## 1. Company details

| | |
|---|---|
| Name of entity: | Cardno Limited |
| ABN: | 70 108 112 303 |
| Reporting period: | For the year ended 30 June 2024 |
| Previous period: | For the year ended 30 June 2023 |

## 2. Results for announcement to the market

| | 2024 $'000 | 2023 $'000 | Change $'000 | Change % |
|---|---|---|---|---|
| Revenue from continuing operations | 8,390 | 10,927 | (2,537) | (23%) |
| Revenue from discontinued operations | - | - | - | - |
| Profit/ (Loss) after income tax expense from continuing operations | 7,544 | (614) | 8,158 | (1329%) |
| | - | - | - | - |
| Profit after income tax benefit from discontinued operations | 830 | 1,684 | (854) | (51%) |
| | - | - | - | - |
| Profit for the year attributable to the owners of Cardno Limited | 8,374 | 1,070 | 7,304 | 683% |

*Comments*
The profit for the Group after providing for income tax amounted to $8,374,000 (30 June 2023: $1,070,000).

Refer to the ASX and Annual Financial Report for the explanation of results.

## 3. Net tangible assets

| | Reporting period Cents | Previous period Cents |
|---|---|---|
| Net tangible assets per ordinary security | 18.07 | 52.25 |

## 4. Control gained over entities

Not applicable.

## 5. Loss of control over entities

Not applicable.

## 6. Dividends

*Current period*

| | Amount per security Cents | Franked amount per security Cents |
|---|---|---|
| Special dividend paid on 31 August 2023 | 17.7 | - |
| Special dividend paid on 29 April 2024 | 27.6 | - |
| Special dividend paid on 24 June 2024 | 10.0 | - |

*Previous period*

| | Amount per security Cents | Franked amount per security Cents |
|---|---|---|
| Special dividend paid on 14 July 2022 | 78.0 | - |
| Special dividend paid on 22 August 2022 | 44.0 | - |
| Special dividend paid on 31 January 2023 | 30.7 | - |

## 7. Dividend reinvestment plans

Not applicable.

## 8. Details of associates and joint venture entities

| | Reporting entity's percentage holding Reporting period % | Reporting entity's percentage holding Previous period % | Contribution to (loss)/profit (where material) Reporting period $'000 | Contribution to (loss)/profit (where material) Previous period $'000 |
|---|---|---|---|---|
| Aso.Caminos y Canales Acotecnic | 50% | 50% | - | - |
| Asociacion Caminosca Thesa | 50% | 50% | - | - |
| Asociacion Caminosca Hidropaver | 50% | 50% | - | - |
| Asociacion Caminosca y Asociados | 50% | 50% | - | - |
| Consorcio TCA- Tractebel Caminosca y Asociados | 53% | 53% | - | - |
| Asociacion Caminosca Promanvial | 67% | 67% | - | - |
| Consorcio PCA Poyry-Caminosca Asociados | 73% | 73% | - | - |
| Consorcio Nippon Koei-Caminosca Sisa | 30% | 30% | - | - |
| Consorcio Vial Oriental | 70% | 70% | - | - |
| Consorcio Hidroaustral | 60% | 60% | - | - |
| Consorcio Vial Amazonico | 50% | 50% | - | - |
| Consocio Vial Quevedo | 25% | 25% | - | - |
| Consorcio Vial Quijos | 50% | 50% | - | - |
| Consorcio Hidrojubones | 25% | 25% | - | - |
| Consorcio Pilaton Toachi | 60% | 60% | 6,208 | 1,301 |
| Consorcio Austrovias | 70% | 70% | - | - |
| Consorcio Vial los Andes | 50% | 50% | - | - |
| *Group's aggregate share of associates and joint venture entities' (loss)/profit (where material)* | | | | |
| (Loss)/profit from ordinary activities before income tax | | | 5,838 | 1,208 |

## 9. Foreign entities

*Details of origin of accounting standards used in compiling the report:*

Not applicable.

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## 10. Audit qualification or review

*Details of audit/review dispute or qualification (if any):*

The financial statements have been audited and an unmodified opinion has been issued.

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## 11. Attachments

*Details of attachments (if any):*

The Annual Report of Cardno Limited for the year ended 30 June 2024 is attached.

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## 12. Signed

As authorised by the Board of Directors.

Signed ______________________ Date: 26 August 2024

Nathanial Thomson
Chairman
Sydney

# FY24
# CARDNO 2024 ANNUAL REPORT

for the full-year ended
30 June 2024

**Making a difference.**

Cardno Limited
ABN 70 108 112 303
and its controlled entities

Dear Shareholder,

Over the past 12 months, Cardno has continued the process of winding down its operations and returning cash to Shareholders. This has included the collections of the final payments from the sale of the International Development division plus the collections from successful legal cases related to INSUS.

Key activities in FY24 included:

- The collection of $7.9m of principal outstanding related to the sale of the International Development business to DT Global and the collection of $3.2m of interest relating to the deferred settlement;
- The collection of $6.4m from legal cases (net of JV costs) related to INSUS;
- The continued operation of ENTRIX which generated $8.4m of revenue and $1.0m of EBITDA;
- Reducing the Head Office costs to $1.3m; and
- Payment of $21.6m of dividends (55.30 cents per ordinary share)

Currently Cardno consists of:

- ENTRIX, the environmental consulting business that operates primarily in Ecuador. As noted in an ASX release on 5 April 2024, the Board of Cardno is running a sale process for ENTRIX with the aim to return any proceeds from a sale to Cardno shareholders in FY25. There is no certainty that Cardno will find an appropriate buyer for ENTRIX or what the price of any sale will achieve;
- A set of JV arrangements (INSUS) that is collecting proceeds from various historical operations and legal cases. In the next 12 months, the Board of Cardno expects to collect between US$0m and US$0.7m of proceeds from INSUS which will be remitted to Cardno. All proceeds from INSUS, including proceeds after the next 12 months, depend on the results of various legal actions in Ecuador. There are also various contingent liabilities associated with INSUS which if crystalised may lead to INSUS being closed down and preventing the collection of any future proceeds; and
- An Australian head office, which has now outsourced all its operations to third parties. As noted above the cost of this head office was $1.3m in FY24.

The Board of Cardno continues to focus on collecting cash and returning cash to Shareholders in an efficient manner. The Board is cognisant that at some point the cost of operating the ASX listed head office will outweigh the benefits of continuing its operations and the Board of Directors may seek to wind up the business. The timing of this will in part depend on the Board of Directors assessment of the likely future collections from INSUS and any potential proceeds from the sale of ENTRIX.

The Cardno Board will continue to update Shareholders as it refines its plans and thanks its shareholders for their continued support.

Kind regards,

Nathanial Thomson
Chairman and Executive Director

**General information**

The financial statements cover Cardno Limited as a Group consisting of Cardno Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Cardno Limited's functional and presentation currency.

Cardno Limited is a listed public company, limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 8, 210 George Street
Sydney NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 26 August 2024. The Directors have the power to amend and reissue the financial statements.

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group' or 'Cardno') consisting of Cardno Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2024.

**Directors**
The following persons were Directors of Cardno Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

| | |
|---|---|
| Nathanial Thomson | Chairman (appointed 6 December 2023) Executive Director (appointed 8 July 2022) |
| Jeffrey Forbes | Non-Executive Director |
| Susan Rozario | Executive Director (appointed 6 December 2023) |
| Michael Alscher | Non-Executive Director and Chairman (resigned 6 December 2023) |
| Neville Buch | Alternate Director (resigned 6 December 2023) |

**Principal activities**
The principal activity of the Group during the financial year was operating as a professional environmental services company, with expertise in the development and improvement of social infrastructure for communities in Ecuador and Peru. During the year ended 30 June 2024, the Group continued to wind down the South American Ingenieria Sustentable ('INSUS') operation and finalised the outstanding balance owing from DT Global from the sale of the Cardno International Development business.

**Dividends**
Dividends paid during the financial year were as follows:

| | Consolidated | |
|---|---|---|
| | 2024 $'000 | 2023 $'000 |
| Special dividend paid during for the year ended 30 June 2023 of 78.0 cents per ordinary share(1) | - | 30,467 |
| Special dividend paid during for the year ended 30 June 2023 of 44.0 cents per ordinary share(2) | - | 17,187 |
| Special dividend paid during for the year ended 30 June 2023 of 30.7 cents per ordinary share(3) | - | 11,992 |
| Special dividend paid during for the year ended 30 June 2024 of 17.70 cents per ordinary share(4) | 6,914 | - |
| Special dividend paid during for the year ended 30 June 2024 of 27.6 cents per ordinary share(5) | 10,781 | - |
| Special dividend paid during for the year ended 30 June 2024 of 10.0 cents per ordinary share(6) | 3,906 | - |
| | 21,601 | 59,646 |

(1) The Group completed the disposal of its International Development business to DT Global on 30 June 2022. Part of the sale proceeds were distributed to shareholders on 14 July 2022 by way of payment of a special dividend of 78 cents per share and a capital return of 24 cents per share.
(2) A second payment of special dividend was made to shareholders on 22 August 2022 of 44 cents per share.
(3) A third payment of special dividend was made to shareholders on 31 January 2023 of 30.7 cents per share.
(4) The fourth and final payment of special dividend was made to shareholders on 31 August 2023 of 17.7 cents per share.
(5) A payment of special dividends was made to shareholders on 29 April 2024 of 27.6 cents per share representing distribution from INSUS legal claims and collection from sale of International Development division to DT Global.
(6) A payment of special dividends was made to shareholders on 24 June 2024 of 10.0 cents per share representing distribution from ENTRIX and collection of the final balance from sale of International Development division to DT Global.

**Review of operations**
The profit for the Group after providing for income tax amounted to $8,374,000 (30 June 2023: $1,070,000).

| | 2024 $'m | 2023 $'m |
|---|---|---|
| Gross revenue | 8.40 | 10.93 |
| Profit before tax from continuing operations | 7.87 | 0.07 |
| Profit before tax from discontinued operations | 0.83 | 1.68 |
| Net profit/ (loss) after tax from continuing operations | 7.50 | (0.61) |
| Net profit after tax from discontinued operations | 0.83 | 1.68 |
| Net profit after tax | 8.37 | 1.07 |
| Operating cash flow | 1.99 | (3.85) |
| EPS from continuing operations – basic (cents) | 19.31 | (1.57) |
| EPS - basic (cents) | 21.44 | 2.74 |

**FY24 Financial results**

The Group reports a full year profit before tax from continuing operations of $7,874,000 (2023: profit of $65,000). The profit arose from:

(i) Ingenieria Sustentable ('INSUS') S.A in Ecuador EBITDA - a profit $7,662,000:

- $5,838,000 relates to the recognition of INSUS's share of the profit in the JV's following the winning of legal claims in May 2023 less the costs incurred by the JV's. In previous years, the JV's were considered dormant, and the winning of these legal claims triggered the recognition of revenue. The income is one-off and will only recur in future if and when cash is received by the JVs.
- Other Income of $574,000 relating to proceeds received by INSUS directly from court cases with favourable outcomes.
- $1,636,000 of debtor provisions reversed as they are no longer required.
- Net expenses of $386,000 for 2024.

(ii) ENTRIX America EBITDA profit of $965,000.

(iii) Head office costs of $1,337,000 for operating and meeting the requirements of the listed Company.

(iv) Net finance income of $753,000.

(v) Foreign exchange and depreciation expense of $169,000.

The Group recognised profit of $830,000 in discontinued operations arising from interest earned on amounts owing by DT Global to Cardno. Full balance outstanding inclusive of interest was repaid in April 2024.

**Financial performance**
Net assets have dropped by 13.3m from $20.4m in 2023 to $7.1m in 2024 primarily due to special dividend payments of $21.6m to shareholders in 2024 offset by INSUS's share of JV profit of $5.8m, "other Income" earned of $0.6m from proceeds of winning certain legal claims in INSUS, and interest earned of $0.8m on the deferred settlement balance owed by DT Global.

**Cash flow**
The Group recorded a net operating cash outflow for the year ended 30 June 2024 of $1.99m.

**Segment overview**

**Latin America ('Latam')**
Latin America's ('ENTRIX') underlying EBITDA for the financial year was $1.0m, down on prior year amount of $2.1m. Gross revenue was $8.4m (compared to prior year comparative of $10.9m) unfavourably impacted by the timing and delivery of major projects. EBITDA margin of 11.5% was also down on prior year margin of 19.2%.

Ingenieria Sustentable ('INSUS') S.A. (formerly Caminosca) continues to recover outstanding debts, wind down and incur some corporate costs such as legal expenses.

### Other
The Company continues to incur head office costs relating to the ongoing running of the business. These costs include consultant fees to oversee the finance, tax reporting and compliance of the business, audit fees, insurance, listing fees and Directors' fees.

Key profit or loss items are highlighted below:

| | Statutory | |
|---|---|---|
| | 2024 $'000 | 2023 $'000 |
| Latin America | 8,390 | 10,927 |
| Other | - | - |
| Gross revenue | 8,390 | 10,927 |
| | | |
| Profit from continuing operations before income tax | 7,874 | 65 |
| Income tax expense | (330) | (679) |
| Profit/(loss) from continuing operations after income tax | 7,544 | (614) |
| | | |
| Discontinued operations, net of tax | 830 | 1,684 |
| | | |
| **Profit after income tax** | **8,374** | **1,070** |

### Business risks

The main business risks facing the Group are:

- Liquidity: Insufficient cash to fund the head office and listing requirements of the parent company whilst Cardno seeks to divest the ENTRIX operations in Latin America and collects cash related to INSUS legal claims. All outstanding amounts (principal and interest) owed by DT Global were fully paid by April 2024. As at 30 June 2024, Cardno had $6.3m cash on its balance sheet (head office $3.0, Latam $3.3m) which the Directors believe is sufficient liquidity for the operating business and head office for at least the next 12 months from the date of signing this annual report (refer to note 28).
- Threat of legal claims and criminal proceeding against INSUS or the JVs of which INSUS is a member materializing and INSUS required to make payments to the claimants. The Directors have received independent advice that under company law in Ecuador, the possibility of legal claims having recourse to INSUS' immediate Australian parent entity Cardno International Pty Ltd or the Group parent entity Cardno Limited, is remote. Whilst the Directors consider risk to the listed entity is remote, the outcomes of claims against INSUS may negatively impact on the recovery of additional funds from claims being pursued by INSUS as it continues to be wound down.

### Significant changes in the state of affairs
During the year, the Company received a total of $11.1m from DT Global representing repayment of principal and interest outstanding from the sale of the International Development Division in June 2022. There is no outstanding balance from DT Global, as at 30 June 2024.

During the year, INSUS transferred to Australia $8.8m (US$5.9m) from funds received in settlement of legal claims.

There are no other significant changes in the state of affairs of the Group during the financial year.

### Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

### Likely developments and expected results of operations
The Cardno Board will continue to focus on:

- The divestment of ENTRIX operations, a $8m revenue socio-economic business operating in Ecuador and Peru;
- The collection of cash related to INSUS legal claims. The current expectation is that in the next 12 months, the size of any potential collections between US$0 and US$0.7m and is dependent on the progress of legal cases in the Ecuadorian courts; and
- Minimisation of head office and listed entity costs which are currently run rating at $1.3m p.a.

Following this, the Board will consider the next steps for the Group.

**Environmental regulation**
The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

**Information on Directors**

| | |
|---|---|
| Name: | **Nathanial Thomson** |
| Title: | Chairman (appointed 6 December 2023) Executive Director (appointed 8 July 2022) |
| Qualifications: | Bachelor of Commerce with honours and a Bachelor of Law with honours from the University of Western Australia. |
| Experience and expertise: | Nathanial Thomson became a Non-Executive Director of Cardno Limited in May 2016 and was appointed as Executive Director effective December 2021. He is a Partner at Crescent Capital Partners and responsible for the assessment of potential investment opportunities and management of investee companies.<br><br>Nathanial is a Partner at Crescent, a leading Australian private equity investment firm. Nathanial has over 20 years of experience in strategy consulting, private equity and investment banking. He has significant consulting experience from his prior role at McKinsey & Co. |
| Other current directorships: | Non-Executive Director of Clearview Wealth Limited and Australian Clinical Labs Limited |
| Former directorships (last 3 years): | None |
| Special responsibilities: | Member of Audit, Risk & Compliance Committee |
| Interests in shares: | None |
| Interests in options: | None |
| Interests in rights: | None |

| | |
|---|---|
| Name: | **Jeffrey Forbes** |
| Title: | Non-Executive Director |
| Qualifications: | Bachelor of Commerce from the University of Newcastle and a Graduate of the Australian Institute of Company Directors. |
| Experience and expertise: | Jeffrey Forbes joined Cardno Limited as a Non-Executive Director in January 2016. He is an experienced Finance Executive and Company Director with over 30 years' merger and acquisition, equity and capital markets and project development experience. He has significant expertise in the financing and development of resource projects in both Australia and in the Asia Pacific Region.<br><br>Jeffrey previously worked at Cardno as CFO, Executive Director and Company Secretary before leaving to commence Non-Executive director roles. He has spent time as a member of the remuneration and audit and risk committees of both listed and unlisted companies in a variety of sectors.<br><br>Prior to his experience at Cardno, Jeffrey was the CFO, Company Secretary and Executive Director at Highlands Pacific Limited, a PNG-based mining and exploration company. He has significant experience in capital raisings and during his career has worked for a number of major companies including Rio Tinto, BHP and CSR. |
| Other current directorships: | Non-Executive Director of PWR Holdings Ltd and Ventia Services Group Limited |
| Former directorships (last 3 years): | Non-Executive Director of Intega Group Limited |
| Special responsibilities: | Chairman of Audit, Risk & Compliance Committee |
| Interests in shares: | 14,862 ordinary shares |
| Interests in options: | None |
| Interests in rights: | None |

| | |
|---|---|
| Name: | **Susan Rozario** |
| Title: | Executive Director (appointed 6 December 2023) |
| Qualifications: | Master of Business Administration from the University of Karachi (Pakistan) and a Certified Practicing Accountant in Australia |
| Experience and expertise: | Susan Rozario is an experienced CFO with more than 25 years' experience working in senior financial roles across several industries in the Australian private sector.<br><br>Susan was previously CFO for JELD-WEN Australia and for several years has acted as Interim CFO for a number of portfolio companies owned or part-owned by Crescent Capital Partners including for the Cardno Group in the Asia Pacific, International Development and Construction Sciences divisions at various times. Susan is an employee of Crescent Capital Partners. |
| Other current directorships: | None |
| Former directorships (last 3 years): | None |
| Special responsibilities: | Member of the Audit, Risk & Compliance Committee |
| Interests in shares: | None |
| Interests in options: | None |
| Interests in rights: | None |

| | |
|---|---|
| Name: | **Michael Alscher** |
| Title: | Non-Executive Director and Chairman (resigned 6 December 2023) |
| Qualifications: | Bachelor of Commerce (Finance and Mathematics) from the University of New South Wales. |
| Experience and expertise: | Michael Alscher joined as a Non-Executive Director of Cardno Limited in November 2015. He then became Chairman in January 2016.<br><br>He is the Managing Partner and founder of Crescent Capital Partners, a leading Australian based private equity investment firm, specialising in high growth companies and certain industry sectors such as healthcare.<br><br>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. |
| Other current directorships: | Non-Executive Director of Clearview Wealth Limited and Chair of Australian Clinical Labs Limited |
| Former directorships (last 3 years): | Non-Executive Director of Intega Group Limited |
| Special responsibilities: | Member of Audit, Risk & Compliance Committee |
| Interests in shares: | None |
| Interests in options: | None |
| Interests in rights: | None |

| | |
|---|---|
| Name: | **Neville Buch** |
| Title: | Alternate Director (resigned 6 December 2023) |
| Experience and expertise: | Neville is a partner at Crescent Capital Partners and has held the position of Chair, CEO and director in both public and private practice for over 18 years. He was a Non-Executive Director of Cardno Limited between November 2015 and October 2019 and acted as interim CEO from November 2016 to March 2018 and Deputy Chair from May 2018 to October 2019. |
| Other current directorships: | Nil |
| Former directorships (last 3 years): | Non-Executive Director of Intega Group Limited |
| Interests in shares: | None |

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

**Company secretary**

*Nathanial Thomson* (appointed on 1 December 2022)
Nathanial is an Executive Director, Chairman and Company Secretary of the Company.

**Meetings of Directors**
The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2024, and the number of meetings attended by each Director were:

| | Full Board | | Audit, Risk & Compliance Committee | |
|---|---|---|---|---|
| | Attended | Held | Attended | Held |
| Nathanial Thomson | 3 | 3 | 2 | 2 |
| Jeffrey Forbes | 3 | 3 | 2 | 2 |
| Susan Rozario (appointed 6 December 2023) | 1 | 1 | 1 | 1 |
| Michael Alscher (resigned 6 December 2023) | 1 | 2 | 1 | 1 |

Held: represents the number of meetings held during the time the Director held office.

**Remuneration report (audited)**
The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:
- A. Key management personnel
- B. Role of remuneration committee
- C. Executive and non-executive directors' remuneration
- D. Executive remuneration strategy structure
- E. Executive key management personnel contract terms
- F. Key management personnel remuneration tables
- G. Share-based compensation
- H. Group performance
- I. Other related party transactions

**A. Key management personnel**
Key management personnel ('KMP') is 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.

The KMP details follow:

| Name | Title | 30 June 2024 | 30 June 2023 |
|---|---|---|---|
| Nathanial Thomson | Executive Director and Chairman | KMP for the full year | KMP for the full year |
| Jeffrey Forbes | Non-Executive Director | KMP for the full year | KMP for the full year |
| Susan Rozario | Executive Director | Appointed 6 December 2023 | Not considered KMP |
| Michael Alscher | Non-Executive Director and Chairman | Resigned 6 December 2023 | KMP for the full year |

**B. Role of remuneration committee**
Since June 2022, the Board has determined that all functions of the Nominations and Remuneration Committee would be managed by the Board and that the Remuneration Committee was dissolved.

The Board believes that all Board members' experience, views and perspectives should be leveraged through full participation in the Board's nomination and remuneration process discussion.

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

**C. Executive and Non-executive directors' remuneration**
Executive and Non-executive directors are paid a fee for being a director of the Board and an additional fee if they participate on or chair certain Board committees. Director fees are not linked to the performance of the Group and directors do not participate in any incentive plans.

Executive and Non-executive director fees are reviewed annually and are determined within an aggregate director's 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 director fees were re-set in March 2023 to reflect the reduced size and activity of the Group.

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

| | Board<br>$ | Audit, risk and compliance committee<br>$ |
|---|---|---|
| **Australian based Board members** | | |
| Chairman 10 December 2021 – 28 February 2023 | 150,000 | 15,000 |
| Chairman 1 March 2023 – 30 June 2024 | 50,000 | 15,000 |
| Director 10 December 2021 – 28 February 2023 | 75,000 | 7,000 |
| Director 1 March 2023 – 30 June 2024 | 50,000 | 7,000 |

**D. Executive remuneration strategy structure**
The remuneration of the KMP included in the total fixed remuneration ('TFR') consist of base salary plus statutory superannuation contributions. KMP received a fixed remuneration package reviewed annually by the Board functioning as the remuneration committee and taking into consideration the responsibilities of the role, the qualifications and experience of the incumbent.

**E. Executive key management personnel contract terms**
As of 30 June 2024 and 30 June 2023, there are no Executive Service Agreements ('ESA') within the Group.

## F. Key management personnel remuneration tables

*Amounts of remuneration*
Details of the remuneration of key management personnel of the Group are set out in the following tables.

| | Short-term benefits | | | Post-employment benefits | Long-term benefits | Share-based payments | | |
|---|---|---|---|---|---|---|---|---|
| **2024** | Cash salary and fees $ | Cash bonus $ | Non-monetary $ | Super-annuation $ | Long service leave $ | Performance rights and options $ | Termination benefits $ | Total $ |
| *Non-Executive Directors:* | | | | | | | | |
| Jeffrey Forbes | 58,823 | - | - | 6,470 | - | - | - | 65,293 |
| Michael Alscher (1) | 24,628 | - | - | - | - | - | - | 24,628 |
| *Executive Directors:* | | | | | | | | |
| Nathanial Thomson(2) | 57,000 | - | - | - | - | - | - | 57,000 |
| Susan Rozario (3) | 32,372 | - | - | - | - | - | - | 32,372 |
| | 172,823 | - | - | 6,470 | - | - | - | 179,293 |

(1) Michael Alscher's fees represent director fees from 1 July 2023 to the date of resignation on 6 December 2023 paid to Crescent Capital Partners.
(2) Nathanial Thomson's director fees are paid to Crescent Capital Partners.
(3) Susan Rozario's fees includes the directors fees from the date of appointment of 6 December 2023 to 30 June 2024 paid to Crescent Capital Partners.

| | Short-term benefits | | | Post-employment benefits | Long-term benefits | Share-based payments | | |
|---|---|---|---|---|---|---|---|---|
| **2023** | Cash salary and fees $ | Cash bonus $ | Non-monetary $ | Super-annuation $ | Long service leave $ | Performance rights and options $ | Termination benefits $ | Total $ |
| *Non-Executive Directors:* | | | | | | | | |
| Michael Alscher (1) | 123,667 | - | - | - | - | - | - | 123,667 |
| Jeffrey Forbes | 75,307 | - | - | 7,907 | - | - | - | 83,214 |
| *Executive Directors:* | | | | | | | | |
| Nathanial Thomson (1) | 73,667 | - | - | - | - | - | - | 73,667 |
| | 272,641 | - | - | 7,907 | - | - | - | 280,548 |

(1) Michael Alscher's and Nathanial Thomson's fees are paid to Crescent Capital Partners.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

| | Fixed remuneration | | At risk - STI | | At risk - LTI | |
|---|---|---|---|---|---|---|
| Name | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| *Non-Executive Directors:* | | | | | | |
| Jeffrey Forbes | 100.0% | 100.0% | - | - | - | - |
| Michael Alscher | 100.0% | 100.0% | - | - | - | - |
| *Executive Directors:* | | | | | | |
| Nathanial Thomson | 100.0% | 100.0% | - | - | - | - |
| Susan Rozario | 100.0% | - | - | - | - | - |

**G. Share-based compensation**

*Issue of shares*
There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2024.

*Options*
There were no options over ordinary shares issued to Directors and other key management personnel as part of compensation that were outstanding as at 30 June 2024.

There were no options over ordinary shares granted to or vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2024.

*Performance rights*
There were no performance rights over ordinary shares issued to Directors and other key management personnel as part of compensation that were outstanding as at 30 June 2024.

There were no performance rights over ordinary shares granted to or vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2024.

**H. Group performance**
The earnings of the Group for the five years to 30 June 2024 are summarised below:

| | 2024 $'000 | 2023 $'000 | 2022 (2) $'000 | 2021 $'000 | 2020 $'000 |
|---|---|---|---|---|---|
| Sales revenue | 8,390 | 10,927 | 10,632 | 890,390 | 978,268 |
| Underlying EBITDAI (1) | (371) | 175 | 407 | 51,231 | 43,033 |
| Profit after income tax | 8,374 | 1,070 | 509,354 | 32,658 | 56,586 |

(1) Underlying EBITDAI is presented on a pre AASB 16 basis for all years.
(2) 2022 financial results exclude the results of the Group’s Asia Pacific and Americas engineering consultancy divisions, in addition to its International Development business, which were sold in December 2021 and June 2022 respectively and are presented as discontinued operations.

### I. Other related party transactions

*Shareholding*
The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

| | Balance at the start of the year | Received as part of remuneration | Additions | Disposals/ other | Balance at the end of the year |
|---|---|---|---|---|---|
| *Ordinary shares* | | | | | |
| Michael Alscher | - | - | - | - | - |
| Nathanial Thomson | - | - | - | - | - |
| Jeffrey Forbes | 14,862 | - | - | - | 14,862 |
| Susan Rozario | - | - | - | - | - |
| | 14,862 | - | - | - | 14,862 |

*Loans to key management personnel and their related parties*
There were no loans made during the period and as at reporting date.

*Other transactions with key management personnel and their related parties*
Directors fees invoiced amounted to $114,000 (2023: $197,333) and Chief Finance Officer fees invoiced $144,400 (2023: $126,400) through Crescent Capital Partners for the year ended 30 June 2024.

**This concludes the remuneration report, which has been audited.**

**Shares under option**
There were no unissued ordinary shares of Cardno Limited under option outstanding at the date of this report.

**Shares under performance rights**
There were no unissued ordinary shares of Cardno Limited under performance rights outstanding at the date of this report.

**Shares issued on the exercise of options**
There were no ordinary shares of Cardno Limited issued on the exercise of options during the year ended 30 June 2024 and up to the date of this report.

**Shares issued on the exercise of performance rights**
There were no ordinary shares of Cardno Limited issued on the exercise of performance rights during the year ended 30 June 2024 and up to the date of this report.

**Indemnity and insurance of officers**
The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

**Indemnity and insurance of auditor**
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

**Proceedings on behalf of the Company**
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

**Non-audit services**
During the year there were no amounts paid or payable to the auditors (or by another person or firm on the auditor's behalf) for non-audit services. The Directors are satisfied that the general standard of independence for auditors imposed by the Corporations Act 2001 have been met.

None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

**Officers of the Company who are former partners of DFK Laurence Varnay Auditors Pty Ltd**
There are no officers of the Company who are former directors of DFK Laurence Varnay Auditors Pty Ltd.

**Rounding of amounts**
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

**Auditor's independence declaration**
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Nathanial Thomson
Chairman

26 August 2024

dfk laurence varnay
AUDITORS PTY LTD

**Cardno Limited**
**ABN: 70 108 112 303**

**Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Cardno Limited**

I declare that, to the best of my knowledge and belief, in relation to the audit for the year ended 30 June 2024, 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.

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

**DFK Laurence Varnay Auditors Pty Ltd**

**Faizal Ajmat**
**Director**
Sydney
Dated: 26th day of August 2024

| | Note | Consolidated 2024 $'000 | Consolidated 2023[(i)] $'000 |
|---|---|---|---|
| **Continuing operations** | | | |
| **Revenue** | 3 | 8,390 | 10,927 |
| Share of profits of joint ventures accounted for using the equity method | 25 | 5,838 | 1,208 |
| Other income | 3 | 902 | 1,679 |
| Financing income | 4 | 780 | 361 |
| **Expenses** | | | |
| Employee expenses | | (2,951) | (4,236) |
| Consumables and materials used | | (3,828) | (3,765) |
| Sub-consultant and contractor costs | | (793) | (724) |
| Depreciation and amortisation expenses | 5 | (217) | (213) |
| Other expenses | | (220) | (5,152) |
| Finance costs | 4 | (27) | (20) |
| **Profit before income tax expense from continuing operations** | | 7,874 | 65 |
| Income tax expense | 6 | (330) | (679) |
| Profit/(loss) after income tax expense from continuing operations | | 7,544 | (614) |
| Profit after income tax expense from discontinued operations | 2 | 830 | 1,684 |
| **Profit after income tax expense for the year attributable to the owners of Cardno Limited** | | 8,374 | 1,070 |
| **Other comprehensive loss** | | | |
| *Items that may be reclassified subsequently to profit or loss* | | | |
| Foreign currency translation - continuing operations | | (126) | (608) |
| Other comprehensive loss for the year, net of tax | | (126) | (608) |
| **Total comprehensive income for the year attributable to the owners of Cardno Limited** | | 8,248 | 462 |
| Total comprehensive income for the year is attributable to: | | | |
| Continuing operations | | 8,248 | 462 |
| Discontinued operations | | - | - |
| | | 8,248 | 462 |

(i) The reclassifications of comparative information are disclosed in note 28.

*The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

| | | Cents | Cents |
|---|---|---|---|
| **Earnings per share for profit/(loss) from continuing operations attributable to the owners of Cardno Limited** | | | |
| Basic earnings per share | 22 | 19.31 | (1.57) |
| Diluted earnings per share | 22 | 19.31 | (1.57) |
| **Earnings per share for profit from discontinued operations attributable to the owners of Cardno Limited** | | | |
| Basic earnings per share | 22 | 2.12 | 4.31 |
| Diluted earnings per share | 22 | 2.12 | 4.31 |
| **Earnings per share for profit attributable to the owners of Cardno Limited** | | | |
| Basic earnings per share | 22 | 21.44 | 2.74 |
| Diluted earnings per share | 22 | 21.44 | 2.74 |

*The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

| | Note | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 7 | 6,286 | 8,328 |
| Trade and other receivables | 8 | 1,352 | 14,270 |
| Contract assets | 3 | 1,108 | 1,358 |
| Other assets | | 88 | 80 |
| Total current assets | | 8,834 | 24,036 |
| **Non-current assets** | | | |
| Investments in joint ventures accounted for using the equity method | 25 | - | - |
| Property, plant and equipment | 9 | 277 | 472 |
| Right-of-use assets | 12 | 88 | 145 |
| Deferred tax assets and liabilities | | 133 | - |
| Total non-current assets | | 498 | 617 |
| **Total assets** | | 9,332 | 24,653 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 10 | 1,080 | 2,513 |
| Contract liabilities | 3 | 4 | 40 |
| Lease liabilities | 11 | 30 | 58 |
| Current tax liability | | 9 | - |
| Employee benefits | 13 | 65 | 238 |
| Provisions | 14 | 638 | 1,002 |
| Total current liabilities | | 1,826 | 3,851 |
| **Non-current liabilities** | | | |
| Lease liabilities | 11 | 63 | 90 |
| Employee benefits | 13 | 388 | 304 |
| Total non-current liabilities | | 451 | 394 |
| **Total liabilities** | | 2,277 | 4,245 |
| **Net assets** | | 7,055 | 20,408 |
| **Equity** | | | |
| Issued capital | 15 | 1,355 | 1,355 |
| Reserves | | 710 | 836 |
| Retained earnings | | 4,990 | 18,217 |
| **Total equity** | | 7,055 | 20,408 |

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes*

| Consolidated | Issued capital $'000 | General reserve $'000 | Foreign currency reserve $'000 | Demerger reserve $'000 | Retained earnings/ (accumulated losses) $'000 | Total equity $'000 |
|---|---|---|---|---|---|---|
| Balance at 1 July 2022 | 10,730 | (27,316) | 1,444 | 151,320 | (47,211) | 88,967 |
| Profit after income tax expense for the year | - | - | - | - | 1,070 | 1,070 |
| Other comprehensive loss for the year, net of tax | - | - | (608) | - | - | (608) |
| Total comprehensive (loss)/income for the year | - | - | (608) | - | 1,070 | 462 |
| *Transactions with owners in their capacity as owners:* | | | | | | |
| Return of capital (note 15) | (9,375) | - | - | - | - | (9,375) |
| Transfer from demerger reserve to retained earnings(i) | - | - | - | (151,320) | 151,320 | - |
| Transfer from general reserve to retained earnings(ii) | - | 27,316 | - | - | (27,316) | - |
| Dividends paid (note 15) | - | - | - | - | (59,646) | (59,646) |
| Balance at 30 June 2023 | 1,355 | - | 836 | - | 18,217 | 20,408 |

| Consolidated | Issued capital $'000 | Foreign currency reserve $'000 | Retained earnings $'000 | Total equity $'000 |
|---|---|---|---|---|
| Balance at 1 July 2023 | 1,355 | 836 | 18,217 | 20,408 |
| Profit after income tax expense for the year | - | - | 8,374 | 8,374 |
| Other comprehensive loss for the year, net of tax | - | (126) | - | (126) |
| Total comprehensive (loss)/income for the year | - | (126) | 8,374 | 8,248 |
| *Transactions with owners in their capacity as owners:* | | | | |
| Dividends paid (note 15) | - | - | (21,601) | (21,601) |
| Balance at 30 June 2024 | 1,355 | 710 | 4,990 | 7,055 |

(i) Demerger reserve was transferred to retained earnings as at 30 June 2023.
(ii) General reserve was transferred to retained earnings as at 30 June 2023.

| | Note | Consolidated 2024(i) $'000 | 2023(i)(ii) $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers | | 10,474 | 11,769 |
| Interest received | | 780 | 361 |
| Payments to suppliers and employees | | (9,190) | (15,282) |
| Finance costs paid | | (68) | (40) |
| Income taxes paid | | (3) | (663) |
| Net cash from/(used in) operating activities | 21 | 1,993 | (3,855) |
| **Cash flows from investing activities** | | | |
| Proceeds from disposal of discontinued operations, net of cash disposed of | 2 | 11,096 | 30,573 |
| Transaction costs incurred on sale of discontinued operations | 2 | - | (2,835) |
| Receipt of settlement proceeds and other income | | 6,412 | 2,700 |
| Payments for property, plant and equipment | 9 | (44) | (413) |
| Net cash from investing activities | | 17,464 | 30,025 |
| **Cash flows from financing activities** | | | |
| Dividends paid | 15 | (21,601) | (59,646) |
| Return of capital | 15 | - | (9,375) |
| Proceeds from borrowings | 21 | - | 5,000 |
| Proceeds from/(repayment) of lease liabilities | 21 | (55) | (53) |
| Net cash used in financing activities | | (21,656) | (64,074) |
| Net decrease in cash and cash equivalents | | (2,199) | (37,904) |
| Cash and cash equivalents at the beginning of the financial year | | 8,328 | 46,609 |
| Effects of exchange rate changes on cash and cash equivalents | | 157 | (377) |
| Cash and cash equivalents at the end of the financial year | 7 | 6,286 | 8,328 |

(i) The Group has elected to present a statement of cash flows in total, i.e. including both continuing and discontinued operations; amounts related to discontinued operations by operating, investing and financing activities are disclosed in note 2.
(ii) The reclassifications of comparative information are disclosed in note 28

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes*

## Note 1. Operating segments

*Identification of reportable operating segments*
Cardno has one reportable segment remaining, being Latin America ('Latam') which provides professional consulting services in Ecuador and Peru. This segment is based on the internal reports that are reviewed and used by the board of directors (who are identified as the Chief Operating Decision Makers (‘CODM’)) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews underlying EBITDAI (earnings before interest, tax, depreciation and amortisation adjusted for impairment of assets and non-operating income and expenses). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

*Intersegment transactions*
Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

*Intersegment receivables, payables and loans*
Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

*Major customers*
During the year ended 30 June 2024 two customers accounted for approximately 49% (2023: 23%) of the Group's external revenue.

*Accounting policy for operating segments*
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

## Note 2. Discontinued operations

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

| | Consolidated | |
|---|---|---|
| | 2024<br>$'000 | 2023<br>$'000 |
| **Results of discontinued operations** | | |
| International Development business | 830 | 1,684 |

**Sale of International Development division to DT Global**
On 30 June 2022, the Company completed the sale of its International Development business to DT Global Australia Pty Ltd for a total aggregate consideration of AUD$77.9m inclusive of working capital and net debt adjustment of $21.4m. At completion, $39.3m of the consideration was paid, with the balance of principal of $38.6m and total interest accrued of $3.2m fully repaid by 22 April 2024.

Outstanding amounts were subject to interest computed daily at a rate of 7%p.a. for the first month, 11%p.a. for month 2, followed by 15%p.a. Total interest paid by DT Global was $3.2m.

The carrying value of net assets of the Cardno Group entities sold to DT Global at completion was $48.8m, resulting in a gain on sale of $36.7m. During the period from completion until full repayment on 22 April 2024, there were further transaction costs of $295k, net working capital adjustment of ($346k) plus total interest earned of $3.2m resulting to a final gain of $39.2m.

## Note 2. Discontinued operations (continued)

*Financial performance information*

| *Results of discontinued operations* | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| Gain on disposal before income tax | 830 | 1,684 |

| *Gain on sale* | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| Total sale consideration[1] | - | (346) |
| Interest income | 830 | 2,325 |
| Transaction costs | - | (295) |
| Gain on disposal before income tax | 830 | 1,684 |
| Income tax expense | - | - |
| Gain on disposal after income tax | 830 | 1,684 |

(1) Net working capital adjustment following completion of sale in September 2022.

*Cash flow information*

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| Net cash from investing activities | 11,096 | 27,738 |

*Accounting policy for discontinued operations*
A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

## Note 3. Revenue and other income

### A. Revenue from continuing operations

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| **From continuing operations** | | |
| *Revenue from contracts with customers* | | |
| Fees from consulting services | 8,390 | 10,927 |

## Note 3. Revenue and other income (continued)

*Disaggregation of revenue*
The disaggregation of revenue from contracts with customers is as follows:

| | Consolidated | |
|---|---|---|
| | 2024 $'000 | 2023 $'000 |
| *Geographical regions* | | |
| Latin America | 8,390 | 10,927 |
| *Timing of revenue recognition* | | |
| Services transferred over time | 8,390 | 10,927 |

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

| | Consolidated | |
|---|---|---|
| | 2024 $'000 | 2023 $'000 |
| Receivables (included in Trade and other receivables) (note 8) | 1,487 | 11,909 |
| Allowance for expected credit losses (note 8) | (610) | (8,557) |
| Contract assets | 1,108 | 1,358 |
| Contract liabilities | 4 | 40 |

**B. Other income**

| | Consolidated | |
|---|---|---|
| | 2024 | 2023 |
| Other | 902 | 1,679 |

*Accounting policy for revenue recognition*
The Group recognises revenue as follows:

*Revenue from contracts with customers*
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

## Note 3. Revenue and other income (continued)

*Professional services revenue*
The Group performs engineering design and project delivery services. These activities tend to be highly integrated and accordingly where appropriate will be accounted for as a single performance obligation. Performance obligations are fulfilled over time as the services are delivered, as the Group has the right of payment for services delivered to date together with the highly customised nature of the services provided. The Group recognises revenue for these services over time.

*Fees from recoverable expenses*
Fees from recoverable expenses represent revenue received from customers for pass through expenses incurred by the Group in performing professional services. It also includes services from entering into contracts with customers to acquire, on their behalf, equipment produced by various suppliers or services provided by different subcontractors. Where the Group is acting as an agent in these transactions, revenue is only recognised in relation to handling charges recoverable under arrangements with customers. The Group recognise revenue at the point in time as the services are performed.

*Other revenue*
Other revenue is recognised when it is received or when the right to receive payment is established.

*Accounting policy for contract assets and contract liabilities*

*Contract assets*
The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The carrying amount of contract assets as at 30 June 2024 is reduced by an impairment provision of $4,885,000 (2023: $4,999,000). Impairment provisions are booked against specific high risk and aged contract assets where billing and recovery is doubtful.

The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

*Contract liabilities*
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.

## Note 4. Net finance costs/(income)

| | Consolidated | |
|---|---|---|
| | 2024 $'000 | 2023 $'000 |
| **Continuing operations** | | |
| Interest on leases/bank | 27 | 20 |
| | | |
| Interest received | (780) | (361) |
| Finance income | (780) | (361) |
| | | |
| Net finance costs/(income) | (753) | (341) |

*Accounting for net finance costs*
Finance costs are recognised as expenses in the period in which they are incurred.

Finance income is recognised as interest accrues using the effective interest method.

## Note 5. Expenses

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| Profit before income tax from continuing operations includes the following specific expenses: | | |
| *Depreciation* | | |
| Motor vehicles | 98 | 87 |
| Office furniture and equipment | 60 | 68 |
| Right-of-use assets | 59 | 58 |
| Total depreciation | 217 | 213 |
| *Superannuation expense* | | |
| Defined contribution superannuation expense | 7 | 36 |

## Note 6. Income tax expense

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| **(a) The components of tax expense from continuing operations comprises:** | | |
| Current tax | 330 | 512 |
| Adjustment for prior years | - | 167 |
| Total tax expense from continuing operations | 330 | 679 |

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| **(b) Numerical reconciliation between tax expense and pre-tax profit from continuing operations** | | |
| Profit before tax from continuing operations | 7,874 | 65 |
| Income tax using the Australian corporation tax rate of 30% | 2,362 | 19 |
| Non-deductible expenses | 189 | 980 |
| Assessable income not included in profit or loss | 222 | - |
| Effect of tax rates in foreign jurisdictions | (72) | (91) |
| Current year deferred tax movement not recognised | (271) | (658) |
| Current year tax losses not recognised | 207 | 713 |
| Non-taxable income | (2,456) | (386) |
| Sundry items | (4) | (8) |
| Over provision in prior years | 330 | 110 |
| Use of tax losses not previously recognised (Australia) | (177) | - |
| Income tax expense from continuing operations | 330 | 679 |

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| *Tax losses not recognised* | | |
| Unused tax losses for which no deferred tax asset has been recognised | 93,288 | 96,711 |
| Potential tax benefit @ 30% | 27,986 | 29,013 |

## Note 6. Income tax expense (continued)

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| *Deferred tax assets not recognised* | | |
| Deferred tax assets not recognised comprises temporary differences attributable to: | | |
| Unused tax losses in Australia | 27,986 | 29,013 |
| Capital losses in Australia | 30,620 | 30,620 |
| Accruals and provisions | 19 | 273 |
| Business related costs deductible in future | 363 | 548 |
| Total deferred tax assets not recognised | 58,988 | 60,454 |

The above potential tax benefit for deductible temporary differences, which includes tax losses, has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

The Group's income tax expense from continuing operations for the year ended 30 June 2024 relates to income tax expense incurred from work performed in foreign jurisdictions. There is no income tax expense for Australia, as the Australian operations has tax losses.

## Note 7. Cash and cash equivalents

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| *Current assets* | | |
| Cash at bank and on hand | 6,286 | 8,328 |

*Accounting policy for cash and cash equivalents*
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## Note 8. Trade and other receivables

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| *Current assets* | | |
| Trade receivables[1] | 1,487 | 11,909 |
| Less: Allowance for expected credit losses [2] | (610) | (8,557) |
| | 877 | 3,352 |
| Sundry debtors [3] | 475 | 10,918 |
| | 1,352 | 14,270 |

(1) In 2024, INSUS debtors (and bad debt provision) was substantially reduced due to receipts by the group from INSUS debtors and JV's following success of three legal claims. INSUS debtors are fully provided for in Cardno's consolidated books and provisions are only reversed once cash is received.
(2) The allowance for expected credit losses at 30 June 2023 and 30 June 2024 relates to long outstanding receivables associated with the INSUS business which is in the process of being wound down. Outstanding amounts have been fully provided given the challenges in the recoverability of these amounts from customers.
(3) The 2023 sundry debtors includes $10.3m in outstanding consideration and interest relating to the sale of the International Development division, refer note 2. All outstanding debt and interests were fully repaid by 22 April 2024.

*Allowance for expected credit losses*
The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

| Consolidated | Carrying amount 2024 $'000 | Carrying amount 2023 $'000 | Allowance for expected credit losses 2024 $'000 | Allowance for expected credit losses 2023 $'000 |
|---|---|---|---|---|
| Not overdue | 868 | 1,029 | - | - |
| 0 to 30 days overdue | 517 | 154 | 508 | - |
| 31 to 60 days overdue | 9 | 576 | 9 | - |
| Over 60 days overdue [1] | 93 | 10,150 | 93 | 8,557 |
| | 1,487 | 11,909 | 610 | 8,557 |

(1) Impairment of $610,000 (2023: $8,557,000) relates to long outstanding receivables associated with the INSUS business which is in the process of being wound down. Outstanding amounts in 2023 have been fully provided (after adjusting for receipts in July/August 2023) given challenges in the recoverability of these amounts from customers.

Movements in the allowance for expected credit losses are as follows:

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| Opening balance | 8,557 | 12,776 |
| Additional provisions recognised - discontinued operations | - | 25 |
| Impairment loss reversed - continuing operations | (7,947) | (4,244) |
| Closing balance | 610 | 8,557 |

*Accounting policy for trade and other receivables*
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

## Note 8. Trade and other receivables (continued)

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss ('ECL') allowance. The ECLs are a probability weighted estimate calculated based on debtors ageing, actual credit loss experience over the past three years and future economic conditions. The Group's trade receivables and contract assets were segmented based on common credit risk characteristics such as customer type, geographical location of customer, and ageing of financial assets. 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) and the financial asset is more than 120 days past due.

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

Sundry debtors are recognised at amortised cost, less any allowance for expected credit losses.

## Note 9. Property, plant and equipment

| | Consolidated | |
|---|---|---|
| | 2024<br>$'000 | 2023<br>$'000 |
| *Non-current assets* | | |
| Motor vehicles - at cost | 381 | 500 |
| Less: Accumulated depreciation | (214) | (186) |
| | 167 | 314 |
| Office furniture and equipment - at cost | 1,021 | 1,143 |
| Less: Accumulated depreciation | (911) | (985) |
| | 110 | 158 |
| | 277 | 472 |

*Reconciliations*
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| Consolidated | Motor vehicles<br>$'000 | Office furniture and equipment<br>$'000 | Total<br>$'000 |
|---|---|---|---|
| Balance at 1 July 2022 | 300 | 320 | 620 |
| Additions | 103 | 93 | 196 |
| Disposals | (13) | (63) | (76) |
| Exchange differences | 11 | 10 | 21 |
| Depreciation expense | (87) | (202) | (289) |
| Balance at 30 June 2023 | 314 | 158 | 472 |
| Additions | - | 44 | 44 |
| Disposals | (50) | (36) | (86) |
| Exchange differences | 1 | 4 | 5 |
| Depreciation expense | (98) | (60) | (158) |
| Balance at 30 June 2024 | 167 | 110 | 277 |

*Accounting policy for property, plant and equipment*
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

## Note 9. Property, plant and equipment (continued)

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

| | |
|---|---|
| Motor vehicles | 4-7 years |
| Office furniture and equipment | 3-11 years |

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

## Note 10. Trade and other payables

| | Consolidated | |
|---|---|---|
| | 2024 $'000 | 2023 $'000 |
| *Current liabilities* | | |
| Trade payables and accruals | 1,080 | 2,513 |

Refer to note 17 for further information on financial instruments.

*Accounting policy for trade and other payables*
Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 60 days of recognition.

## Note 11. Lease liabilities

| | Consolidated | |
|---|---|---|
| | 2024 $'000 | 2023 $'000 |
| *Current liabilities* | | |
| Lease liability | 30 | 58 |
| *Non-current liabilities* | | |
| Lease liability | 63 | 90 |
| | 93 | 148 |

Refer to note 17 for further information on financial instruments.

*Accounting policy for lease liabilities*
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

## Note 12. Right-of-use assets

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| *Non-current assets* | | |
| Land and buildings - right-of-use | 166 | 416 |
| Less: Accumulated depreciation | (78) | (271) |
| | 88 | 145 |

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

*Reconciliations*
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| Consolidated | Land and buildings $'000 |
|---|---|
| Balance at 1 July 2022 | 27 |
| Additions | 174 |
| Depreciation expense | (56) |
| Balance at 30 June 2023 | 145 |
| Additions | 2 |
| Depreciation expense | (59) |
| Balance at 30 June 2024 | 88 |

*For other AASB 16 Lease disclosures refer to:*
- note 4 for interest on lease liabilities;
- note 5 for depreciation on right-of-use assets;
- note 11 for lease liabilities;
- note 17 for maturity analysis of lease liabilities; and
- consolidated statement of cash flows for repayment of lease liabilities.

*Accounting policy for right-of-use assets*
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

## Note 13. Employee benefits

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| *Current liabilities* | | |
| Employee benefits | 65 | 238 |
| *Non-current liabilities* | | |
| Employee benefits | 388 | 304 |
| | 453 | 542 |

*Accounting policy for employee benefits*

*Short-term employee benefits*
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

*Other long-term employee benefits*
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

*Defined contribution superannuation expense*
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

## Note 14. Provisions

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| *Current liabilities* | | |
| Provision for legal expenses | 638 | 1,002 |

*Legal expenses*
The provision represents amounts set aside for legal fees in relation to the legal court cases as disclosed in note 19.

*Movements in provision*
Movements in provision for legal expenses during the current financial year, is set out below:

| **Consolidated- 2024** | Legal claims $'000 |
|---|---|
| Carrying amount at the start of the year | 1,002 |
| Amounts used | (364) |
| Carrying amount at the end of the year | 638 |

## Note 14. Provisions (continued)

*Accounting policy for provisions*
Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

## Note 15. Issued capital

| | Consolidated | | | |
|---|---|---|---|---|
| | 2024 Shares | 2023 Shares | 2024 $'000 | 2023 $'000 |
| Ordinary shares - fully paid | 39,060,663 | 39,060,663 | 1,355 | 1,355 |

*Ordinary shares*
Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The Company does not have authorised capital or par value in respect of its issued shares.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Share buy-back*
There is no current on-market share buy-back.

*Capital risk management*
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

The capital risk management policy remains unchanged from the 30 June 2023 Annual Report.

## Note 15. Issued capital (continued)

**Dividend**
Dividends paid during the financial year were as follows:

| | Consolidated | |
|---|---|---|
| | 2024 $'000 | 2023 $'000 |
| Special dividend paid during the year ended 30 June 2023 of 78.0 cents per ordinary share [1] | - | 30,467 |
| Special dividend paid during the year ended 30 June 2023 of 44.0 cents per ordinary share [2] | - | 17,187 |
| Special dividend paid during the year ended 30 June 2023 of 30.7 cents per ordinary share[3] | - | 11,992 |
| Special dividend paid during for the year ended 30 June 2024 of 17.7 cents per ordinary share[4] | 6,914 | - |
| Special dividend paid during for the year ended 30 June 2024 of 27.6 cents per ordinary share[5] | 10,781 | - |
| Special dividend paid during for the year ended 30 June 2024 of 10.0 cents per ordinary share[6] | 3,906 | - |
| | 21,601 | 59,646 |

(1) The Group completed the disposal of its International Development business to DT Global on 30 June 2022. Part of the sale proceeds were distributed to shareholders on 14 July 2022 by way of payment of a special dividend of 78 cents per share and a capital return of 24 cents per share ($9,375,000).
(2) A second payment of special dividend was made to shareholders on 22 August 2022 of 44 cents per share.
(3) A third payment of special dividend was made to shareholders on 31 January 2023 of 30.7 cents per share.
(4) The fourth and final payment of special dividend was made to shareholders on 31 August 2023 of 17.7 cents per share.
(5) A payment of special dividends was made to shareholders on 29 April 2024 of 27.6 per share representing distribution from INSUS legal claims and collection from sale of International Development division to DT Global.
(6) A payment of special dividends was made to shareholders on 24 June 2024 of 10.0 cents per share representing distribution from ENTRIX and collection of the final balance from sale of International Development division to DT Global.

*Franking credits*

| | Consolidated | |
|---|---|---|
| | 2024 $'000 | 2023 $'000 |
| Franking credits available for subsequent financial years based on a tax rate of 30% | 30 | 30 |

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

*Accounting policy for issued capital*
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

*Accounting policy for dividends*
Dividends are recognised when declared during the financial year and are no longer at the discretion of the Company.

## Note 16. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The critical accounting judgements, estimates and assumptions that are likely to affect the current or future financial years are disclosed in the relevant note, as outlined below.

- Revenue recognition in relation to long term contracts including estimating stage of completion and total contract costs – refer to note 3.
- Assessment of the Group to continue as a going concern – refer to note 28.
- Contingent assets and liabilities associated with the INSUS business – refer to note 19.
- 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.
- Assessing the recoverability of trade receivables and contract assets – refer to note 8.

## Note 17. Financial instruments

The main risks arising from the Group's financial instruments are foreign exchange risk, credit risk and liquidity risk.

The Board, through the Audit, Risk & Compliance Committee ('ARRC') reviews and agrees policies for managing these risks and ensures that the 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 the Group which includes the minimisation of risk.

The policies for managing each risk are summarised below and remain unchanged from the prior year:

### Market risk

*Foreign currency risk*
Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The Group is exposed to foreign exchange risk in relation to the net assets of ENTRIX Latam (USD 3.0m) and with INSUS in relation to the repatriation of funds to Australia collected either from debtors or from settlement of legal claims.

The Group does not engage in transactions which are of a speculative nature and has no foreign currency denominated loans designated as hedges as of 30 June 2024 and 30 June 2023.

### Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group which arises principally from receivables from customers. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group has a credit policy in place and the exposure to the credit risk is monitored in an on-going basis. The Group does not require collateral in respect of financial assets.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables as disclosed in note 8.

There are no material concentrations of credit risk for trade receivables at the reporting date (2023: nil). Identifying concentrations of risk requires judgement in light of specific circumstances, and may arise in industry sectors, geographic distribution or a limited number of counterparties.

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

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

**Note 17. Financial instruments (continued)**

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| Americas | 877 | 3,352 |

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

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| Americas | 1,108 | 1,358 |

**Liquidity risk**
Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

*Remaining contractual maturities*
The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

| Consolidated – 2024 | 1 year or less $'000 | Between 1 and 2 years $'000 | Between 2 and 5 years $'000 | Over 5 years $'000 | Remaining contractual maturities $'000 |
|---|---|---|---|---|---|
| **Non-derivatives** | | | | | |
| *Non-interest bearing* | | | | | |
| Trade payables and accruals | 1,080 | - | - | - | 1,080 |
| *Interest-bearing – variable* | | | | | |
| Lease liability | 30 | 20 | 43 | - | 93 |
| Total non-derivatives | 1,110 | 20 | 43 | - | 1,173 |

| Consolidated – 2023 | 1 year or less $'000 | Between 1 and 2 years $'000 | Between 2 and 5 years $'000 | Over 5 years $'000 | Remaining contractual maturities $'000 |
|---|---|---|---|---|---|
| **Non-derivatives** | | | | | |
| *Non-interest bearing* | | | | | |
| Trade payables and accruals | 2,513 | - | - | - | 2,513 |
| *Interest-bearing – variable* | | | | | |
| Lease liability | 58 | 63 | 27 | - | 148 |
| Total non-derivatives | 2,571 | 63 | 27 | - | 2,661 |

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

**Fair value of financial instruments**
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

## Note 18. Commitments

The Group had no capital commitments as at 30 June 2024 and 30 June 2023.

## Note 19. Contingent liabilities and assets

***Matters relating to: Ingenieria Sustentable (INSUS) S.A. ('INSUS') – previously known as Cardno Caminosca S.A ('Caminosca')***
Cardno continues its progress in the wind down of INSUS's operations in Latin America. There are a number of ongoing activities being conducted in relation to winding down the business including the resolution of a number of legal claims both by and against INSUS, collection of outstanding debtors and finalisation of taxation audits by local tax authorities in Ecuador.

Where the Directors consider these matters were probable to result in an outflow of future economic benefits for Cardno and the amount could be reliably measured, they have been provided for on the statement of financial position. To the extent that there remains uncertainty relating to the outcome of these matters and the Group's exposure, both positive or negative, or is unable to be reliably measured, they are considered to represent contingent assets and liabilities of the Group.

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

- INSUS (and/or the joint ventures) have made a number of legal claims against previous customers and project partners that the Directors estimate could lead to recoveries of between US$0 and US$13m. INSUS won three cases in FY2023 with settlements proceeds received in Australia from May to December 2023 of USD $6.6m, US$0.3m received in June 2024 and US$0.2m in July 2024. (Estimates are updated each half year following discussion with the Ecuadorian lawyers using their best estimates of recovery). The timing of any potential receipts from the balance of cases are over multiple years and advice from Cardno lawyers is that we are unlikely to get more than US$0.7m of cash in the next 12 months.
- A number of legal claims have been made against INSUS in relation to its historical project activity which if successful, could amount to between US$0 and US$282m. Cardno has received independent legal advice that these claims do not extend to the Australian entities of Cardno, and if a material claim is successful, its primary impact will be the closure of INSUS and the inability of INSUS to collect any outstanding debts that are due to it.

There is significant uncertainty regarding the quantum, timing and outcome of these claims, which are at various stages and being pursued through court actions in Ecuador. No assets or liabilities have been recognised in the Group's financial statements as at 30 June 2024 (2023: $nil).

The Directors continue to monitor and implement strategies to mitigate the potential risks to the Group arising from the claims against INSUS. The Directors have received advice that under company law in Ecuador, the possibility of the legal claims resulting in recourse to INSUS's immediate Australian parent entity, Cardno International Pty Ltd, or the Group's parent entity, Cardno Limited, is remote. While the Directors also consider this risk to be remote, the outcomes of these claims against INSUS may negatively impact upon the recovery of any funds from claims being pursued by INSUS as it continues to be wound down.

The Group recorded an aggregate $386,000 of losses during the year ended 30 June 2024 (2023: loss of $1,162,000) relating to these matters. Costs were incurred in the ongoing recovery in pursuing outstanding legal recoveries and the movement in provisions relating to INSUS to mitigate any financial risk they may be exposed to.

## Note 20. Events after the reporting period

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

## Note 21. Cash flow information

*Reconciliation of profit after income tax to net cash from/(used in) operating activities*

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| Profit after income tax expense for the year | 8,374 | 1,070 |
| Adjustments for: | | |
| Depreciation and amortisation | 217 | 213 |
| Foreign exchange differences | (612) | (742) |
| Change in operating assets and liabilities: | | |
| Decrease in trade and other receivables | 3,769 | 2,650 |
| Decrease in provision for doubtful debts | (7,947) | (4,219) |
| Decrease in other receivables | - | 508 |
| Decrease in contract assets | 250 | 1,797 |
| Decrease/(increase) in prepayments | (12) | 599 |
| Increase in deferred tax assets | (133) | - |
| Decrease in trade and other payables | (1,433) | (5,264) |
| Decrease in contract liabilities | (36) | (81) |
| Increase in provision for income tax | 9 | 16 |
| Decrease in employee benefits | (89) | (63) |
| Increase in other liabilities | (364) | (339) |
| Net cash from/(used in) operating activities | 1,993 | (3,855) |

*Non-cash investing and financing activities*

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| Additions to the right-of-use assets | 2 | 174 |

*Changes in liabilities arising from financing activities*

| Consolidated | Lease liabilities $'000 |
|---|---|
| Balance at 1 July 2022 | 27 |
| Net cash used in financing activities | (53) |
| Acquisition of leases | 174 |
| Balance at 30 June 2023 | 148 |
| Net cash used in financing activities | (55) |
| Balance at 30 June 2024 | 93 |

## Note 22. Earnings per share

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| *Earnings per share for profit/(loss) from continuing operations* | | |
| Profit/(loss) after income tax attributable to the owners of Cardno Limited | 7,544 | (614) |

| | Number | Number |
|---|---|---|
| Weighted average number of ordinary shares used in calculating basic earnings per share | 39,060,663 | 39,060,663 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 39,060,663 | 39,060,663 |

| | Cents | Cents |
|---|---|---|
| Basic earnings per share | 19.31 | (1.57) |
| Diluted earnings per share | 19.31 | (1.57) |

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| *Earnings per share for profit from discontinued operations* | | |
| Profit after income tax attributable to the owners of Cardno Limited | 830 | 1,684 |

| | Number | Number |
|---|---|---|
| Weighted average number of ordinary shares used in calculating basic earnings per share | 39,060,663 | 39,060,663 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 39,060,663 | 39,060,663 |

| | Cents | Cents |
|---|---|---|
| Basic earnings per share | 2.12 | 4.31 |
| Diluted earnings per share | 2.12 | 4.31 |

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| *Earnings per share for profit* | | |
| Profit after income tax attributable to the owners of Cardno Limited | 8,374 | 1,070 |

| | Number | Number |
|---|---|---|
| Weighted average number of ordinary shares used in calculating basic earnings per share | 39,060,663 | 39,060,663 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 39,060,663 | 39,060,663 |

| | Cents | Cents |
|---|---|---|
| Basic earnings per share | 21.44 | 2.74 |
| Diluted earnings per share | 21.44 | 2.74 |

## Note 22. Earnings per share (continued)

*Accounting policy for earnings per share*

*Basic earnings per share*
Basic earnings per share is calculated by dividing the profit attributable to the owners of Cardno Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

*Diluted earnings per share*
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

## Note 23. Related party disclosures

*Compensation*
The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

| | Consolidated | |
|---|---|---|
| | 2024 $ | 2023 $ |
| Short-term employee benefits | 172,823 | 272,641 |
| Post-employment benefits | 6,470 | 7,907 |
| | 179,293 | 280,548 |

No Director has entered into a material contract with the Company or the Group since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year end.

Two of Cardno's Directors (Messrs Alscher and Thomson) and alternate director Neville Buch are partners at Crescent Capital Partners ('CCP'), Cardno's largest shareholder. Michael Alscher stepped down as director in December 2023 and he was replaced on the board by Ms Susan Rozario, an employee of CCP. Invoices are issued by Crescent Capital monthly for their Director fees. Refer to the Remuneration Report for further details.

During the year, the Company paid $144,400 (2023: $126,400 – a partial year) to CCP for the services of a CCP staff member to perform the role of the Company's Interim Group CFO.

## Note 24. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 28:

| | | Ownership interest | |
|---|---|---|---|
| Name | Principal place of business / Country of incorporation | 2024 % | 2023 % |
| Cardno International Pty Ltd | Australia | 100% | 100% |
| ENTRIX Americas, SA | Ecuador | 100% | 100% |
| ENTRIX Peru S.A.S. | Peru | 100% | 100% |
| Caminosca S.A.S. | South America | 100% | 100% |
| ENTRIX International Inc.[1] | United States of America | 100% | 100% |
| Cardno Hold Pty Ltd[1] | Australia | 100% | 100% |

(1) Entity established in the year ended 30 June 2022 as part of a corporate restructure which occurred prior to the sale of the Asia Pacific, Americas and International Development divisions (refer note 2).

**Note 25. Interests in joint ventures**

Interests in joint ventures are accounted for using the equity method of accounting. Information relating to joint ventures that are material to the Group are set out below:

| Name | Principal place of business / Country of incorporation | Ownership interest 2024 % | Ownership interest 2023 % |
|---|---|---|---|
| Aso.Caminos y Canales Acotecnic | Ecuador | 50% | 50% |
| Asociacion Caminosca Thesa | Ecuador | 50% | 50% |
| Asociacion Caminosca Hidropaver | Ecuador | 50% | 50% |
| Asociacion Caminosca y Asociados | Ecuador | 50% | 50% |
| Consorcio TCA- Tractebel Caminosca y Asociados | Ecuador | 53% | 53% |
| Asociacion Caminosca Promanvial | Ecuador | 67% | 67% |
| Consorcio PCA Poyry-Caminosca Asociados | Ecuador | 73% | 73% |
| Consorcio Nippon Koei-Caminosca Sisa | Ecuador | 30% | 30% |
| Consorcio Vial Oriental | Ecuador | 70% | 70% |
| Consorcio Hidroaustral | Ecuador | 60% | 60% |
| Consorcio Vial Amazonico | Ecuador | 50% | 50% |
| Consorcio Vial Quevedo | Ecuador | 25% | 25% |
| Consorcio Vial Quijos | Ecuador | 50% | 50% |
| Consorcio Hidrojubones | Ecuador | 25% | 25% |
| Consorcio Pilaton Toachi | Ecuador | 60% | 60% |
| Consorcio Austrovias | Ecuador | 70% | 70% |
| Consorcio Vial los Andes | Ecuador | 50% | 50% |

*Summarised financial information*

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| *Summarised statement of financial position* | | |
| Cash and cash equivalents | 1,107 | 906 |
| Other current assets | 78 | 17,011 |
| Non-current assets | 3 | 4 |
| Total assets | 1,188 | 17,921 |
| Current liabilities | 6,810 | 21,419 |
| Total liabilities | 6,810 | 21,419 |
| Net liabilities | (5,622) | (3,498) |
| *Summarised statement of profit or loss and other comprehensive income* | | |
| Other income(i) | 12,318 | 2,463 |
| Other expenses | (2,261) | (322) |
| Profit/(loss) before income tax | 10,057 | 2,141 |
| Other comprehensive income | - | - |
| Total comprehensive income/(loss) | 10,057 | 2,141 |
| INSUS share of comprehensive income | 5,838 | 1,208 |

(i) Consorio Piloton Toachi received gross proceeds from a court case that was awarded by the Ecuadorian courts in its favour. This was recognised as “Other income” during the year.

## Note 25. Interests in joint ventures (continued)

| | | |
|---|---|---|
| *Reconciliation of the Group's carrying amount of investment in joint ventures* | | |
| Opening carrying amount in investments in joint ventures | - | - |
| Share of profit/(loss) after income tax | 5,838 | 1,208 |
| Share of distributions paid | (5,838) | (1,208) |
| Closing carrying amount in investments in joint ventures | - | - |

## Note 26. Parent entity information

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

| | Parent | |
|---|---|---|
| | 2024 $'000 | 2023 $'000 |
| Profit after income tax | 18,180 | 18,206 |
| Total comprehensive income | 18,180 | 18,206 |

*Statement of financial position*

| | Parent | |
|---|---|---|
| | 2024 $'000 | 2023 $'000 |
| Total current assets | 9,395 | 14,001 |
| Total assets | 9,395 | 14,001 |
| Total current liabilities | 103 | 2,690 |
| Total liabilities | 103 | 2,690 |
| Equity | | |
| Issued capital | 1,356 | 1,356 |
| Retained profits | 7,936 | 9,955 |
| Total equity | 9,292 | 11,311 |

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2024 and 30 June 2023.

*Contingent liabilities*
The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

*Capital commitments - Property, plant and equipment*
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

*Material accounting policy information*
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 28, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

## Note 27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by DFK Laurence Varnay Auditors Pty Ltd, the auditor of the Company:

| | Consolidated | |
|---|---|---|
| | 2024 | 2023 |
| | $ | $ |
| *Audit services - DFK Laurence Varnay Auditors Pty Ltd* | | |
| Audit or review of the financial statements | 65,413 | 64,618 |

## Note 28. Material accounting policies

**New or amended Accounting Standards and Interpretations adopted**
The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Group:

*AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*
AASB 2021-2 was issued in March 2021 and is applicable to annual periods beginning on or after 1 January 2023. This standard amends AASB Standards to improve accounting policy disclosures so that they provide more useful information to investors and users of the financial statements and clarifies the distinction between accounting policies and accounting estimates. Specifically, AASB 2021-2 amends:

- AASB 7 Financial Instruments: Disclosures, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements.
- AASB 101 Presentation of Financial Statements, to require entities to disclose their material accounting policy information rather than their significant accounting policies.
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates.
- AASB 134 Interim Financial Reporting, to identify material accounting policy information as a component of a complete set of financial statements.
- AASB Practice Statement 2 Making Materiality Judgements, to provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures.

*AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
AASB 2021-5 was issued in June 2021 and is applicable to annual periods beginning on or after 1 January 2023. The standard amends AASB 112 to clarify that the initial recognition exemption from the requirement to recognise deferred tax does not apply to transactions for which entities recognise both an asset and a liability and that give rise to equal taxable and deductible temporary differences. Such transactions include leases and decommissioning, restoration and similar obligations. For lease accounting, the implication is that where the entity has adopted an accounting policy that attributes the tax deduction as being directly related to the repayment of the lease liability, a deferred tax asset will arise on initial recognition of the lease liability, and a deferred tax liability will be recognised on initial recognition of the related component of the lease asset's cost. Alternatively, where the entity attributes the tax deduction as being related to the consumption of the right-of-use asset, the deferred tax liability and deferred tax asset are both attributable to the recognition of the right-of-use asset and will net off resulting in no deferred tax recognised. The amendments to AASB 1 require deferred tax related to such transactions to be recognised by first-time adopters at the date of transaction to AASBs.

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

**Note 28. Material accounting policies (continued)**

The Directors continue to assess plans for the Group following the sale of the International Development business in June 2022.The Directors believe that the quantum of cash reserves to date will be sufficient for the Group to continue as a going concern for at least 12 months from the date of this annual report.

The INSUS business in Latin America (and the Joint Ventures that it is party to) are involved in a number of legal claims both by and against it as set out in note 19. In assessing the cash reserves to be retained in the Australian domiciled entities, the Directors have assumed that the activities relating to these claims and their outcome will be funded from the cash balances held by INSUS and will not result in any additional funding needing to be provided by the Group. As at 30 June 2024, INSUS had cash balance of US$576,000. Uncertainties to these legal claims are outlined in note 19 and the Directors' strategy to mitigate the risks to the Group from them have been taken into account when considering the appropriateness of the going concern basis of preparation.

In the unexpected event that the level of cash reserves retained by the Group is not sufficient, or additional liabilities or obligations arise that were not anticipated by the Directors at the date of signing this annual report (such as the resolution of the legal claims relating to INSUS), and the Group is not able to implement alternative strategies to obtain funding or mitigate its obligations, it may not be able to continue as a going concern.

Based on the above information and cash flow forecasts prepared, the Directors are of the opinion that the Group is well positioned to meet its objectives and obligations going forward and therefore that the basis upon which the financial statements are prepared is appropriate in the circumstances.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

**Comparative information**
Comparatives in the consolidated statement of profit or loss and other comprehensive income, as detailed below, have been reclassified to the current year presentation to enhance comparability. There was no effect on the results of operations or net assets position.

Share of profits of INSUS joint ventures accounted for using the equity method for 30 June 2023 of $1,208,000 and settlements proceeds received by INSUS directly were previously included within ‘other expenses' and ‘consumables and materials used’ have been reclassified within the consolidated Statement of profit or loss and other comprehensive income. The joint ventures disclosed in note 25 are dormant but have pending court cases for and against it. Legal settlements received triggered the recognition of share of profits of joint ventures in INSUS.

**Basis of preparation**
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

*Historical cost convention*
The financial statements have been prepared under the historical cost convention.

*Critical accounting estimates*
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 16.

**Parent entity information**
In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 26.

## Note 28. Material accounting policies (continued)

### Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Cardno Limited ('Company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. Cardno Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### Foreign currency translation
The financial statements are presented in Australian dollars, which is Cardno Limited's functional and presentation currency.

*Foreign currency transactions*
Foreign currency transactions are translated into the entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

*Foreign operations*
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

### Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

An income tax benefit will arise for the financial year where an income tax loss is incurred and, where permitted to do so, is carried-back against a qualifying prior period’s tax payable to generate a refundable tax offset.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

**Note 28. Material accounting policies (continued)**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

**Current and non-current classification**
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

**Joint ventures**
A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

**Impairment of non-financial assets**
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

**Reserves**
*General reserve*
This reserve is used to record amounts associated with the repurchase of equity instruments associated with the Group's Performance Equity Plan ('PEP') with employees (note 15). The general reserve was transferred to retained earnings as at 30 June 2023.

*Foreign currency translation reserve*
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

## Note 28. Material accounting policies (continued)

*Demerger reserve*
This reserve was used to recognise the gain on demerger of Integra Group Limited in 2020. The demerger reserve was transferred to retained earnings as at 30 June 2023.

**Goods and Services Tax ('GST') and other similar taxes**
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

**Rounding of amounts**
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

**New Accounting Standards and Interpretations not yet mandatory or early adopted**
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2024. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

| Entity name | Entity type | Place formed / Country of incorporation | Ownership interest % | Tax residency |
|---|---|---|---|---|
| Cardno International Pty Ltd | Body Corporate | Australia | 100% | Australia |
| ENTRIX Americas, SA | Body Corporate | Ecuador | 100% | Ecuador |
| ENTRIX Peru S.A.S | Body Corporate | Peru | 100% | Peru |
| Caminosca S.A.S | Body Corporate | South America | 100% | Ecuador |
| ENTRIX International Inc | Body Corporate | United States of America | 100% | United States of America |
| Cardno Hold Pty Ltd | Body Corporate | Australia | 100% | Australia |

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 28 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Nathanial Thomson
Chairman

26 August 2024

dfk laurence varnay
AUDITORS PTY LTD

**Cardno Limited**
**ABN 70 108 112 303**

## Independent Auditor's Report to the shareholders of Cardno Limited

## Report on the Audit of the Financial Report

### Opinion

We have audited the Financial Report of Cardno Limited (the Company) and Controlled Entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion:

a) The accompanying Financial Report of the Company is 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 2024 and of their financial performance for the year then ended; and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 auditor independence requirements of 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 also fulfilled our other ethical responsibilities in accordance with the Code. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.





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**Emphasis of Matter**

We draw attention to Note 19 in the Financial Report which describes the contingent liabilities relating to the Group's INSUS and its various Joint Venture business in Ecuador and its involvement in several significant legal claims where the outcome is uncertain. Our opinion is not modified in respect of this matter.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the year ended 30 June 2024. 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.

Apart from above the key audit matters are:

| Key audit matters | How our audit addressed the key audit matters |
|---|---|
| **Going concern**<br>**Refer to Note 28** | |
| We identified going concern as a key audit matter due to the significant level of judgement required in evaluating the Group's assessment of going concern and the events or conditions that may cast significant doubt on their ability to continue as a going concern as disclosed in Note 28. The Directors have determined that the going concern basis of accounting is appropriate in preparing the financial report based on cash flow projections which included a number of assumptions and high level of judgements. The directors are of the opinion that the range of possible outcomes considered in arriving at this judgement does not give rise to a material uncertainty casting significant doubt on the Group's ability to continue as a going concern. The levels of uncertainty was critically scrutinised, as it related to the Group's ability to continue as a going concern, within the assumptions and judgements, concentrating on:<br>• no intention by Board to liquidate the Company and the Group or to cease trading during the forecast period;<br>• quantum of cash reserves to date and balance of proceeds outstanding from sale will be sufficient to continue as a going concern during the forecast period; | Our audit procedures in relation to going concern included:<br>• we critically analysed The Group's forecasts for the next 12 months from the date of signing the financial statements by assessing:<br>- Expenditures for ongoing activities for consistency with nature of remaining business, historical patterns and knowledge of business including April 2024 site visit to Ecuador.<br>• made inquiries with local and Ecuador management and the Directors as well as review of Board minutes to understand future plans for the Group for the forecast period;<br>• meetings with INSUS and its Joint Ventures primary legal advisor post year end as well as obtaining confirmations to understand the status of legal claims relating to INSUS and its Joint Venture business and Board's strategies to mitigate potential risk for |





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| Key audit matters | How our audit addressed the key audit matters |
|---|---|
| • Outcome from legal claims against INSUS and its Joint Venture business will be funded from INSUS and its Joint Venture cash balance and will not result in any additional funding needed to be provided by the Group. | the Company's and Group's ability to continue as a going concern;<br>• review of assets and liabilities position of Insus Joint Venture which are all dormant but have active court cases for and against these dormant Joint Ventures;<br>• assessing the competence, capabilities and objectivity of external legal advisors and<br>• evaluating note 28 by comparing to our understanding of the matter, the events and conditions within cash flow forecast and plans to address the events. |
| **Contingent Liabilities**<br>We identified above as a key audit matter due to the fact that as disclosed at Note 19, there is a significant uncertainty regarding the quantum and timing of potential outcome of number of legal claims both by and against INSUS and its Joint Ventures including the Directors' strategy to mitigate the risks to the Group when considering the appropriateness of the going concern basis of preparation and completeness of liability. | Our audit procedures included:<br>• Meetings with primary external legal advisor based in Quito, Ecuador in relation to each legal claim both by and against INSUS and its Joint Ventures;<br>• Review of solicitor confirmations and assessing competence, capabilities and objectivity of advisors;<br>• Review of legal settlement proceeds pre and post year end upto date of signing;<br>• Review of minutes of Board meeting; and<br>• Critically assess management representation and disclosure at note 19. |

**Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider

**Other Information (Cont'd)**
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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Directors for the Financial Report**
The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Report**
Our objectives are 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 and 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up

**Auditor's Responsibilities for the Audit of the Financial Report (Cont'd)**

to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on the Remuneration Report**

***Opinion on the Remuneration Report***

We have audited the Remuneration Report included on pages 8-12 of the Directors' Report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Cardno Limited, for the year ended 30 June 2024 complies with section 300A of the *Corporations Act 2001*.

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

**DFK Laurence Varnay Auditors Pty Ltd**

**Faizal Ajmat**
**Director**
Sydney
Dated: 26th day of August 2024

The shareholder information set out below was applicable as at 2 August 2024.

**Distribution of equitable securities**
Analysis of number of equitable security holders by size of holding:

| | Number of holders | Ordinary shares % of total shares issued | Number of shares |
|---|---|---|---|
| 1 to 1,000 | 1,639 | 1.36 | 530,538 |
| 1,001 to 5,000 | 660 | 3.86 | 1,505,803 |
| 5,001 to 10,000 | 131 | 2.57 | 1,004,116 |
| 10,001 to 100,000 | 180 | 12.42 | 4,852,974 |
| 100,001 and over | 29 | 79.79 | 31,167,232 |
| | 2,639 | 100.00 | 39,060,663 |
| Holding less than a marketable parcel | 1,695 | 1.50 | 590,554 |

**Equity security holders**

*Twenty largest quoted equity security holders*
The names of the twenty largest security holders of quoted equity securities are listed below:

| | Ordinary shares Number held | % of total shares issued |
|---|---|---|
| Crescent Capital Investments | 21,794,638 | 55.80 |
| Hsbc Custody Nominees (Australia) Limited | 2,122,752 | 5.43 |
| BNP Paribas Nominees Pty Ltd ACF Clearstream | 1,419,450 | 3.63 |
| Citicorp Nominees Pty Limited | 957,683 | 2.45 |
| Sharesies Australia Nominee Pty Limited | 843,237 | 2.16 |
| Neweconomy Com Au Nominees Pty Limited (900 Account) | 589,477 | 1.51 |
| Morgan Stanley Australia Securities (Nominee) Pty Limited | 490,748 | 1.26 |
| Merrill Lynch (Australia) Nominees Pty Limited | 297,562 | 0.76 |
| Mr Andrew Mitchell Rowlands | 264,779 | 0.68 |
| Superhero Securities Limited | 250,794 | 0.64 |
| Mr Dugald Roderick Southwell | 205,651 | 0.53 |
| Mr Anil Kumar Patel + Mrs Kokila Ben Kumar | 201,000 | 0.51 |
| Mr Francisco Amador Ibanez-Almarche | 196,826 | 0.50 |
| Miengrove Pty Ltd | 195,000 | 0.50 |
| Haljan Management LP | 168,620 | 0.43 |
| Miengrove Pty Ltd (G J & P K Bird Super A/C) | 165,000 | 0.42 |
| Warbont Nominees Pty Ltd | 149,695 | 0.38 |
| Mr Yao Ming Qian | 136,228 | 0.35 |
| Dekna Investments Pty Ltd | 129,500 | 0.33 |
| Mr Hoang Bui | 127,762 | 0.33 |
| | 30,706,402 | 78.60 |

*Unquoted equity securities*
There are no unquoted equity securities.

**Substantial holders**
Substantial holders in the Company are set out below:

| | Ordinary shares | |
|---|---|---|
| | Number held | % of total shares issued |
| Crescent Capital Investments | 21,794,638 | 55.80 |

**Voting rights**
The voting rights attached to ordinary shares are set out below:

*Ordinary shares*
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

| | |
|---|---|
| Directors | Nathanial Thomson (Chairman)<br>Jeffrey Forbes<br>Susan Rozario |
| Company secretary | Nathanial Thomson |
| Registered office | Level 8, 210 George Street<br>Sydney NSW 2000 |
| Share register | Computershare Investor Services Pty Limited<br>Level 1, 200 Mary Street<br>Brisbane QLD 4000 |
| Auditor | DFK Laurence Varnay Auditors Pty Ltd<br>Suite 1, Level 12<br>222 Pitt Street<br>Sydney NSW 2000 |
| Solicitors | Gilbert + Tobin Lawyers<br>Level 35, Tower Two<br>International Towers Sydney<br>200 Barangaroo Avenue<br>Barangaroo NSW 2000 |
| Bankers | HSBC |
| Stock exchange listing | Cardno Limited shares are listed on the Australian Securities Exchange (ASX code: CDD) |
| Website | https://cddho.com |
| Corporate Governance Statement | The directors and management are committed to conducting the business of Cardno Limited in an ethical manner and in accordance with the highest standards of corporate governance. Cardno Limited has adopted and substantially complied with the ASX Corporate Governance Principles and recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations.<br><br>The Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed was approved at the same time as the annual report and can be found at https://cddho.com. |

**Registered office**

Cardno Limited ABN
70 108 112 303

Level 8,

210 George Street

Sydney NSW 2000
Australia

https://cddho.com