenditure	(69)	-
Change in tax rates	4,196	-
Recognition of previously unrecognised deferred tax asset	(7,836)	-
Sundry items	(40)	-
	(3,251)	**-**
Under / (over) provided in prior years	-	-
Income tax expense / (benefit)	**(3,251)**	**-**
(c) Amounts recognised directly in equity		
Foreign exchange	-	-

5. INCOME TAX BENEFIT CONTINUED

The effective tax rate for FY20 was 399%. The income tax benefit in the current year is primarily due to recognition of previously unrecognised goodwill deductions relating to the oil and gas business in the United States which were not claimed by Cardno of $7.8 million less the change in State income tax rates in the United States for Intega as a standalone entity of $4.2 million. Excluding these two adjustments the effective tax rate would have been 47%.

For the period up to 31 October 2019, the Group was a part of the Cardno group taxation arrangements. On 31 October 2019, the Group exited Cardno's Australian income tax consolidated group. The Group's entities that left Cardno's Australian income tax consolidated group exited clear from any further income tax liability relating to the period during which they formed part of that income tax consolidated group. Past or future tax obligations that may arise in respect of the period the Group was a member of the Cardno's Australian income tax consolidated group will be borne by Cardno.

Following demerge, Intega formed an Australian tax consolidated group and this report has been prepared on that basis.

6. DEFERRED TAX ASSETS & LIABILITIES

Recognised deferred tax assets and liabilities

	2020 $'000	2019 $'000
Assets		
Accruals	1,375	-
Provisions	6,958	-
Intangibles	10,101	-
Tax losses	2,566	-
Property, plant and equipment	(258)	-
Other	1,965	-
Total deferred tax assets	**22,707**	**-**
Set-off of deferred tax liabilities	(1,192)	-
Net deferred tax assets	**21,515**	**-**
Liabilities		
Contract assets	1,174	-
Prepayments	58	-
Other	980	-
Total deferred tax liabilities	**2,212**	**-**
Set-off against deferred tax assets	(1,192)	-
Net deferred tax liabilities	**1,020**	**-**
NET DEFERRED TAX ASSETS	**20,495**	**-**

The tax losses recognised have an expiry period of 20 years.

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. The Group assesses the recoverability of recognised and unrecognised deferred taxes in Australia and the United States using assumptions and projected cash flows as applied in the Group impairment reviews for associated operations. The Group's current taxable profit forecasts support the recoverability of the tax losses recognised.

6. DEFERRED TAX ASSETS & LIABILITIES CONTINUED

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.

Movement in temporary differences during the year:

	1 Jul 2019 $'000	31 Oct 2019[1] $'000	Recognised in profit or loss $'000	Adjustments to prior years $'000	30 June 2020 $'000
Accruals	-	617	758	-	1,375
Provisions	-	5,822	1,136	-	6,958
Intangibles	-	10,032	69	-	10,101
Tax losses	-	2,845	(279)	-	2,566
PPE	-	(316)	58	-	(258)
Contract assets	-	(1,874)	700	-	(1,174)
Prepayments	-	(97)	39	-	(58)
Sundry items	-	(2,618)	3,603	-	985
TOTAL	**-**	**14,411**	**6,084**	**-**	**20,495**

[1] 31 October is the date of demerge from Cardno. These balances were the opening balances for Intega Group Limited.

7. CASH AND CASH EQUIVALENTS

	2020 $'000	2019 $'000
Cash at bank and on hand	39,899	-
Restricted cash[1]	130	-
	40,029	**-**

[1] Cash held as security on credit card facility in Canada

Accounting for Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and investments in money market instruments which are at call or with an original term of three months or less. Bank overdrafts are shown with interest-bearing loans and borrowings in current liabilities on the consolidated statement of financial position.

8. TRADE & OTHER RECEIVABLES

	2020 $'000	2019 $'000
Trade receivables	72,914	-
Loss allowance	(8,969)	-
	63,945	**-**
Sundry receivables	954	-
	64,899	**-**

Accounting for Trade and Other Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts.

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.

The Group has elected to measure its loss allowances for trade receivables at amounts equal to the 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 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.

Management's analysis of customer credit risk has considered the estimated impact of COVID-19 on the economic environment and its assessment of expected credit losses. To date, the Group has not seen a material shift in payment patterns or a significant deterioration in the ageing of receivables and accordingly have used historical loss rates to calculate expected credit losses. There is judgment involved in making forward-looking assumptions relating to changes to credit risk, particularly given the level of uncertainty relating to the potential impacts that COVID-19 has on future economic markets.

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 pay when paid 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.

9. CONTRACT ASSETS

	2020 $'000	2019 $'000
Contract assets	26,319	-

Accounting for Contract Assets

Contract assets are stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts represent unearned revenue and are presented as contract liabilities under other liabilities. Amounts are transferred to receivables when the right to billing and payment becomes unconditional.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the Group's activities in general.

Estimates of some contract asset balances are determined using the percentage of completion methodology. Refer to Note 2 for further details.

9. CONTRACT ASSETS CONTINUED

The Group has elected to measure its loss allowances for contract assets at amounts equal to the 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 contract assets were segmented based on common credit risk characteristics such as customer type, geographical location of customer, and ageing of 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 that applied to current (not past due) trade receivables.

10. PROPERTY, PLANT & EQUIPMENT

	Land and Buildings $'000	Office furniture and Equipment $'000	Motor Vehicles $'000	Total $'000
Cost amount at 1 July 2019	-	-	-	-
Accumulated Depreciation at 1 July 2019	-	-	-	-
Carrying amount at 1 July 2019	-	-	-	-
Cost amount at 31 October 2019	5,683	51,632	10,891	68,206
Accumulated Depreciation at 31 October 2019	(2,707)	(35,759)	(8,336)	(46,802)
Carrying amount at 31 October 2019[1]	**2,976**	**15,873**	**2,555**	**21,404**
Additions	254	2,312	271	2,837
Disposals	(11)	(46)	(423)	(480)
Depreciation expense	(448)	(3,666)	(702)	(4,816)
Foreign exchange	16	20	(8)	28
Carrying amount at 30 June 2020	**2,787**	**14,493**	**1,693**	**18,973**
Cost amount at 30 June 2020	5,800	52,009	9,404	67,213
Accumulated Depreciation at 30 June 2020	(3,013)	(37,516)	(7,711)	(48,240)
Carrying Amount at 30 June 2020	**2,787**	**14,493**	**1,693**	**18,973**

1 Transfer amount at 31 October 2019 is the balance of Property, Plant and Equipment that was transferred on Demerge from Cardno.

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 Intega 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 Intega will obtain ownership by the end of the lease term. Land is not depreciated.

10. PROPERTY, PLANT & EQUIPMENT CONTINUED

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

Amortisation of leasehold improvements is calculated using the straight-line method over the shorter of the remaining lease term or the estimate useful lives of the improvements.

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

11. LEASES

Group as a lessee

The Group has lease contracts for various items of plant, machinery, vehicle and other equipment used in its operations. Leases of land and buildings generally have lease terms between 3 and 10 years, while motor vehicles and other equipment generally have lease terms between 2 and 5 years. For certain leases the Group is restricted from entering into any sub-lease arrangements.

The group has several property leases that contain extension options exercisable by the group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility and to align with the Group's business needs. The extension options held are excisable by the group and not by the lessors.

Management assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassess whether it is reasonably certain to exercise the option if there is a significant event or significant change in the circumstances within its control. The Group has estimated that the potential future lease payments, should it exercise the extension option within the next 5 years, would result in an increase in lease liability of $7.9 million.

The lease liability is initially measured at present value of the lease payments that are not paid at commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Groups incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

The Group also has certain leases with lease terms of 12 months or less and leases with low value. The group applies the short term lease and lease of low value assets recognition exemptions for these leases. Set out below are the carrying amounts of right-of use assets recognised and the movements during the period.

Right-of-use assets

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

	Land and Buildings $'000	Office furniture and Equipment $'000	Motor Vehicles $'000	Total $'000
Carrying amount at the beginning of the year	-	-	-	-
Transfer balance at 31 October 2019[1]	22,759	1,255	15,449	39,463
Depreciation expenses	(4,885)	(428)	(4,898)	(10,211)
Additions to right-of-use assets	2,570	603	5,193	8,366
Foreign Exchange	257	31	127	415
Carrying amount at 30 June 2020	**20,701**	**1,461**	**15,871**	**38,033**

1 Transfer amount at 31 October 2019 is the balance of leases that was transferred on Demerge from Cardno. It includes the Recognition of right-of-use assets on initial application of AASB 16.

11. LEASES CONTINUED

Amounts recognised in profit or loss

	2020 $'000	2019 $'000
Depreciation expense of right-of-use assets	10,211	-
Income from sub-lease right of use assets, presented in other income	7	-
Interest on lease liabilities	980	-
Expenses relating to short-term leases	968	-
Expenses relating to leases of low-value assets, excluding short-term leases of low-value	9	-

Amounts recognised in statement of cash flows

	2020 $'000	2019 $'000
Total cash outflow for leases	8,655	-

12. INTANGIBLE ASSETS

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

	Goodwill $'000	Works Contracts $'000	Customer Relation-ships $'000	Customer Contracts $'000	Total $'000
Cost at 1 July 2019	-	-	-	-	-
Accumulated Amortisation at 1 July 2019	-	-	-	-	-
Carrying amount at 1 July 2019	-	-	-	-	-
Cost at 31 October 2019	87,636	3,412	16,328	9,052	116,428
Accumulated Amortisation at 31 October 2019	-	(3,111)	(5,639)	(2,766)	(11,516)
Transfer balance at 31 October 2019[1]	**87,636**	**301**	**10,689**	**6,286**	**104,912**
Amortisation charges	-	(187)	(3,695)	(2,055)	(5,937)
PPA Adjustments	29	-	-	-	29
Effect of foreign exchange	453	-	126	83	662
Carrying amount at 30 June 2020	**88,118**	**114**	**7,120**	**4,314**	**99,666**
Cost at 30 June 2020	88,118	3,412	16,451	9,135	117,116
Accumulated Amortisation at 30 June 2020	-	(3,298)	(9,331)	(4,821)	(17,450)
Carrying amount at 30 June 2020	**88,118**	**114**	**7,120**	**4,314**	**99,666**

1 Transfer amount at 31 October 2019 is the carrying amount of Intangible assets that was transferred on Demerge from Cardno.

Amortisation of Intangibles

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. Customer contracts and customer relationships are amortised over a period of three years.

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

12. INTANGIBLE ASSETS CONTINUED

Impairment Testing

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

	2020 $'000	2019 $'000
Americas	47,717	-
Asia Pacific (APAC)	40,401	-
	88,118	**-**

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

For the purposes of impairment testing, goodwill is allocated to Intega's management divisions which represent the lowest level within Intega at which the goodwill is monitored for internal management purposes.

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

The cash flow projections over the five-year period are based on the Group's budget for 2021 and year on year growth rates over the forecasted period based on management's estimates of underlying economic conditions, past performance and other factors anticipated to impact the CGU's performance. The long term growth rate used in calculating the terminal value is based on long term growth estimates for the countries and industries in which the CGU operates.

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

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

Results of Impairment Testing

No impairment was recognised during the year as all CGU recoverable amounts were in excess of carrying values.

Key Assumptions

The key assumptions used in the estimation of recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of factors impacting the relevant regions and industries in which the CGUs operate and have been developed taking into consideration relevant forecast and historical data from both external and internal sources.

	EBITDA Margins[1]	Terminal Growth Rate	Post-Tax Discount Rate	Pre-Tax Discount Rate
Americas	12.8%-13.8%	2.3%	9.5%	11.9%
APAC	16.2%-17.2%	2.3%	9.8%	12.9%

[1] *EBITDA margins are applied to net fee revenue, being gross revenue less recoverable costs.*

Impact of Possible Changes in Key Assumptions

The determination of the recoverable amounts of the Group's CGU's involves significant estimates and judgements and results are subject to the risk of adverse and sustained changes in the markets in which the Group operates. Any variation in the key assumptions would impact on the assessed recoverable amount both positively and negatively.

Adjustments have been made in the cash flow projections and discount rate to reflect the estimated impact of COVID-19, the full extent and duration of its impact remains a key estimate and judgement. Management have considered sensitivities to the recoverable amount by varying the discount rate, long term growth rate and EBITDA margins in the model. EBITDA margin is the most sensitive however, holding the EBITDA margin constant or reducing it by 1% did not result in impairment in any of the CGU's.

13. TRADE & OTHER PAYABLES

	2020 $'000	2019 $'000
Trade payables & accruals	40,039	-
Vendor liability	6,558	-
	46,597	**-**

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 Intega, and are stated at cost. Trade accounts payable are normally settled within 60 days.

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

14. LOANS & BORROWINGS

	2020 $'000	2019 $'000
CURRENT		
Lease liabilities	13,641	-
	13,641	**-**
NON-CURRENT		
Lease liabilities	31,799	-
Hire Purchase Liability	79	-
Bank loans	73,199	-
	105,077	**-**
TOTAL CURRENT & NON-CURRENT LOANS & BORROWINGS	**118,718**	**-**

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

Before the demerger was finalised, Intega Group acquired its own debt facilities in October 2019. The debt facility is a three-year multi-currency cash advance and letter of credit syndicated facility, expiring in October 2022.

The Group has bank loans of $73.2 million as at 30 June 2020 with a weighted average interest rate of 3.86%. Funding available to the group from undrawn facilities is $14.8 million.

The Group's new debt facilities include certain financial covenants which are tested quarterly. For covenant purposes, any impact of AASB 16 on the financial undertakings calculations are removed. Debt for covenant calculation purposes at 30 June 2020 was $86.0 million. A breach of a financial covenant would represent an event of default under the terms of the debt facilities. At 30 June 2020, no event of default had occurred.

Under the terms of the facility agreement, the Company and a number of its wholly-owned subsidiaries jointly and severally guarantee and indemnify the banks in relation to each borrower's obligations.

14. LOANS & BORROWINGS CONTINUED

$'000	Loans and borrowings
Balance as at 1 July 2019	**-**
Changes from financing cash flows	
Proceeds from borrowings	15,574
Repayment of borrowings	(14,762)
Payment of lease liabilities	(8,655)
Total changes from financing cash flows	**(7,843)**
Other changes	
Debt drawn for note payable to Cardno on demerge	72,802
New leases	55,075
Lease interest paid	(980)
FX on Debt Drawn	(336)
Total other changes	**126,561**
Balance as at 30 June 2020	**118,718**

15. PROVISIONS

	2020 $'000	2019 $'000
CURRENT		
Provision for legal claims	1,745	-
	1,745	**-**

Accounting for Provisions

A provision is recognised in the Statement of Financial Position when Intega Group 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.

The Group makes provision for legal claims not covered by the Group's professional indemnity insurance policy and as at 30 June 2020 an estimate of the potential impact of these claims has been provided for.

16. ISSUED CAPITAL

	30 June 2020		30 June 2019	
	No. of shares	**$'000**	**No. of shares**	**$'000**
Balance at the beginning of the year	1	-	-	-
Shares issued during the year:				
Shares issued for cash (net of transaction-costs)	-	-	1	-
Employee share based payments	-	191	-	-
Shares issued for performance rights	516,910	-	-	-
Share issued as part of the demerger	444,749,494	136,760	-	-
Balance at the end of the year	**445,266,405**	**136,951**	**1**	**-**

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.

Performance Equity Plan (PEP)

During the year, the Group established the Integа Group Limited Performance Equity Plan ('Plan') to assist in the motivation, retention and reward of certain employees. The Plan provides flexibility for the Group to offer rights or options as incentives, subject to the terms of individual offers and the satisfaction of performance and/or service conditions determined by the Board.

The PEP is designed to reward strong performance by individuals within the Intega Group of companies. Performance Rights and Options are issued under the PEP (made in accordance with thresholds set in the plan approved by the board in FY20) 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 is granted to the employee for no consideration and vest upon the achievement of specified performance hurdles.

2020 LTI Plan Performance Hurdles:

Options issued under the FY20 plan were for retention purposes and as such are not subject to performance hurdles. The options will vest on the third anniversary of the grant date subject to the employee continuing employment at Intega Group.

2019 Pre Demerger LTI Plan Performance Hurdles:

2019 Pre Demerger LTI Plan Performance Rights are subject to a Group EBITDA performance hurdle.

The Rights will vest on 1 November 2021. 50% or more of the Performance Rights will vest subject to the Combined EBITDA hurdle for the full 2021 financial year being $73.5 million, with the remaining 50% vesting in straight line growth against a Combined EBITDA of $77.5 million.

Combined EBITDA will be determined by the Board according 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, 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.

16. ISSUED CAPITAL CONTINUED

2018 Pre Demerger LTI Plan Performance Hurdles:

2018 Pre Demerger LTI Plan Performance Rights are allocated in two equal tranches: 50% is subject to the Share Price performance hurdle and 50% is subject to a Group EBITDA performance hurdle. These conditions are tested independently.

The Rights will vest on 1 November 2020. The performance hurdles are, Share Price (Tranche 1: 50%), the volume weighted average price of Shares at the close of trading over a 20 day trading period immediately prior to the Company's 2020 AGM, must be a combined Share Price of at least $1.10 per share and, the combined EBITDA (Tranche 2: 50%) for the full 2020 financial year must exceed $60 million (adjusted for acquisitions).

Combined EBITDA will be determined by the Board according to the following formula:
Combined EBITDA = Cardno EBITDA + Intega EBITDA

The combined Share Price is defined as:

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

Where:

- **NS(Cardno)** means the total number of ordinary shares in Cardno on issue on the ASX trading day that immediately precedes the date of the 2020 Annual General Meeting (AGM) for Cardno.
- **NS(Intega)** means the total number of ordinary shares in Intega on issue on the ASX trading day that immediately precedes the date of the (AGM) Meeting for Intega.
- **Number of Cardno Shares** means the total number of ordinary shares in Cardno on issue on the date immediately prior to completion of the Demerger.
- **SP(Cardno)** means the volume weighted average price (VWAP) of an ordinary share in Cardno over a 20-day trading period ending on and including the date immediately prior to the date of vesting of the performance right.
- **SP(Intega)** means the VWAP of ordinary shares in Intega over a 20-day trading period ending on and including the date immediately prior to the date of vesting of the performance right.

The movements in the performance rights and options are as follows:

	Number of Options 2020	Number of Performance Rights 2019	Number of Performance Rights 2018
Outstanding at the beginning of the period	-	-	-
Issue of replacement award	-	137,760	79,102
Granted during the period	1,584,158	-	-
Exercised during the period	-	-	-
Vested during the period	-	-	-
Cancelled/lapsed during the period	-	-	-
Outstanding at the end of the period	**1,584,158**	**137,760**	**79,102**
Exercisable at the end of the period	**-**	**-**	**-**

Performance Rights were valued for accounting and reporting purposes using the Monte Carlo simulation and Black Scholes method.

As there were no market-based performance hurdle it is appropriate to value the Options using the Binomial method.

Due to the revised value of the 2018 and 2019 rights being lower than the original value, the value of the Share based payments for accounting and reporting is at original fair value.

16. ISSUED CAPITAL CONTINUED

The below table outlines the key assumptions.

Assumption at fair value date	2020	Revised Value 2019	Original Value 2019	Revised Value 2018	Original Value 2018
Share Price	$0.51	$0.565	$1.08	$0.565	$1.35
Risk Free Rate	0.71%	0.80%	-	0.80%	1.99%
Volatility	50%	40%	-	40%	63%
Fair value	$0.202	$0.565	$1.080	$0.438	$1.210
Exercise price	$0.735				

As Intega first listed on 24 October 2019, there is limited trading history on which to base a volatility estimate. Instead the volatility has been based on the daily closing share price volatility of comparable entities at the indicative valuation date.

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.

Integа 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:

- Impairment of goodwill and assumptions applied in estimating future cash flows – refer to Note 12.
- Revenue recognition in relation to long term contracts including estimating stage of completion and total contract costs – refer Note 2.
- 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 6 and 29.
- Assessing the recoverability of trade receivables and contract assets – measurement of ECL allowance and key assumptions in determining the weighted average loss rate - refer to Note 9, 13 and 18
- Lessee accounting under AASB 16 – lease terms and whether the Group is reasonably certain to excise extension options and calculation of the incremental borrowing rate – refer Note 11; and
- Demerger transaction accounting, estimates and judgements associated with the carve out of certain businesses from Cardno Limited on demerger – refer to Note 25.

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.

Fair values of financial instruments

Other than loans and borrowings, the Group's financial assets and liabilities at 30 June 2020 are included in the balance sheet at amounts that approximate fair values. The Group does not have any derivative financial instruments at 30 June 2020.

The fair value of loans and borrowings represents level 2 in the fair value hierarchy and have been determined using the carrying amount of loans repayable to debt providers. The difference between the carrying amount and fair value of loans and borrowings represents unamortised capitalised borrowing costs.

Financial risk management

The main risks arising from Intega's financial instruments are interest rate risk, foreign exchange risk, credit risk and liquidity risk. Intega 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 Intega which includes the minimisation of risk. The policies for managing each of Intega's financial risks are summarised below.

Credit risk

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

Intega does not require collateral in respect of financial assets.

In line with the Group's Treasury policy, cash and 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. Identifying concentrations of risk requires judgement in light of specific circumstances, and may arise from industry sectors, geographic distribution or a limited number of counterparties.

18. FINANCIAL RISKS CONTINUED

Trade receivables and contract assets

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

	2020 $'000	2019 $'000
Australia & New Zealand	18,508	-
Americas	45,161	-
Europe & Africa	276	-
	63,945	**-**

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

	2020		2019	
	Gross $'000	Impairment $'000	Gross $'000	Impairment $'000
Not past due (current)	37,966	151	-	-
Past due 0-30 days (30 day ageing)	12,018	109	-	-
Past due 31-60 days (60 day ageing)	7,439	186	-	-
Past due more than 60 days (>90 day ageing)	15,491	8,523	-	-
	72,914	**8,969**	**-**	**-**

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

	2020 $'000	2019 $'000
Australia & New Zealand	98	-
Americas	23,461	-
Europe & Africa	2,760	-
	26,319	**-**

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

	2020		2019	
	Gross $'000	Impairment $'000	Gross $'000	Impairment $'000
Not past due (current)	16,500	-	-	-
Past due 0-30 days (30 day ageing)	5,371	-	-	-
Past due 31-60 days (60 day ageing)	2,461	-	-	-
Past due more than 60 days	2,516	529	-	-
	26,848	**529**	**-**	**-**

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

18. FINANCIAL RISKS CONTINUED

Expected credit loss assessment

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

	2020 $'000	2019 $'000
Balance at 1 July	-	-
Demerger Balance 31 Oct 2019	7,999	-
Additions to provision	1,475	-
Receivables written off	(511)	-
Effect of foreign exchange	6	-
Balance at 30 June	**8,969**	**-**

Liquidity risk

Liquidity risk is the risk that Intega will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Intega aims to maintain flexibility in funding by keeping sufficient committed credit lines available to meet Intega'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 2020	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	46,597	46,597	46,597	-	-
Lease liabilities	45,519	60,708	18,487	40,064	2,157
Bank loans	73,199	79,778	2,823	76,955	-
	165,315	**187,083**	**67,907**	**117,019**	**2,157**

Bank loans are revolving syndicated facilities, two of which are in USD, two of which are AUD maturing in October 2022.

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. Intega operates internationally and is exposed to foreign exchange risk arising from the currency exposure to the Australian dollar.

Intega does not engage in any transactions that are of a speculative nature.

Intega borrows funds in foreign currencies to hedge its net investments in foreign operations. Intega has drawn under its facility agreement in USD denominated AUD denominated currency to align to the earnings of the businesses and minimise the foreign exchange risk.

As at 30 June 2020, a 10 per cent strengthening of the Australian dollar against the USD would have increased equity by $3.9 million. A 10 per cent weakening of the Australian dollar against the USD would have decreased equity by $4.8 million. There would be no impact on profit and loss as the loans are designated as net investment hedges.

Other than interest bearing liabilities, there are no other significant foreign currency exposures in relation to financial instruments at year end.

18. FINANCIAL RISKS CONTINUED

Interest rate risk

Intega manages its exposure to interest rate fluctuation by continuously monitoring its debt to ensure any significant movement would not have a material impact on the performance of Intega. Intega does not engage in any transactions which are of a speculative nature.

At the reporting date the interest rate profile of Intega's interest-bearing financial instruments was:

	2020		2019	
	Effective Interest Rate	**Balance $'000**	**Effective Interest Rate**	**Balance $'000**
Variable rate instruments			-	-
Cash assets	0.14%	40,029	-	-
Bank loans	3.86%	(73,199)	-	-
		(33,170)	**-**	**-**
Fixed rate instruments			-	-
Lease Liabilities	3.16%	(45,519)	-	-
		(45,519)	**-**	**-**

Group sensitivity

Cash flow sensitivity analysis for variable rate instruments

At 30 June 2020, if interest rates had changed by -/+ 50 basis points from the year-end rates with all other variables held constant, profit after tax for the year would have been $116,000 higher/lower, mainly as a result of lower/higher interest expense on variable term debt partially offset by higher/lower interest income from cash and cash equivalents. There have been no changes in the underlying assumptions from the previous year.

Capital management

Intega'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.

In order to maintain or adjust the capital structure, Intega may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

19. CONTINGENT LIABILITIES

Intega had contingent liabilities at 30 June 2020 in respect of:

	2020 $'000	2019 $'000
Bank guarantees utilised	2,957	-

Intega has bank guarantee facilities with financial institutions denominated in Australian dollars and United States dollars. These facilities available to Intega total $19.2 million and are secured jointly and severally by the company and a number of its wholly owned subsidiaries.

The Directors are not aware of any current material litigation involving Intega. 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.

20. SUBSEQUENT EVENTS

While there continues to be uncertainty relating to the future impacts of the pandemic, there has not arisen in the interval between year end and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future years. Management continues to closely monitor the pandemic for any impact on the Group.

21. OTHER CURRENT ASSETS

	2020 $'000	2019 $'000
Prepayments	3,499	-
Security deposits	566	-
	4,065	**-**

22. NOTES TO THE CASH FLOW STATEMENT

	2020 $'000	2019 $'000
Reconciliation of Net Cash from Operating Activities to Net profit for the year		
Net profit/(loss) for the year	**4,064**	**-**
Adjust for non-cash items		
Depreciation and amortisation	20,964	-
Gain on sale of property, plant & equipment	(196)	-
Write back of deferred settlement on acquisition	(2,500)	
Unrealised foreign exchange loss	909	-
Share based remuneration	191	-
Adjust for changes in assets and liabilities:		
(Increase)/decrease in assets:		
Contract assets	(5,107)	-
Deferred tax assets	(2,314)	-
Trade receivables	7,486	-
Provision for doubtful debts	970	-
Other receivables	(508)	-
Prepayments	(1,527)	-
Other assets	(1,569)	-
Increase/(decrease) in liabilities:		
Trade payables	12,759	-
Income tax payable	1,202	-
Employee provisions	725	-
Contract liabilities	1,345	-
Other liabilities	132	-
Deferred tax liabilities	(697)	-
	36,329	**-**

23. EARNINGS PER SHARE

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

	2020
Basic profit attributable to ordinary shareholders	**$4,064,000**
Weighted average number of ordinary shares	**No.**
Issued ordinary shares at 1 July	1
Issue of ordinary shares on demerge	271,194,511
Weighted average number of ordinary shares at 30 June	**271,194,512**
Basic earnings per share (cents per share)	**1.50**
Diluted earnings per share	
Profit attributable to ordinary shareholders (diluted)	**$4,064,000**
Weighted average number of ordinary shares (diluted)	**No.**
Issued ordinary shares at 1 July	1
Issue of ordinary shares on demerge	271,194,511
Effect of Performance Rights and Options on issue	132,132
Weighted average number of ordinary shares (diluted) at 30 June	**271,326,644**
Diluted earnings per share (cents per share)	**1.50**

Performance Rights and Options 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 (EPS). Where dilutive, potential ordinary shares are included in the calculation of diluted earnings per share.

Intega Group presents basic and diluted 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 Rights and Options and granted to employees.

24. RELATED PARTY DISCLOSURES

Key management personnel

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

	2020 $	2019 $
Short-term employee benefits	1,205,476	-
Post-employment benefits	50,471	-
Equity compensation benefits	103,661	-
	1,359,608	**-**

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.

Transitional Service Agreement

As part of the demerger, Cardno and Intega Group entered into Transitional Service Agreements (TSA) for the provision of transitional services for up to 15 months. All services provided under the TSA are charged at cost. Included in the year to date results is an expense of $10.4 million relating to services provided to Intega Group under the TSA. At 30 June 2020 the amount payable under the TSA is $2.8 million and is included in trade payables and accruals under Note 13.

The transitional services to be provided by Cardno to the Intega Group include:

- Information technology services
- Finance related transitional services
- Treasury services
- Taxation services and advice
- Internal audit and governance services
- Human resources, payroll services and transitional assistance
- Maintenance and accounting services in respect of Intega's fleet; and
- Marketing and business development services.

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

Intega Group Limited's significant subsidiaries are listed below which were all acquired on 31 October 2019.

Name	Country of Incorporation	Equity Holding 2020
Construction Sciences Pty Ltd	Australia	100%
Construction Sciences Staff Pty Ltd	Australia	100%
Construction Sciences Roadtest Pty Ltd	Australia	100%
Construction Sciences Geotech Pty Ltd	Australia	100%
Kurtway Pty Ltd	Australia	100%
Network Geotechnics Pty Ltd	Australia	100%
Trilab Pty Ltd	Australia	100%
Suresearch Australia	Australia	100%
Construction Sciences Aus Pty Ltd	Australia	100%
Utility Locating Pty Ltd	Australia	100%
PPI Australia Pty Ltd	Australia	100%
Intega Canada Holdings Limited	Canada	100%
T2 Utility Engineers Inc	Canada	100%
Intega UK Holdings	United Kingdom	100%
PPI Quality & Asset Management (Singapore) Pte Ltd	Singapore	100%
PPI Quality & Engineering UK Ltd	United Kingdom	100%
PPI Trinidad Ltd	Trinidad & Tobago	100%
Intega South Africa Holdings Pty Ltd	South Africa	100%
PPI Mozambique, LDA	Mozambique	100%
Intega Holdings Limited	New Zealand	100%
Intega Inc	United States of America	100%
PPI Quality & Engineering LLC	United States of America	100%
Construction Sciences LLC	United States of America	100%
T2 UES, Inc	United States of America	100%
T2 UES (MI) Inc	United States of America	100%
Raba Kistner Inc	United States of America	100%
T2 Engineering Services	United States of America	100%
Project Control of Texas, Inc	United States of America	100%
Rava Ingenieros S.De.R.L.DeC.V.	Mexico	100%
PPI Mozambique LDA	Mozambique	100%
Construction Sciences NZ Limited	New Zealand	100%

25. CONTROLLED ENTITIES (CONTINUED)

Intega Group Limited demerger

On the 21 August 2019, Cardno announced its intention to demerge its Quality, Testing and Measurement business to create an independent ASX listed company.

To implement the demerger, Cardno undertook a capital reduction, the proceeds of which were automatically applied to the acquisition of Intega Group Limited shares on behalf of Cardno shareholders. Eligible Cardno shareholders received one Intega Group Limited share for every Cardno share held.

Effective 21 October 2019, Cardno shares ceased trading with an entitlement to Intega shares. On 22 October 2019, Intega Group Limited was listed as a separate standalone entity on the Australian Securities Exchange on a deferred settlement basis. Economic separation and distribution of Intega shares to shareholders became effective from 31 October 2019 with the transfer of businesses and the settlement of intercompany balances between the Intega Group and Cardno. The transfer of businesses and related net assets was recognised by Intega at the Cardno carrying amounts immediately prior to the transfer. Intega shares were transferred to eligible Cardno shareholders on 31 October 2019.

The statutory financial information for the Group has been presented for the year ended 30 June 2020 from the date of demerge. At the time of demerge, the net book value of the assets was $104.4 million on a provisional basis. The final balance of the identifiable assets and liabilities was $120.9 million per the below reconciliation, resulting in an increase of $16.5 million.

Intega Group Limited issued shares to Cardno on demerge equal to the net book value of the assets, $120.9m, which was transferred to Intega Group.

	31-Oct-19 $'000
Assets	
Cash and cash equivalents	20,588
Trade and other receivables	73,986
Contract assets	21,902
Other current assets	2,576
Other financial assets	190
Property, plant and equipment	21,404
Right of use asset	39,463
Deferred tax assets	20,325
Intangible assets	104,912
Total assets demerged	**305,346**
Liabilities	
Trade and other payables	25,538
Loans and borrowings	119,084
Current tax liabilities	649
Employee benefits	16,492
Provisions	1,557
Contract liabilities	15,042
Deferred tax liabilities	5,914
Other liabilities	218
Total liabilities demerged	**184,494**
Net assets demerged	**120,852**

26. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ending 30 June 2020 the parent Company of Intega was Intega Group Limited.

	Company	
	2020 $'000	**2019 $'000**
Results of the parent entity		
Loss for the year	(4,933)	-
Total comprehensive income for the year	(4,933)	-
Financial position of the parent entity at year end		
Current assets	592	-
Total assets	152,144	-
Current liabilities	8,610	-
Total liabilities	36,034	-
Total equity of the parent entity comprising of:		
Share capital	136,951	-
Reserves	1,471	-
Retained earnings	(22,312)	-
Total equity	**116,110**	**-**

Parent entity contingencies

Bank guarantees	2,942	-

Bank guarantee facilities are available to Intega totalling $19.2 million. These facilities are 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 below 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.

The subsidiaries subject to the Deed are:

> Construction Sciences Pty Ltd
> Construction Sciences Staff Pty Ltd
> Construction Sciences Roadtest Pty Ltd
> Construction Sciences Geotech Pty Ltd
> Kurtway Pty Ltd
> Network Geotechnics Pty Ltd
> Trilab Pty Ltd
> SureSearch Australia Pty Ltd
> Utility Locating Pty Ltd
> Construction Sciences AUS Pty Ltd
> PPI Australia Pty Ltd

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 2020 is set out as follows.

Statement of comprehensive income and retained earnings	**2020 $'000**	**2019 $'000**
Revenue	**89,763**	**-**
Employee expenses	(58,141)	-
Consumables and materials used	(15,141)	-
Sub-consultant and contractor costs	(997)	-
Depreciation and amortisation expenses	(8,402)	-
Finance costs	(818)	-
Other expenses	(10,453)	-
Loss before income tax	(4,189)	-
Income tax benefit	836	-
Net loss for the year	**(3,353)**	**-**
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**(3,353)**	**-**
Retained earnings at 31st October 2019	(12,005)	-
Transfers to and from reserves	5	-
Retained earnings at the end of the year	**(15,353)**	**-**
Attributable to:		
Owners of the Company	**(15,353)**	**-**

27. DEED OF CROSS GUARANTEE CONTINUED

Statement of financial position	**2020 $'000**	**2019 $'000**
CURRENT ASSETS		
Cash and cash equivalents	12,465	-
Trade and other receivables	86,279	-
Contract assets	265	-
Other current assets	683	-
TOTAL CURRENT ASSETS	**99,692**	**-**
NON-CURRENT ASSETS		
Investments	87,405	-
Property, plant and equipment	20,660	-
Right of use asset	5,234	-
Deferred tax assets	10,544	-
Intangible assets	41,011	-
TOTAL NON-CURRENT ASSETS	**164,854**	**-**
TOTAL ASSETS	**264,546**	**-**
CURRENT LIABILITIES		
Trade and other payables	80,321	-
Loans and borrowings	5,897	-
Short term provisions	7,247	-
Current Tax Payable	304	-
TOTAL CURRENT LIABILITIES	**93,769**	**-**
NON-CURRENT LIABILITIES		
Interest-bearing loans and borrowings	40,780	-
Deferred tax liabilities	5,441	-
Employee benefits	1,487	-
TOTAL NON-CURRENT LIABILITIES	**47,708**	**-**
TOTAL LIABILITIES	**141,477**	**-**
NET ASSETS	**123,069**	**-**
EQUITY		
Issued capital	136,951	-
Reserves	1,471	-
Retained earnings	(15,353)	-
TOTAL EQUITY	**123,069**	**-**

28. AUDITOR'S REMUNERATION

	2020 $	2019 $
Audit and Review services		
Auditors of the Group KPMG		
> Audit and review of financial statements - Group	330,000	-
Overseas KPMG Auditors:		
> Audit and review of financial reports	18,804	-
Assurance Services		
Auditors of the Group KPMG		
> Other assurance services	20,000	-
Other Services		
Overseas KPMG Auditors		
> Tax compliance Services	6,087	-

29. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Integra Group Limited (the "Company") was first incorporated on 1st May 2019.

Intega Group Limited is a company domiciled in Australia. The consolidated financial report of the Company for the year ended 30 June 2020 comprises the Company and its subsidiaries (together referred to as the "Group"). The consolidated financial report was authorised for issue by the directors on 25 August 2020.

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which has 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).

(b) Basis of Preparation

The financial report has been prepared on a historical cost basis except where otherwise noted. The comparative period reflects the period from incorporation to 30 June 2019.

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 Legislative Instrument, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

Standards and Interpretations Affecting Amounts Reported in the Current Period

During the year ended 30 June 2020, the Group adopted for the first time the following new accounting standards:

> AASB 16 Leases

The new accounting standard was applied from 1 July 2019 pre demerger of the Group from Cardno.

A number of other new standards are effective from 1 July 2019 but they do not have a material effect on the Group's financial statements.

Standards and interpretations adopted with no effect on financial statements.

The following new and revised standards and interpretations have been adopted in the current year and have no material impact on the amounts reported in these Consolidated Financial Statements

> AASB interpretation 23 Uncertainty over Income Tax Treatments, and relevant amending standards.

29. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Standards Issued not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted: however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations have not yet been assessed by the company but are not expected to have a significant impact on the Group's consolidated financial statements:

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)

Basis of Consolidation Subsidiaries

Subsidiaries are entities controlled by Intega. 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.

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

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.

(c) Foreign Currency

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. 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.

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.

29. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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.

(d) 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.

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.

(e) Intangible Assets

Business combinations and goodwill

Business combinations are accounted for using the acquisition method as at the original acquisition date, which is the date on which control is transferred.

Goodwill is measured at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that are incurred in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

29. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Works contracts, software intangibles and customer relationships

Aggregated works contracts, customer contracts and customer relationships 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.

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.

(f) Impairment

Non-financial assets

The carrying amount of non-financial 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. Impairment testing of goodwill and intangibles with indefinite useful lives is performed 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.

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 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 goodwill is not reversed.

In respect of 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.

29. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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).

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.

(g) 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 are expected to be paid as at reporting date including related on-costs.

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.

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.

(h) Leases

The Group has lease contracts for various items of property, vehicles, office and other equipment.

29. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Right-of-use assets

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. Unless the Group is reasonably certain of obtaining ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of use assets are subject to impairment.

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 (including in substance 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.

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. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the Group's assessment of whether it will purchase the underlying asset.

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.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of three to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal.

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy). The Group included the renewal period as part of the lease term for leases of plant and machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., three to five years) and there will be a significant negative effect on production if a replacement is not readily available. The renewal options for leases of motor vehicles were not included as part of the lease term because the Group has a policy of leasing motor vehicles for not more than five years and, hence, not exercising any renewal options.

(i) Reserves

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.

Directors’ Declaration

Intega Group Limited and its Controlled Entities for the year ended 30 June 2020

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

    (a) the consolidated financial statements and notes set out on pages 21 to 59 and the Remuneration Report of the Directors’ Report, set out on pages 10 to 18, 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 2020 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 Intega entities identified in Note 27 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 2020.

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 25 day of August 2020.

Signed in accordance with a resolution of the Directors.

Neville Buch
Chairman

Independent Auditor's Report

To the shareholders of Intega Group Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Intega Group 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 2020 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 2020;
- 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 the Code.

KPMG

Key Audit Matters

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

- Revenue recognition – consulting services revenue; and
- Accounting for the demerger from Cardno Limited.

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.

Revenue recognition – consulting services revenue ($300m)

Refer to Note 2 in the Financial Report

The key audit matter	How the matter was addressed in our audit

The Group's policy is to account for revenue earned from consulting services over time as the services are delivered. Revenue recognised which remains unbilled at year end is recorded as a contract asset.
 	
The recognition of consulting services revenue is a key audit matter due to the audit effort involved to assess the appropriateness of the revenue recognised near year end. 74% of the Group's revenue relates to consulting services revenue.
 	
The features of the Group's revenue recognition process driving our audit effort include:
 	
• the large volume of projects which remain in-progress at year end;
• the variability in contractual terms of these arrangements; and
• the judgements required by management to ensure contract asset balances at year end, and revenue recognised near year-end, reflect the effort incurred or estimates of the measure of progress in delivering services which is recoverable from customers.
	Our procedures included:
	
	• considering the appropriateness of the Group's accounting policies against the requirements of AASB 15 *Revenue from Contracts with Customers* (AASB 15) and our understanding of the business;
	• for a sample of contracts we:
	  - compared the relevant features of the underlying professional services contracts to the criteria in the accounting standard and against identified performance obligations;
	  - inspected the key terms in the contract with the customer including pricing, deliverables, project commencement and end dates and contract type for consistency with the approach to recognising revenue;
	  - conducted inquiries with the relevant project managers regarding the progress of the contract against key milestones in the contract, write ons/offs, progress against budget, and comparison of effort to recognised revenue; and
	• assessing contract assets remaining unbilled at year end by selecting a sample and checking that revenue was recognised to the extent that time and materials had been incurred prior to 30 June 2020 with reference to contracts, timesheets or invoices; and
	• challenging the judgements applied by management in assessing the recoverability of contract asset balances at year end, where the revenue recognised in delivering the services was not considered to be recoverable from the customer.

KPMG

Accounting for the demerger from Cardno Limited	
Refer to Note 25 in the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
Intega's businesses were demerged from Cardno Limited on 31 October 2019 to form Intega Group Limited. As disclosed in Note 25 to the financial statements, the net book value of the assets and liabilities transferred to Intega at demerger was $120.9m. This is a key audit matter due to the financial impact of the transaction and estimates and judgements associated with the demerger including separation of assets, liabilities and reserves from Cardno Limited.	Our procedures included: • obtaining and reading the key documents associated with the demerger to identify terms relevant to the accounting for the demerger; • assessing whether Intega accurately identified the assets and liabilities to be transferred at the demerger date including assets and liabilities held in separate legal entities and those carved out of Cardno Limited's legal entities; and • assessing the disclosures in the financial report in accordance with the requirements of the Australian Accounting Standards.

Other information

Other Information is financial and non-financial information in Intega Group 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.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report and ASX Additional Information. The Chairman's Letter and CEO's Letter are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will 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: http://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 Intega Group Limited for the year ended 30 June 2020, 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 10 to 18 of the Directors’ Report for the year ended 30 June 2020.

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

KPMG

KPMG

Simon Crane
Partner

Brisbane
25 August 2020

Additional Shareholder Information

DISTRIBUTION OF ORDINARY SHAREHOLDERS

The number of shareholders, by size of holding, as at 31 July 2020 were:

	Ordinary Shares	
	Number of	**Number of Shares**
1 – 1,000	5,911	1,599,165
1,001 – 5,000	1,449	3,496,838
5,001 – 10,000	498	3,707,285
10,001 – 100,000	753	21,186,355
100,001 – and over	109	415,276,762
Total	**8,720**	**445,266,405**

As at 31 July 2020 there were 6,396 shareholders who held less than a marketable parcel of 2,225,715 shares.

TWENTY LARGEST ORDINARY SHAREHOLDERS

The names of the twenty largest holders as at 31 July 2020 were:

	Listed Ordinary Shares Number	
	Held	**Percentage**
CRESCENT CAPITAL INVESTMENTS	217,946,359	48.95
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	93,574,999	21.02
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	47,574,700	10.68
CITICORP NOMINEES PTY LIMITED	21,924,627	4.92
NATIONAL NOMINEES LIMITED	6,117,902	1.37
HALJAN MANAGEMENT LP	1,686,192	0.38
GEE SUPER PTY LTD <GEE SUPERANNUATION FUND A/C>	1,568,411	0.35
ANNE FELICITY PHILLIPS	1,101,378	0.25
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,068,708	0.24
PEDERICK ENTERPRISES PTY LTD <PEDERICK SUPER FUND A/C>	762,736	0.17
DR TREVOR CHARLES JOHNSON <THE JOHNSON FAMILY A/C>	687,779	0.15
TAMBLYN INVESTMENTS PTY LTD	650,000	0.15
FOUR G'S HOLDINGS PTY LTD <THE GARDINER FAMILY A/C>	600,000	0.13
MR GREGORY SEGAL	600,000	0.13
BNP PARIBAS NOMS PTY LTD <DRP>	580,395	0.13
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	565,237	0.13
MR RICHARD FRANCIS WOODS + MRS THERESE WOODS <R & T WOODS SUPER FUND A/C>	497,928	0.11
STONETALON HOLDING LP	487,194	0.11
METAMORPHOSIS SUPER PTY LTD <METAMORPHOSIS SUPER FUND A/C>	463,583	0.10
MR PATRICK L BEYER + MR WILLIAM E CROWN III <PATRICK L BEYER G R A A/C>	455,704	0.10
Total	**398,913,832**	**89.57**

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	229,891,883	51.41%
Viburmum Funds Pty Ltd	27,930,018	6.27%

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

As at 31 July 2020 the details of Performance Rights on issue are as follows:

Number of Rights Holders	Number of Rights on Issue
2	216,862

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

Neville Buch

Directors

Michael Alscher
Steve Sherman
Jeffrey Forbes

Chief Executive Officer

Matt Courtney

Chief Financial Officer

Shael Munz

Company Secretaries

Courtney Marsden

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BANKERS

HSBC Bank Australia Limited
HSBC Bank USA
Investec Bank PLC

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