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Cardno Limited

ABN 70 108 112 303

and its controlled entities

Interim Financial Report
for the half-year ended 31 December 2008



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Cardno Limited and its Controlled Entities for the half-year ended 31 December 2008

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Directors' Report

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2008

The directors present their report together with the consolidated financial report of Cardno Limited ("the Company") and its controlled entities for the half-year ended 31 December 2008 and report thereon.

Directors

The directors of the Company in office during or since the end of the half-year ended 31 December 2008 are set out below:

John Massey (Chairman - Non-executive)
Graham Tamblyn (Deputy Chairman - Executive)
Andrew Buckley (Managing Director - Executive)
Anthony Barnes (Non-executive) (appointed 31 July 2008)
Peter Cosgrove (Non-executive)
Jeffrey Forbes (Executive and Company Secretary)
Trevor Johnson (Executive)
Ian Johnston (Non-executive)

Company Secretary

Jeffrey Forbes (Company Secretary)
Mark Buggy resigned from the position of Assistant Company Secretary effective 2 September 2008.

Review of Results and Operations

Cardno Limited achieved a profit after tax of \$18.26m for the half-year ended 31 December 2008, an increase of 53.2% over the December 2007 half-year profit of \$11.92m.

Revenue for the December 2008 half-year was \$265.56m which is 35.7% higher than the December 2007 figure of \$195.75m. Earnings per share have increased by 20.8% to 24.17c per share.

In addition to the continuing businesses, the result has been impacted positively by businesses acquired during the 2008 financial year which have made a full half-year contribution, the acquisition of US based TBE on 15 September 2008, the weaker Australian dollar and a lower effective tax rate.

It is difficult to reliably forecast the future outlook. Cardno's portfolio of diverse businesses operating across a range of geographic regions has helped offset softening in some market areas.

Cardno's strategy of mitigating risk through its diversity of market sectors is expected to assist in dealing with the difficult prevailing circumstances.

Dividends

A fully franked interim dividend of 14 cents per share has been declared, which is a 7.7% increase over the 13 cent dividend for the corresponding period last year and is in line with the final dividend for 2008.

Directors' Report

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2008

Auditor's Independence Declaration

The auditor's independence declaration under Section 307C of the Corporations Act is set out on page 5 and forms part of the directors' report for the half-year ended 31 December 2008.

Rounding of Amounts

The consolidated entity is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Signed in accordance with a resolution of directors.

On behalf of the Directors



JOHN C MASSEY
Chairman

Brisbane
17 February 2009

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

To the directors of Cardno Limited

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2008 there have been:

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

Signed at Brisbane 17 February 2009.



WHK Horwath



R Q COLE
Principal

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Total Financial Solutions

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A WHK Group firm

Consolidated Income Statement

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2008

| | Note | Consolidated | |
|--|------|---------------------|---------------------|
| | | 31-Dec-08 \$'000 | 31-Dec-07 \$'000 |
| Revenue | 2 | 265,557 | 195,754 |
| Consumables and materials used | 3 | 98,301 | 58,433 |
| Sub-consultant and contractor costs | 3 | 10,751 | 12,934 |
| Employee benefits expense | 3 | 115,631 | 91,383 |
| Depreciation and amortisation expenses | 3 | 5,276 | 3,775 |
| Financing costs | 3 | 3,959 | 2,443 |
| Other expenses | | 7,818 | 9,614 |
| | | 241,736 | 178,582 |
| Profit/(loss) before income tax | | 23,821 | 17,172 |
| Income tax expense | | 5,565 | 5,257 |
| Net profit/(loss) for the period | | 18,256 | 11,915 |
| Basic earnings per share (cents per share) | 9 | 24.17 | 20.01 |
| Diluted earnings per share (cents per share) | 9 | 24.16 | 19.59 |

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Consolidated Balance Sheet

Cardno Limited and its Controlled Entities as at 31 December 2008

| | Note | Consolidated | |
|---------------------------------------|------|---------------------|---------------------|
| | | 31-Dec-08 \$'000 | 30-Jun-08 \$'000 |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 46,873 | 46,319 |
| Trade and other receivables | | 111,088 | 83,219 |
| Inventories | | 62,785 | 47,910 |
| Other current assets | | 6,878 | 9,939 |
| TOTAL CURRENT ASSETS | | 227,624 | 187,387 |
| NON-CURRENT ASSETS | | | |
| Trade and other receivables | | - | 216 |
| Other financial assets | | 641 | 37 |
| Property, plant and equipment | | 26,845 | 22,026 |
| Deferred tax assets | | 10,424 | 8,737 |
| Intangible assets | | 233,879 | 165,175 |
| Other non-current assets | | 275 | 266 |
| TOTAL NON-CURRENT ASSETS | | 272,064 | 196,457 |
| TOTAL ASSETS | | 499,688 | 383,844 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 62,447 | 41,560 |
| Interest-bearing loans and borrowings | 5 | 16,259 | 12,824 |
| Current tax liabilities | | 7,184 | 9,368 |
| Short term provisions | | 12,854 | 11,610 |
| Other current liabilities | | 45,045 | 30,139 |
| TOTAL CURRENT LIABILITIES | | 143,789 | 105,501 |
| NON-CURRENT LIABILITIES | | | |
| Trade and other payables | | - | 198 |
| Interest-bearing loans and borrowings | 6 | 86,620 | 45,174 |
| Deferred tax liabilities | | 9,532 | 9,040 |
| Long term provisions | | 6,785 | 5,440 |
| Other non-current liabilities | | 1,672 | 425 |
| TOTAL NON-CURRENT LIABILITIES | | 104,609 | 60,277 |
| TOTAL LIABILITIES | | 248,398 | 165,778 |
| NET ASSETS | | 251,290 | 218,066 |
| EQUITY | | | |
| Issued capital | 8 | 208,587 | 192,063 |
| Reserves | | 4,944 | (4,035) |
| Retained earnings | | 37,759 | 30,038 |
| TOTAL EQUITY | | 251,290 | 218,066 |

The balance sheet is to be read in conjunction with the notes to the consolidated financial statements set out on pages 10 to 16.

Consolidated Statement of Changes in Equity

Cardno Limited and its Controlled Entities for the half-year ending 31 December 2008

| | Note | Issued Capital Ordinary \$'000 | Retained Earnings \$'000 | Reserves Forex \$'000 | Reserves Capital Profits \$'000 | Total \$'000 |
|-------------------------------------|------|---|--------------------------------|-----------------------------|--|-----------------|
| BALANCE AT 1 JULY 2007 | | 92,245 | 18,935 | 70 | - | 111,250 |
| Shares issued | | 67,504 | - | - | - | 67,504 |
| Notes converted to shares | | 1,578 | - | - | - | 1,578 |
| Profit for the period | | - | 11,915 | - | - | 11,915 |
| Dividends paid or provided | 4 | - | (7,270) | - | - | (7,270) |
| Restatement of functional currency | | - | - | 277 | - | 277 |
| BALANCE AT 31 DECEMBER 2007 | | 161,327 | 23,580 | 347 | - | 185,254 |
| BALANCE AT 1 JULY 2008 | | 192,063 | 30,038 | (4,035) | - | 218,066 |
| Shares issued | | 13,871 | - | - | - | 13,871 |
| Notes converted to shares | | 2,653 | - | - | - | 2,653 |
| Profit for the period | | - | 18,256 | - | - | 18,256 |
| Dividends paid or provided | 4 | - | (10,535) | - | - | (10,535) |
| Transfer to capital profits reserve | | - | - | - | 51 | 51 |
| Restatement of functional currency | | - | - | 8,928 | - | 8,928 |
| BALANCE AT 31 DECEMBER 2008 | | 208,587 | 37,759 | 4,893 | 51 | 251,290 |

Consolidated Cash Flow Statement

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2008

| | Note | Consolidated | |
|--|------|---------------------|---------------------|
| | | 31-Dec-08 \$'000 | 31-Dec-07 \$'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash receipts from customers | | 282,251 | 204,202 |
| Interest received | | 2,378 | 510 |
| Finance costs paid | | (3,959) | (2,443) |
| Cash paid to suppliers and employees | | (255,175) | (184,961) |
| Income tax paid | | (8,829) | (5,263) |
| NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES | | 16,666 | 12,045 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of subsidiaries, net of cash acquired | | (44,343) | (4,159) |
| Payment of direct costs of acquisition | | (608) | (191) |
| Proceeds from sale of property, plant & equipment | | 575 | 84 |
| Payments for property, plant & equipment | | (7,619) | (2,989) |
| NET CASH PROVIDED BY /(USED IN) INVESTING ACTIVITIES | | (51,995) | (7,255) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issue of shares | | 12,436 | 66,879 |
| Payments of vendor liability | | - | (3,880) |
| Proceeds from/(Repayment of) borrowings | | 21,965 | (11,846) |
| Dividends paid | | (9,411) | (6,805) |
| NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES | | 24,990 | 44,348 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD | | (10,339) | 49,138 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF HALF YEAR | 7 | 52,624 | 15,474 |
| CASH AND CASH EQUIVALENTS AT END OF HALF YEAR | 7 | 42,285 | 64,612 |

The cash flow statement is to be read in conjunction with the notes to the consolidated financial statements set out on pages 10 to 16.

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Notes to the Consolidated Financial Statements

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2008

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Cardno Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company for the six months ended 31 December 2008 comprises the Company and its subsidiaries (together referred to as the "consolidated entity").

The consolidated interim financial report was authorised for issue by the directors on 17 February 2009.

(a) Statement of compliance

This general purpose financial report for the interim half-year reporting period ended 31 December 2008 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting Urgent Issues Group Interpretation* adapted by the Australian Accounting Standards Board (AASB), the *Corporations Act 2001*, and the authoritative pronouncements of the Australian Accounting Standards Board.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by Cardno Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(b) Significant accounting policies

The financial report is presented in Australian dollars. The accounting policies applied by the consolidated entity in this consolidated financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 June 2008.

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

Notes to the Consolidated Financial Statements

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2008

| | Consolidated | |
|--|---------------------|---------------------|
| | 31-Dec-08 \$'000 | 31-Dec-07 \$'000 |
| 2. REVENUE | | |
| Revenue from continuing operations | | |
| Fees from services and sale of goods | 194,628 | 156,063 |
| Fees from recoverable expenses | 67,481 | 38,841 |
| Interest received | 2,378 | 510 |
| Royalties | 52 | - |
| Other | 1,018 | 340 |
| Total Revenue | 265,557 | 195,754 |
| 3. EXPENSES AND LOSSES/(GAINS) | | |
| Consumables and materials used | 98,301 | 58,433 |
| Sub-consultant and contractor costs | 10,751 | 12,934 |
| Employee benefits expense | 115,631 | 91,383 |
| Depreciation | | |
| Motor vehicles | 371 | 290 |
| Plant & equipment | 3,381 | 2,035 |
| Total Depreciation | 3,752 | 2,325 |
| Amortisation of non-current assets | | |
| Works contracts | 250 | 110 |
| Software intangibles | 157 | - |
| Motor vehicles under lease | 499 | 338 |
| Plant & equipment under lease | 618 | 1,002 |
| Total Amortisation | 1,524 | 1,450 |
| Total Depreciation & Amortisation | 5,276 | 3,775 |
| Increase in provision for bad and doubtful debts | 1,182 | 252 |
| Financing costs | | |
| Interest expense | 3,905 | 2,265 |
| Amortisation of borrowing costs | 54 | 178 |
| Total Financing costs | 3,959 | 2,443 |
| 4. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES | | |
| (a) Dividends proposed and not recognised as a liability 100% franked dividend at 30% (2007: 30%) | 10,819 | 8,936 |

Notes to the Consolidated Financial Statements

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2008

4. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES CONTINUED

(b) During the reporting period, the Company paid dividends as follows:

| | Cents per share | Total Amount \$'000 | Franked / Unfranked | Date of payment |
|-------------------------------|-----------------|---------------------|---------------------|-----------------|
| 30 June 2008 – Final Dividend | 14.0 | 10,535 | Franked | 10 October 2008 |
| For comparison: | | | | |
| 30 June 2007 – Final Dividend | 12.5 | 7,270 | Franked | 5 October 2007 |

(c) Subsequent to reporting date

Since 31 December 2008 the Directors have declared the following dividend:

| | Cents per share | Total Amount \$'000 | Franked / Unfranked | Expected Date of payment |
|-----------------------|-----------------|---------------------|---------------------|--------------------------|
| 2009 Interim Dividend | 14.0 | 10,819 | Franked | 25 March 2009 |

The financial effect of this dividend has not been brought to account in the consolidated entity's financial statements for the half-year ended 31 December 2008 and will be recognised in subsequent financial reports.

5. INTEREST BEARING LOANS AND BORROWINGS (CURRENT)

Lease liabilities
Hire purchase liabilities
Convertible notes
Bank loans
Bank overdraft

| | Consolidated | |
|---------------------------|---------------------|---------------------|
| | 31-Dec-08 \$'000 | 30-Jun-08 \$'000 |
| Lease liabilities | 2,466 | 2,468 |
| Hire purchase liabilities | 224 | 254 |
| Convertible notes | - | 2,756 |
| Bank loans | 8,981 | 7,346 |
| Bank overdraft | 4,588 | - |
| | 16,259 | 12,824 |

6. INTEREST BEARING LOANS AND BORROWINGS (NON-CURRENT)

Lease liabilities
Hire purchase liabilities
Bank loans

| | Consolidated | |
|---------------------------|---------------------|---------------------|
| | 31-Dec-08 \$'000 | 30-Jun-08 \$'000 |
| Lease liabilities | 3,597 | 3,442 |
| Hire purchase liabilities | 851 | 359 |
| Bank loans | 82,172 | 41,373 |
| | 86,620 | 45,174 |

7. RECONCILIATION OF CASH

Cash and cash equivalents
Project advances (other current assets)
Bank overdraft (Note 5)

| | Consolidated | |
|---|---------------------|---------------------|
| | 31-Dec-08 \$'000 | 30-Jun-08 \$'000 |
| Cash and cash equivalents | 46,873 | 46,319 |
| Project advances (other current assets) | - | 6,305 |
| Bank overdraft (Note 5) | (4,588) | - |
| | 42,285 | 52,624 |

Notes to the Consolidated Financial Statements

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2008

| | 31-Dec-08 No. of shares | 30-Jun-08 No. of shares | 31-Dec-08 \$'000 | 30-Jun-08 \$'000 |
|---|-------------------------------|-------------------------------|---------------------|---------------------|
| 8. ISSUED CAPITAL OF CARDNO LIMITED | | | | |
| Balance at the beginning of the period | 73,509,653 | 57,318,821 | 192,063 | 92,245 |
| Shares issued during the period: | | | | |
| - Dividend reinvestment scheme | 220,429 | 170,041 | 1,120 | 1,074 |
| - Shares issued for cash | 2,489,162 | 14,181,147 | 12,440 | 92,401 |
| - Employee Tax Exempt Share Acquisition Plan | - | 216,736 | - | 1,342 |
| - Employee Performance Equity Plan | - | - | 311 | 455 |
| - Options Exercised | - | 480,000 | - | 1,689 |
| - Conversion of Convertible Notes | 1,061,129 | 1,142,908 | 2,653 | 2,857 |
| Balance at the end of the year | 77,280,373 | 73,509,653 | 208,587 | 192,063 |

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 proceeds 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.

| | Consolidated | |
|--|-------------------|-------------------|
| | 31-Dec-08 | 30-Jun-08 |
| 9. EARNINGS PER SHARE | | |
| (a) Basic earnings per share | | |
| Profit attributable to ordinary shareholders | 18,256,299 | 11,915,188 |
| Weighted average number of ordinary shares | | |
| Issued ordinary shares at 1 July | 73,509,653 | 57,318,821 |
| Effect of shares issued for cash consideration | 991,786 | 1,606,082 |
| Effect of shares issued from conversion of convertible notes | 1,043,828 | 620,891 |
| Weighted average number of ordinary shares at 31 December | 75,545,267 | 59,545,794 |
| (b) Diluted earnings per share | | |
| Profit attributable to ordinary shareholders (diluted) | | |
| Profit attributable to ordinary shareholders | 18,256,299 | 11,915,188 |
| After-tax effect of interest on convertible notes | - | 278,851 |
| Profit attributable to ordinary shareholders (diluted) | 18,256,299 | 12,194,039 |
| Weighted average number of ordinary shares (diluted) | | |
| Weighted average number of ordinary shares at 31 December | 75,545,267 | 59,545,794 |
| Effect of convertible notes | 17,973 | 1,614,041 |
| Effect of share options on issue | - | 1,083,500 |
| Weighted average number of ordinary shares (diluted) at 31 December | 75,563,240 | 62,243,335 |

10. CONTINGENT LIABILITIES

As at the date of this report, there is no current litigation or pending or threatened litigation which would not be covered by professional indemnity insurance or has not already been provided for in the accounts of the consolidated entity, or which is likely to have a material effect on the financial performance of the consolidated entity.

Notes to the Consolidated Financial Statements

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2008

11. BUSINESS COMBINATIONS

- (a) During the half-year the group acquired the issued share capital of The Ecology Lab Pty Ltd and Spectrum Survey & Mapping Pty Ltd with an effective acquisition date of 1 July 2008.

The acquired businesses contributed revenues of \$4,869,294 and net profit after tax of \$905,379 to the Group for the half-year.

The Ecology Lab is a Sydney based consultant specialising in marine and freshwater ecology while Spectrum Survey & Mapping is a specialist survey firm based in Perth and Kalgoorlie.

Details of acquisitions

| | \$'000 |
|--|--------|
| Purchase Consideration | |
| Cash | 7,400 |
| Direct costs relating to the acquisitions | 111 |
| Total purchase consideration | 7,511 |
| Fair value of net identifiable assets acquired | 2,987 |
| Goodwill | 4,524 |

The assets and liabilities arising from the acquisitions are as follows:

| | Acquirees' carrying amount \$'000 | Fair Value \$'000 |
|---|--------------------------------------|----------------------|
| Cash | 1,527 | 1,527 |
| Receivables | 1,995 | 1,995 |
| Inventories | 17 | 17 |
| Deferred tax assets | 233 | 233 |
| Property, plant and equipment | 1,581 | 1,581 |
| Creditors & borrowings | (1,288) | (1,288) |
| Provisions | (1,078) | (1,078) |
| Net identifiable assets acquired | 2,987 | 2,987 |
| Outflow of cash to acquire subsidiaries, net of cash acquired | | |
| Cash consideration | | 7,511 |
| Less: Balances acquired | | |
| Cash | | 1,527 |
| Outflow of cash | | 5,984 |

- (b) During the half-year the group also acquired the issued share capital of TBE Group Inc, a US based infrastructure services firm with offices across 19 US states as well as China, the UK and Canada, with an effective acquisition date of 15 September 2008 and contributed revenues of \$25,653,267 and net profit after tax of \$2,162,145 to the group.

Notes to the Consolidated Financial Statements

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2008

11. BUSINESS COMBINATIONS CONTINUED

Details of acquisition

| | \$'000 |
|--|--------|
| Purchase Consideration | |
| Cash | 36,573 |
| Vendor liability – earnout agreement | 6,771 |
| Direct costs relating to the acquisitions | 497 |
| Total purchase consideration | 43,841 |
| Fair value of net identifiable assets acquired | 3,488 |
| Goodwill | 40,353 |

The assets and liabilities arising from the acquisition are as follows:

| | Acquirees' carrying amount \$'000 | Fair Value \$'000 |
|----------------------------------|--------------------------------------|----------------------|
| Cash | 423 | 423 |
| Receivables | 13,222 | 13,222 |
| Inventories | 3,778 | 3,778 |
| Property, plant and equipment | 1,643 | 1,643 |
| Intangibles | - | 1,039 |
| Bank overdraft | (2,320) | (2,320) |
| Provisions | (7,184) | (7,184) |
| Creditors & borrowings | (7,113) | (7,113) |
| Net identifiable assets acquired | 2,449 | 3,488 |

Outflow of cash to acquire subsidiary, net of cash acquired

| | |
|-------------------------|---------|
| Cash consideration | 37,070 |
| Less: Balances acquired | |
| Cash | 423 |
| Bank overdraft | (2,320) |
| | (1,897) |

Outflow of cash

38,967

12. SEGMENT INFORMATION

The group operates predominantly as a provider of professional services in physical and social infrastructure.

Inter-segment pricing is determined on an arm's length basis.

Geographical Segments

In presenting information on the basis of primary segments, segment revenue and results are based on the geographical location of the assets. The consolidated entity's geographical segments reported are Australia and New Zealand, Europe and Africa, North America and Asia Pacific.

Notes to the Consolidated Financial Statements

Cardno Limited and its Controlled Entities for the half-year ended 31 December 2008

12. SEGMENT INFORMATION CONTINUED

Geographical Segments continued

| Half-Year Ended 31 December 2008 | Australia & NZ \$'000 | North America \$'000 | Asia Pacific \$'000 | UK & Africa \$'000 | Total \$'000 | Elimination s \$'000 | Grouped \$'000 |
|--------------------------------------|-----------------------------|----------------------------|---------------------------|--------------------------|-----------------|----------------------------|-------------------|
| Segment revenue | | | | | | | |
| Fees from services and sale of goods | 140,078 | 33,335 | 4,040 | 17,175 | 194,628 | - | 194,628 |
| Fees from recoverable expenses | 18,376 | 36,224 | 7,685 | 5,196 | 67,481 | - | 67,481 |
| External sales | 158,454 | 69,559 | 11,725 | 22,371 | 262,109 | - | 262,109 |
| Inter-segment revenue | - | - | - | - | - | - | - |
| Other income | 487 | 295 | - | 288 | 1,070 | - | 1,070 |
| Total segment revenue | 158,941 | 69,854 | 11,725 | 22,659 | 263,179 | - | 263,179 |
| Segment result | | | | | | | |
| EBIT | 17,536 | 4,177 | 1,558 | 2,131 | 25,402 | - | 25,402 |
| Net finance costs | | | | | (1,581) | - | (1,581) |
| Profit before tax | | | | | 23,821 | - | 23,821 |
| Income tax expense | | | | | (5,565) | - | (5,565) |
| Profit after tax | | | | | 18,256 | - | 18,256 |

| Half-Year Ended 31 December 2007 | Australia & NZ \$'000 | North America \$'000 | Asia Pacific \$'000 | UK & Africa \$'000 | Total \$'000 | Eliminations \$'000 | Grouped \$'000 |
|--------------------------------------|-----------------------------|----------------------------|------------------------|--------------------------|-----------------|------------------------|-------------------|
| Segment revenue | | | | | | | |
| Fees from services and sale of goods | 105,849 | 35,617 | 4,436 | 11,389 | 157,291 | (1,228) | 156,063 |
| Fees from recoverable expenses | 17,518 | 13,923 | 4,195 | 3,205 | 38,841 | - | 38,841 |
| External sales | 123,367 | 49,540 | 8,631 | 14,594 | 196,132 | (1,228) | 194,904 |
| Inter-segment revenue | - | - | - | - | - | - | - |
| Other income | (214) | 294 | 164 | 96 | 340 | - | 340 |
| Total segment revenue | 123,153 | 49,834 | 8,795 | 14,690 | 196,472 | (1,228) | 195,244 |
| Segment result | | | | | | | |
| EBIT | 14,427 | 3,811 | 2,089 | 6 | 20,333 | (1,228) | 19,105 |
| Net finance costs | | | | | (1,933) | - | (1,933) |
| Profit before tax | | | | | 18,400 | (1,228) | 17,172 |
| Income tax expense | | | | | (5,257) | - | (5,257) |
| Profit after tax | | | | | 13,143 | (1,228) | 11,915 |

13. SUBSEQUENT EVENTS

An interim dividend of 14 cents per share fully franked was declared on 17 February 2009.

Cardno announced a Share Purchase Plan on 17 February 2009 to raise up to \$20 million.

Directors' Declaration

Cardno Limited and its Controlled Entities For the half-year ended 31 December 2008

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 6 to 16, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 31 December 2008 and of the performance for the year ended on that date of the consolidated entity;
2. In the directors' opinion there are reasonable grounds to believe that Cardno Limited will be able to pay its debts as and when they come due and payable.

Dated at Brisbane on the 17th day of February 2009.

Signed in accordance with a resolution of the directors.



JOHN C MASSEY
Chairman

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Cardno Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cardno and controlled entities (the consolidated entity) which comprises the consolidated balance sheet as at 31 December 2008, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, a statement on the accounting policies, other selected explanatory notes and the directors' declaration. The consolidated entity comprises both Cardno Limited and the entities it controlled during that year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the consolidated half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements *ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Cardno Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees.

Total Financial Solutions

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Cardno Limited is not in accordance with the *Corporations Act 2001* including:

- a) Giving a true and fair view of the company's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Signed at Brisbane, 17 February 2009.



WHK Horwath



R Q COLE
Principal

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