



# cardno annual general meeting 2011

The 2011 AGM is being held on  
**Thursday, 20 October 2011**  
and will commence at 10.30am  
(Brisbane time).

The venue details are:  
Seminar Room East  
UQ Business School Downtown  
Level 19, Central Plaza One,  
345 Queen Street, Brisbane

**Cardno Limited**  
ABN 70 108 112 303

 **Cardno**  
Shaping the Future<sup>®</sup>

# NOTICE OF ANNUAL GENERAL MEETING

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Notice is given that the Annual General Meeting of members of **CARDNO LIMITED** ('Cardno' or 'Company') will be held on Thursday, 20 October 2011 at Seminar Room East, UQ Business School Downtown, Level 19, Central Plaza One, 345 Queen Street, Brisbane commencing at 10:30am (Brisbane time).

## ORDINARY BUSINESS

### 1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the Company's financial reports and the report of the Directors and the Auditor contained in the Company's Financial Report for the financial year ended 30 June 2011.

### 2. ELECTION OF JOHN MASSEY

To consider and, if thought fit, to pass the following as an ordinary resolution:

*'That John Massey, who retires by rotation in accordance with rule 16.1 of the Company's constitution, and being eligible, be re-elected as a Director of the Company.'*

### 3. ELECTION OF IAN JOHNSTON

To consider and, if thought fit, to pass the following as an ordinary resolution:

*'That Ian Johnston, who retires by rotation in accordance with rule 16.1 of the Company's constitution, and being eligible, be re-elected as a Director of the Company.'*

### 4. ELECTION OF PETER COSGROVE

To consider and, if thought fit, to pass the following as an ordinary resolution:

*'That Peter Cosgrove, who retires by rotation in accordance with rule 16.1 of the Company's constitution, and being eligible, be re-elected as a Director of the Company.'*

A summary of each candidate's experience and qualifications appears in the Company's Financial Report.

### 5. REMUNERATION REPORT

To consider and, if thought fit, to pass the following in accordance with section 250R (2) of the *Corporations Act 2001* (Cth) (**Corporations Act**):

*'That the Remuneration Report contained in the Company's Financial Report for the financial year ended 30 June 2011 be adopted.'*

NOTE: This resolution shall be determined under section 250R(2). Votes must not be cast on this resolution by key management personnel and closely related parties in contravention of Section 250R or 250BD of the Corporations Act. Restrictions also apply to votes cast as proxy unless exceptions apply.

### 6. NON-EXECUTIVE DIRECTORS' REMUNERATION

To consider and, if thought fit, to pass the following as an ordinary resolution:

*'That for the purposes of Listing Rule 10.17 the maximum aggregate remuneration which may be paid to its non-executive directors under Clause 13.3 of the Constitution be increased by \$300,000 to a maximum sum of \$900,000 a year.'*

### 7. RATIFICATION AND APPROVAL OF PREVIOUS ALLOTMENT AND ISSUE OF SECURITIES

#### **Resolution 7A**

To consider and, if thought fit, pass the following as an ordinary resolution:

*'That for the purposes of Listing Rule 7.4, shareholders ratify and approve the issue of 453,052 fully paid ordinary shares at \$5.42692 per share on 7 January 2011 in relation to the acquisition of JF New & Associates, Inc to those persons set out in the Explanatory Memorandum.'*

**Resolution 7B**

To consider and, if thought fit, pass the following as an ordinary resolution:

*'That for the purposes of Listing Rule 7.4, shareholders ratify and approve the issue of 22,285 fully paid ordinary shares at \$5.60935 per share on 26 May 2011 in relation to the acquisition of Australian Underground Services Pty Ltd to those persons set out in the Explanatory Memorandum'.*

**Resolution 7C**

To consider and, if thought fit, pass the following as an ordinary resolution:

*'That for the purposes of Listing Rule 7.4, shareholders ratify and approve the issue of 542,189 fully paid ordinary shares at \$5.66467 per share on 15 June 2011 in relation to the acquisition of Roadtest to those persons set out in the Explanatory Memorandum'.*

**Resolution 7D**

To consider and, if thought fit, pass the following as an ordinary resolution:

*'That for the purposes of Listing Rule 7.4, shareholders ratify and approve the issue of 2,037,869 fully paid ordinary shares at \$5.52048 per share on 6 July 2011 in relation to the acquisition of BEC Engineering Pty Ltd to those persons set out in the Explanatory Memorandum'.*

**Resolution 7E**

To consider and, if thought fit, pass the following as an ordinary resolution:

*'That for the purposes of Listing Rule 7.4, shareholders ratify and approve the issue of 336,438 fully paid ordinary shares at \$5.57984 per share on 29 July 2011 in relation to the acquisition of Environmental Resolutions, Inc to those persons set out in the Explanatory Memorandum'.*

8. **ISSUE OF RIGHTS TO ACQUIRE ORDINARY SHARES TO EXECUTIVE DIRECTORS UNDER THE PERFORMANCE EQUITY PLAN**

**Resolution 8A**

To consider and, if thought fit, pass the following ordinary resolution:

*'That, pursuant to section 208(1)(a) of the Corporations Act and Listing Rule 10.14, and in accordance with the Performance Equity Plan, shareholders approve the granting of 80,000 Rights to Andrew Buckley, Executive Director, in the manner contemplated in the Explanatory Memorandum'.*

**Resolution 8B**

To consider and, if thought fit, pass the following ordinary resolution:

*'That, pursuant to section 208(1)(a) of the Corporations Act and Listing Rule 10.14, and in accordance with the Performance Equity Plan, shareholders approve the granting of 35,000 Rights to Jeffrey Forbes, Executive Director, in the manner contemplated in the Explanatory Memorandum'.*

**Resolution 8C**

To consider and, if thought fit, pass the following ordinary resolution:

*'That, pursuant to section 208(1)(a) of the Corporations Act and Listing Rule 10.14, and in accordance with the Performance Equity Plan, shareholders approve the granting of 30,000 Rights to Trevor Johnson, Executive Director, in the manner contemplated in the Explanatory Memorandum'.*

**SPECIAL BUSINESS**

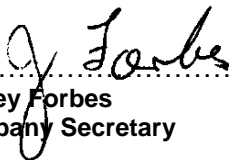
9. APPROVAL OF TERMINATION BENEFITS TO ANDREW BUCKLEY

To consider and, if thought fit, pass the following ordinary resolution:

*'That for the purposes of section 200B and 200E of the Corporations Act, the Company is authorised to give Andrew Buckley, Managing Director of the Company, the benefits which may be given in connection with his retirement from office in the Company, further details of which are set out in the Explanatory Memorandum'*

DATED 19 September 2011

**By Order of the Board**

  
.....  
Jeffrey Forbes  
Company Secretary

## Notes

### Shareholders of Cardno

1. Cardno has determined that for the purpose of voting at the meeting or adjourned meeting, shares will be taken to be held by those persons recorded in the Cardno register of shareholders as at 7:00pm (Sydney time) on 18 October 2011.

### Appointment of Proxy (Section 249L (d))

2. If you are a shareholder and you are unable to attend and vote at the meeting, and wish to appoint a proxy, please complete and return the enclosed proxy form. A proxy need not be a shareholder of Cardno.
3. The proxy form must be completed and together with the power of attorney (if any) under which the proxy form is signed and lodged at Cardno's share registry at Computershare Investor Services, GPO Box 242, Melbourne, Victoria, 3001 or faxed to 1800 783 447 (within Australia) and +61 3 9473 2555 (outside Australia) at least 48 hours before the meeting (i.e. lodgement must occur no later than 10:30am (Brisbane time) on 18 October 2011).
4. A shareholder entitled to attend and cast more than two votes at the meeting is entitled to appoint no more than two proxies to attend and vote in their stead. Where more than one proxy is appointed, each proxy should be appointed to represent a specified proportion of the shareholder's voting rights. Failure to apportion voting rights will result in each proxy being entitled to vote half of the shareholder's votes.
5. A corporation may elect to appoint a representative, rather than appoint a proxy, in accordance with the Corporations Act in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the meeting.

If you have any queries on how to cast your votes then call the Company Secretary on +61 7 3369 9822 during business hours.

### Voting exclusion statement

6. Cardno will disregard any vote cast on:
  - (a) Item 5 (Approval of remuneration report)
    - In accordance with section 250R(4) of the Corporations Act, the Company will disregard votes cast on Resolution 5 – Remuneration Report by a member of the Key Management Personnel (**KMP**) details of whose remuneration are included in the remuneration report, or a closely related party of such a member, subject to certain limited exemptions where a person is appointed to vote as a proxy under section 250R(5) and section 250BD of the Corporations Act.
  - (b) Item 6 (Approval of Non-Executive Directors' Remuneration) by:
    - by any director of Cardno (or any of their nominees) and their associates.
  - (c) Item 7A (Ratification and approval of previous allotment and issue of securities) by:
    - William D Ditzler, Robert W Wolfe, Wendy W Loehr, John B Richardson, Andrew Bender, Jon A. Dittmar, Michael J. Lancioni, Mark D. O'Brien, Sean J. Clauson, Pamela L. Zarazee, Christopher R. Kline, Steve M. Rice, Eric E. Sorensen, Brian R. Majka, Nicole K. Staskowski, Stuart N. Kogge, Ryan W. Allison, Michael F. Rudecki, Anngelia J. Richter, Robin K. Harris, Joseph R. vonWahlde, Anthony J. St. Aubin and employees of JF New & Associates (or any of their nominees); and an associate of any person who participated in any of the issues described in item 7A.
  - (d) Item 7B (Ratification and approval of previous allotment and issue of securities) by:
    - Scott Walter Guy & Lisa Joanne Ward atf the Ward Guy Family Trust (or any of their nominees); and
    - an associate of any person who participated in any of the issues described in item 7B.
  - (e) Item 7C (Ratification and approval of previous allotment and issue of securities) by:
    - William John Ouston, Dianne Patricia Ouston, Christopher James Bloxsom and Laravon Pty Ltd (or any of their nominees or corporate representatives); and
    - an associate of any person who participated in any of the issues described in item 7C.

- (f) Item 7D (Ratification and approval of previous allotment and issue of securities) by:
- Geoffrey Allen Bailey & Wendy Ann Bailey atf The Gatling Trust, Geoffrey Allen Bailey, Wendy Ann Bailey, Riccardo di Filippo, Harold Sylvester Fernandez, Michael Dean Le Cerf, Kimberly John Lennon, Bruce Lindsey Johnson and Leslie William Osborne (or any of their nominees); and
  - an associate of any person who participated in any of the issues described in item 7D.
- (g) Item 7E (Ratification and approval of previous allotment and issue of securities) by:
- Steve M Zigan atf the Steve M Zigan Living Trust; Joseph E O'Connell atf the O'Connell Family Trust (or any of their nominees); and
  - an associate of any person who participated in any of the issues described in item 7E.
- (h) Items 8A, 8B, 8C (Issue of Rights to Acquire Ordinary Shares to Executive Directors) by:
- any executive director of Cardno who is eligible to participate in the Performance Equity Plan, namely Andrew Buckley, Jeffrey Forbes and Trevor Johnson (or any of their nominees); and
  - any associate of the director.
- (i) The Company will disregard votes by Andrew Buckley, Jeffrey Forbes and Trevor Johnson or each of their associates in contravention of section 224 of the Corporations Act. The Company will disregard votes cast by Key Management Personnel or their closely related parties in contravention of section 250BD of the Corporations Act. Restrictions also apply to votes cast as proxy unless exceptions apply.
- (j) Item 9 (Approval of termination benefits to Andrew Buckley)
- The retiree (being Andrew Buckley) (or his nominees) and any associate of the retiree.
  - The Company will disregard votes by Andrew Buckley or his associates in contravention of section 224 of the Corporations Act. The Company will disregard votes cast by Key Management Personnel or their closely related parties in contravention of section 250BD of the Corporations Act. Restrictions also apply to votes cast as proxy unless exceptions apply.

However, Cardno need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## EXPLANATORY MEMORANDUM

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### Resolution 1 - Financial Statements and Reports

The Corporations Act requires that the Company's Financial Report (which includes the report of the Directors, the report of the Auditor and the financial reports) be presented to the annual general meeting. In addition, the Company's constitution provides for such reports and statements to be received and considered at the meeting.

### Resolutions 2 - 4 - Election of Directors

Under clause 16.1 of the constitution of the Company one half of the current Directors (excluding the Managing Director, any Director appointed under rule 13.2 and any Director who has vacated his/her office under clause 15.1) or if their number is not a multiple of 2, the number nearest to but not less than one-third, must retire by rotation at each annual general meeting.

In accordance with this rule, Mr John Massey, Mr Ian Johnston and Mr Peter Cosgrove retire at the end of the meeting. Mr Massey, Mr Johnston and Mr Cosgrove being eligible, present themselves for re-election.

A summary of each candidate's experience and qualifications appear in the Company's Financial Report

### Resolution 5 - Directors' Remuneration Report

The Corporations Act requires that listed companies put a resolution to their shareholders to adopt by way of a non-binding vote the Remuneration Report as found in the Company's Financial Report.

Following consideration of the Remuneration Report, the Chairman will give shareholders a reasonable opportunity to ask questions about or to make comments upon, the Remuneration Report.

### Resolution 6 – Non-Executive Directors' Remuneration

Clause 13.3 of the constitution of the Company provides that, the directors are to be paid out of the funds of the Company as remuneration for their services as directors, such sum accruing from day to day as the Company in general meeting determines to be divided among them in such proportion and manner as they agree or in default of agreement equally.

Pursuant to Listing Rule 10.17, the Company is required to seek shareholder approval in order to increase the maximum aggregate remuneration of non-executive directors.

In accordance with Listing Rule 10.17, it is proposed that the maximum aggregate remuneration which may be paid to its non-executive directors be increased to a maximum sum of \$900,000 a year to be divided among them in such proportion and manner as the Board agrees.

The reasons for requesting the increase to the maximum aggregate remuneration for non-executive directors are as follows:

- (a) The current limit of \$600,000 was approved by shareholders on 25 October 2007.
- (b) The Board currently consists of three executive directors and four non-executive directors. It has been decided to continue transitioning the Board's composition to a greater membership of non-executive directors who will be compensated under this proposed increase.
- (c) The recommendation is based on an independent external review of competitive remuneration practices for similar companies.
- (d) The Board is of the view that the proposed increase to non-executive directors' aggregated remuneration is commensurate with market remuneration paid to non-executive directors at equivalent ASX listed companies in terms of growth and market capitalisation and is necessary to retain and attract appropriately qualified non-executive directors to the Company.
- (e) The increase reflects the more onerous corporate governance environment and the commensurate increase in time and responsibility of non-executive directors.
- (f) The company does not intend to allocate the full amount immediately. The proposed increase has been determined to allow for growth over time in both the remuneration and the number of non-executive directors.

## Resolutions 7A, 7B, 7C, 7D, 7E - Ratification and approval of previous issue of securities

The information required to be provided to shareholders to satisfy Listing Rule 7.4 is specified in Listing Rule 7.5. Approval is sought to maintain the company's flexibility to manage its capital requirements and issue shares where necessary within the 15% limit.

In compliance with the information requirements of Listing Rule 7.5, members are advised of the following particulars in relation to the allotment and issue:

Date of issue	Number of Securities issued	Issue price per Security	Terms of Securities issued	Persons to whom Securities were issued	Basis for determining allottees and use of funds raised by the issue
<b>Resolution 7A</b>					
07/01/11	159,331	\$5.42692 per share	Rank equally with all fully paid ordinary shares on issue	William D Ditzler	Shares issued pursuant to the Stock Purchase Agreement for the acquisition of 100% of the issued capital in JF New & Associates and its associated entities.
07/01/11	89,039	\$5.42692 per share	Rank equally with all fully paid ordinary shares on issue	Robert W Wolfe	Shares issued pursuant to the Stock Purchase Agreement for the acquisition of 100% of the issued capital in JF New & Associates and its associated entities.
07/01/11	44,793	\$5.42692 per share	Rank equally with all fully paid ordinary shares on issue	Wendy W Loehr	Shares issued pursuant to the Stock Purchase Agreement for the acquisition of 100% of the issued capital in JF New & Associates and its associated entities.
07/01/11	34,874	\$5.42692 per share	Rank equally with all fully paid ordinary shares on issue	John B Richardson	Shares issued pursuant to the Stock Purchase Agreement for the acquisition of 100% of the issued capital in JF New & Associates and its associated entities.
07/01/11	29,970	\$5.42692 per share	Rank equally with all fully paid ordinary shares on issue	Andrew Bender	Shares issued pursuant to the Stock Purchase Agreement for the acquisition of 100% of the issued capital in JF New & Associates and its associated entities.
07/01/11	23,975	\$5.42692 per share	Rank equally with all fully paid ordinary shares on issue	Jon A Dittmar	Shares issued pursuant to the Stock Purchase Agreement for the acquisition of 100% of the issued capital in JF New & Associates and its associated entities.
07/01/11	13,905	\$5.42692 per share	Rank equally with all fully paid ordinary shares on issue	Michael J Lancioni	Shares issued pursuant to the Stock Purchase Agreement for the acquisition of 100% of the issued capital in JF New & Associates and its associated entities.
07/01/11	8,611	\$5.42692 per share	Rank equally with all fully paid ordinary shares on issue	Mark D O'Brien	Shares issued pursuant to the Stock Purchase Agreement for the acquisition of 100% of the issued capital in JF New & Associates and its associated entities.

<b>Date of issue</b>	<b>Number of Securities issued</b>	<b>Issue price per Security</b>	<b>Terms of Securities issued</b>	<b>Persons to whom Securities were issued</b>	<b>Basis for determining allottees and use of funds raised by the issue</b>
<b>Resolution 7A continued</b>					
07/01/11	8,172	\$5.42692 per share	Rank equally with all fully paid ordinary shares on issue	Sean J Clauson	Shares issued pursuant to the Stock Purchase Agreement for the acquisition of 100% of the issued capital in JF New & Associates and its associated entities.
07/01/11	7,370	\$5.42692 per share	Rank equally with all fully paid ordinary shares on issue	Pamela L Zarazee	Shares issued pursuant to the Stock Purchase Agreement for the acquisition of 100% of the issued capital in JF New & Associates and its associated entities.
07/01/11	5,450	\$5.42692 per share	Rank equally with all fully paid ordinary shares on issue	Christopher R Kline	Shares issued pursuant to the Stock Purchase Agreement for the acquisition of 100% of the issued capital in JF New & Associates and its associated entities.
07/01/11	3,029	\$5.42692 per share	Rank equally with all fully paid ordinary shares on issue	Steve M Rice	Shares issued pursuant to the Stock Purchase Agreement for the acquisition of 100% of the issued capital in JF New & Associates and its associated entities.
07/01/11	2,723	\$5.42692 per share	Rank equally with all fully paid ordinary shares on issue	Eric E Sorensen	Shares issued pursuant to the Stock Purchase Agreement for the acquisition of 100% of the issued capital in JF New & Associates and its associated entities.
07/01/11	1,982	\$5.42692 per share	Rank equally with all fully paid ordinary shares on issue	Brian R Majka	Shares issued pursuant to the Stock Purchase Agreement for the acquisition of 100% of the issued capital in JF New & Associates and its associated entities.
07/01/11	1,982	\$5.42692 per share	Rank equally with all fully paid ordinary shares on issue	Nicole K Staskowski	Shares issued pursuant to the Stock Purchase Agreement for the acquisition of 100% of the issued capital in JF New & Associates and its associated entities.
07/01/11	1,876	\$5.42692 per share	Rank equally with all fully paid ordinary shares on issue	Stuart N Kogge	Shares issued pursuant to the Stock Purchase Agreement for the acquisition of 100% of the issued capital in JF New & Associates and its associated entities.
07/01/11	1,091	\$5.42692 per share	Rank equally with all fully paid ordinary shares on issue	Ryan W Allison	Shares issued pursuant to the Stock Purchase Agreement for the acquisition of 100% of the issued capital in JF New & Associates and its associated entities.

Date of issue	Number of Securities issued	Issue price per Security	Terms of Securities issued	Persons to whom Securities were issued	Basis for determining allottees and use of funds raised by the issue
<b>Resolution 7A continued</b>					
07/01/11	1,091	\$5.42692 per share	Rank equally with all fully paid ordinary shares on issue	Michael F Rudecki	Shares issued pursuant to the Stock Purchase Agreement for the acquisition of 100% of the issued capital in JF New & Associates and its associated entities.
07/01/11	1,091	\$5.42692 per share	Rank equally with all fully paid ordinary shares on issue	Anngelia J Richter	Shares issued pursuant to the Stock Purchase Agreement for the acquisition of 100% of the issued capital in JF New & Associates and its associated entities.
07/01/11	1,091	\$5.42692 per share	Rank equally with all fully paid ordinary shares on issue	Robin K Harris	Shares issued pursuant to the Stock Purchase Agreement for the acquisition of 100% of the issued capital in JF New & Associates and its associated entities.
07/01/11	1,710	\$5.42692 per share	Rank equally with all fully paid ordinary shares on issue	Joseph R von Wahlde	Shares issued pursuant to the Stock Purchase Agreement for the acquisition of 100% of the issued capital in JF New & Associates and its associated entities.
07/01/11	896	\$5.42692 per share	Rank equally with all fully paid ordinary shares on issue	Anthony J St Aubin	Shares issued pursuant to the Stock Purchase Agreement for the acquisition of 100% of the issued capital in JF New & Associates and its associated entities.
07/01/11	9,000	\$5.42692 per share	Rank equally with all fully paid ordinary shares on issue	Employees of JF New & Associates	Shares issued pursuant to the Stock Purchase Agreement for the acquisition of 100% of the issued capital in JF New & Associates and its associated entities.

<b>Resolution 7B</b>					
26/05/11	22,285	\$5.60935 per share	Rank equally with all fully paid ordinary shares on issue	Scott Walter Guy & Lisa Joanne Ward atf the Ward Guy Family Trust	Shares issued pursuant to a Share Sale Agreement for the acquisition of 100% of the issued capital in Australian Underground Services Pty Ltd.

<b>Resolution 7C</b>					
15/06/11	273,047	\$5.66467	Rank equally with all fully paid ordinary shares on issue	Laravon Pty Ltd	Shares issued pursuant to a Share Sale Agreement for the acquisition of 100% of the issued capital in Roadtest.
15/06/11	89,714	\$5.66467	Rank equally with all fully paid ordinary shares on issue	William John Ouston	Shares issued pursuant to a Share Sale Agreement for the acquisition of 100% of the issued capital in Roadtest.

Date of issue	Number of Securities issued	Issue price per Security	Terms of Securities issued	Persons to whom Securities were issued	Basis for determining allottees and use of funds raised by the issue
<b>Resolution 7C continued</b>					
15/06/11	89,714	\$5.66467	Rank equally with all fully paid ordinary shares on issue	Dianne Patricia Ouston	Shares issued pursuant to a Share Sale Agreement for the acquisition of 100% of the issued capital in Roadtest.
15/06/11	89,714	\$5.66467	Rank equally with all fully paid ordinary shares on issue	Christopher James Bloxsom	Shares issued pursuant to a Share Sale Agreement for the acquisition of 100% of the issued capital in Roadtest.

<b>Resolution 7D</b>					
06/07/11	1,776,797	\$5.52048	Rank equally with all fully paid ordinary shares on issue	Geoffrey Allen Bailey & Wendy Ann Bailey atf The Gatling Trust	Shares issued pursuant to a Share Purchase Agreement for the acquisition of 100% of the issued capital in BEC Engineering Pty Ltd.
06/07/11	29,132	\$5.52048	Rank equally with all fully paid ordinary shares on issue	Geoffrey Allen Bailey	Shares issued pursuant to a Share Purchase Agreement for the acquisition of 100% of the issued capital in BEC Engineering Pty Ltd.
06/07/11	14,566	\$5.52048	Rank equally with all fully paid ordinary shares on issue	Wendy Ann Bailey	Shares issued pursuant to a Share Purchase Agreement for the acquisition of 100% of the issued capital in BEC Engineering Pty Ltd.
06/07/11	36,229	\$5.52048	Rank equally with all fully paid ordinary shares on issue	Riccardo Di Filippo	Shares issued pursuant to a Share Purchase Agreement for the acquisition of 100% of the issued capital in BEC Engineering Pty Ltd.
06/07/11	36,229	\$5.52048	Rank equally with all fully paid ordinary shares on issue	Harold Sylvester Fernandez	Shares issued pursuant to a Share Purchase Agreement for the acquisition of 100% of the issued capital in BEC Engineering Pty Ltd.
06/07/11	36,229	\$5.52048	Rank equally with all fully paid ordinary shares on issue	Michael Dean Le Cerf	Shares issued pursuant to a Share Purchase Agreement for the acquisition of 100% of the issued capital in BEC Engineering Pty Ltd.
06/07/11	36,229	\$5.52048	Rank equally with all fully paid ordinary shares on issue	Kimberly John Lennon	Shares issued pursuant to a Share Purchase Agreement for the acquisition of 100% of the issued capital in BEC Engineering Pty Ltd.
06/07/11	36,229	\$5.52048	Rank equally with all fully paid ordinary shares on issue	Bruce Lindsey Johnson	Shares issued pursuant to a Share Purchase Agreement for the acquisition of 100% of the issued capital in BEC Engineering Pty Ltd.

Date of issue	Number of Securities issued	Issue price per Security	Terms of Securities issued	Persons to whom Securities were issued	Basis for determining allottees and use of funds raised by the issue
<b>Resolution 7D continued</b>					
06/07/11	36,229	\$5.52048	Rank equally with all fully paid ordinary shares on issue	Leslie William Osborne	Shares issued pursuant to a Share Purchase Agreement for the acquisition of 100% of the issued capital in BEC Engineering Pty Ltd.

<b>Resolution 7E</b>					
29/07/11	171,583	\$5.52048	Rank equally with all fully paid ordinary shares on issue	Steve M Zigan atf the Steve M Zigan Living Trust	Shares issued pursuant to a Stock Purchase Agreement for the acquisition of 100% of the issued capital in Environmental Resolutions, Inc.
29/07/11	164,855	\$5.52048	Rank equally with all fully paid ordinary shares on issue	Joseph E O'Connell atf the O'Connell Family Trust	Shares issued pursuant to a Stock Purchase Agreement for the acquisition of 100% of the issued capital in Environmental Resolutions, Inc.

### **Resolutions 8A, 8B, 8C – Approval of Issue of Rights to Acquire Ordinary Shares to Executive Directors under the Performance Equity Plan**

Under Australian Securities Exchange (**ASX**) Listing Rule 10.14 the Company must seek shareholder approval to grant securities to Directors. The Company proposes to issue rights to acquire ordinary shares in the Company (**Rights**) to Andrew Buckley, Jeffrey Forbes and Trevor Johnson.

The proposed issues are in accordance with Performance Equity Plan approved by shareholders at the 2009 AGM. This approval followed an independent review of the executive long term incentive plan. Changes recommended by external consultants were adopted by the Board to ensure the objectives of the shareholders, the executives and key management were aligned.

The Board understands that the terms of the proposed grant of Rights to Executive Directors are consistent with stakeholder guidelines and Australian market practice. Under the vesting conditions for the Rights, 12% per annum earnings per share (**EPS**) growth averaged over three years and a relative total shareholder return (**TSR**) in the 75<sup>th</sup> percentile and above are required for 100% vesting.

The numbers of Rights to be granted has been determined having regard to market competitive remuneration packages with a strong emphasis on performance and growing shareholder value.

The terms of these Rights are the same as that which will apply to any Rights issued to Executive Directors under the Performance Equity Plan approved in 2009.

### **Listing Rule Requirements**

Listing Rule 10.14 provides that a listed company must not, without the approval of ordinary shareholders, issue equity securities to a related party. A director is a related party for the purposes of the Listing Rules. Listing Rule 10.14 also restricts the issue of securities under an employee incentive scheme to directors.

Specific information which must be provided to shareholders in accordance with ASX Listing Rule 10.15 is set out below.

<b>Type of Securities</b>	Rights to acquire ordinary shares in the Company.
<b>Plan</b>	The Rights will be granted under the Cardno Performance Equity Plan.

<b>Numbers of Rights to be Granted</b>	<p>It is intended that the following maximum number of Rights be granted within 12 months of the meeting, if approved by shareholders.</p> <table border="1" data-bbox="624 208 1437 436"> <thead> <tr> <th data-bbox="624 208 1002 259">Name of Executive Director</th> <th data-bbox="1010 208 1437 259">Number of Rights to be Granted</th> </tr> </thead> <tbody> <tr> <td data-bbox="624 264 1002 309">Andrew Buckley</td> <td data-bbox="1010 264 1437 309">80,000</td> </tr> <tr> <td data-bbox="624 313 1002 365">Jeffrey Forbes</td> <td data-bbox="1010 313 1437 365">35,000</td> </tr> <tr> <td data-bbox="624 369 1002 436">Trevor Johnson</td> <td data-bbox="1010 369 1437 436">30,000</td> </tr> </tbody> </table>	Name of Executive Director	Number of Rights to be Granted	Andrew Buckley	80,000	Jeffrey Forbes	35,000	Trevor Johnson	30,000		
Name of Executive Director	Number of Rights to be Granted										
Andrew Buckley	80,000										
Jeffrey Forbes	35,000										
Trevor Johnson	30,000										
<b>Numbers of Rights Granted Since Last Approval</b>	<table border="1" data-bbox="624 539 1437 745"> <thead> <tr> <th data-bbox="624 539 1002 591">Name of Executive Director</th> <th data-bbox="1010 539 1437 591">Number of Rights Granted</th> </tr> </thead> <tbody> <tr> <td data-bbox="624 595 1002 640">Andrew Buckley</td> <td data-bbox="1010 595 1437 640">70,000</td> </tr> <tr> <td data-bbox="624 645 1002 696">Jeffrey Forbes</td> <td data-bbox="1010 645 1437 696">35,000</td> </tr> <tr> <td data-bbox="624 701 1002 745">Trevor Johnson</td> <td data-bbox="1010 701 1437 745">27,500</td> </tr> </tbody> </table>	Name of Executive Director	Number of Rights Granted	Andrew Buckley	70,000	Jeffrey Forbes	35,000	Trevor Johnson	27,500		
Name of Executive Director	Number of Rights Granted										
Andrew Buckley	70,000										
Jeffrey Forbes	35,000										
Trevor Johnson	27,500										
<b>Amount payable for the Rights</b>	Nil consideration will be sought from Executive Directors in relation to the Rights to be granted.										
<b>Exercise Price of the Rights</b>	Nil.										
<b>Term of the Rights</b>	4 years. If not exercised within the term they will lapse.										
<b>Vesting of Rights</b>	Vesting of the Rights will be subject to performance.										
<b>Performance Measures</b>	<p>Tranche 1 being 50% of the Rights, may vest depending upon relative TSR performance.</p> <p>Tranche 2 being 50% of the Rights, may vest depending upon EPS growth.</p>										
<b>Total Shareholder Return (TSR)</b>	TSR is the percentage movement in shareholder value from an investment in a company's shares over a defined time period calculated by reference to the change in the share price and dividends assuming that dividends are immediately reinvested into the company's shares.										
<b>EPS Growth</b>	<p>EPS growth will be calculated by comparing Cardno's EPS for the year ended 30 June 2014 with its EPS for the year ended 30 June 2011.</p> <p>The Board will have discretion to normalise EPS to reflect underlying business performance and to neutralise windfall gains or losses attributable to capital raisings or reductions.</p>										
<b>Performance Measurement Period</b>	3 years ending on 30 June 2014.										
<b>TSR Comparator Group</b>	The smallest 100 companies by market capitalisation as at 1 July 2011 in the S&P/ASX300 excluding resources and financial services sector companies.										
<b>TSR Vesting Scale</b>	<table border="1" data-bbox="644 1630 1417 1960"> <thead> <tr> <th data-bbox="644 1630 1201 1753">TSR of Cardno Relative to TSR's of Companies in Comparator Group</th> <th data-bbox="1209 1630 1417 1753">% of Rights in Tranche to Vest</th> </tr> </thead> <tbody> <tr> <td data-bbox="644 1758 1201 1803">&lt;50<sup>th</sup> percentile</td> <td data-bbox="1209 1758 1417 1803">0%</td> </tr> <tr> <td data-bbox="644 1807 1201 1852">50<sup>th</sup> percentile</td> <td data-bbox="1209 1807 1417 1852">50%</td> </tr> <tr> <td data-bbox="644 1856 1201 1908">&gt;50<sup>th</sup> &amp; &lt;75<sup>th</sup> percentiles</td> <td data-bbox="1209 1856 1417 1908">Pro rata</td> </tr> <tr> <td data-bbox="644 1912 1201 1960">75<sup>th</sup> percentile and above</td> <td data-bbox="1209 1912 1417 1960">100%</td> </tr> </tbody> </table>	TSR of Cardno Relative to TSR's of Companies in Comparator Group	% of Rights in Tranche to Vest	<50 <sup>th</sup> percentile	0%	50 <sup>th</sup> percentile	50%	>50 <sup>th</sup> & <75 <sup>th</sup> percentiles	Pro rata	75 <sup>th</sup> percentile and above	100%
TSR of Cardno Relative to TSR's of Companies in Comparator Group	% of Rights in Tranche to Vest										
<50 <sup>th</sup> percentile	0%										
50 <sup>th</sup> percentile	50%										
>50 <sup>th</sup> & <75 <sup>th</sup> percentiles	Pro rata										
75 <sup>th</sup> percentile and above	100%										

<b>EPS Growth Vesting Scale</b>	<b>EPS Growth Over 3 Years</b>	<b>% of Rights in Tranche to Vest</b>
	<12.5% (<4% pa)	0%
	12.5% (4% pa)	30%
	>12.5% (4% pa) &<26% (8% pa)	Pro rata
	26% (8% pa)	70%
	>26% (8% pa) &<40% (12% pa)	Pro rata
	≥40% (12% pa)	100%
<b>Retesting</b>	No retesting to be available.	
<b>Dealing Restrictions</b>	Rights may not be sold but can be exercised after they vest. Dealing in shares acquired by exercising Rights is unrestricted.	
<b>Exercise of Vested Rights</b>	Vested Rights may be exercised at any time between the date of vesting and the end of the term of the Rights i.e. up to the 4 <sup>th</sup> anniversary of the grant of the Rights. On exercise, the Board will determine whether to secure the shares via a new issue or an on-market purchase and whether or not to use an employee share trust.	
<b>Termination of Employment</b>	The Board will determine the extent, if any, to which unvested Rights will vest. Any Rights that do not vest will lapse.	
<b>Takeover</b>	If the Board recommends acceptance of a takeover offer for all of the shares on issue, then the holders of Rights may accept the offer in respect of some or all of the Rights.	
<b>Bonus Issues and Capital Reconstructions</b>	In the event of a pro rata bonus issue of Cardno shares or any reorganisation of the issued capital of Cardno the number of Rights will be adjusted as determined by the Board to ensure that no advantage or disadvantage accrues to holders of Rights from such actions.	

For the purpose of Listing Rule 10.15.4, the following persons have received securities under the Performance Equity Plan since the last approval (2010 AGM – 21 October 2010):

	<b>Number of Securities Received</b>	<b>Acquisition Price</b>	<b>Exercise Price</b>
<i>Andrew Buckley</i>	70,000	NIL	NIL
<i>Jeffrey Forbes</i>	35,000	NIL	NIL
<i>Trevor Johnson</i>	27,500	NIL	NIL

All securities in the table above were issued following shareholder approval at the 2009 AGM.

For the purpose of Listing Rule 10.15.4A, the following persons are entitled to participate in the Performance Equity Plan: Andrew Buckley, Jeffrey Forbes and Trevor Johnson.

#### **Corporations Act requirements - related party transactions**

Section 208(1) of the Corporations Act provides that a public company must not, without the approval of the Company's members, give a financial benefit to a related party. Each of Andrew Buckley, Jeffrey Forbes and Trevor Johnson are related parties of the Company for the purposes of section 228(2) of the Corporations Act as they are Directors. The issue of the Rights will constitute the giving of a financial benefit to a related party for the purposes of section 229(3)(e) of the Corporations Act. None of the exceptions to the prohibition which are set out in sections 210 to 216 of the Corporations Act apply to the issue of the Options.

Specific information must also be provided to shareholders in accordance with section 219 of the Corporations Act. The majority of this information is set out above in accordance with Listing Rule 10.15 with the balance of the information regarding the Directors' recommendations set out below.

If all Rights were to be issued and vested, the Company's fully paid share capital will be diluted by approximately 0.1316%(assuming all 2009 and 2010 Rights have been exercised and that there are no other

changes in the share capital of each grantee or that of Cardno prior to the vesting of the Rights and that all the Options are exercised).

	Ordinary shares currently held	Options currently held	Rights currently held	Total share capital held if all issued Options and Rights are exercised %	Proposed issue of Rights	Total share capital held if all Options & Rights are exercised %
Andrew Buckley	2,450,261	0	130,000	2.35%	80,000	2.42%
Jeffrey Forbes	26,466	0	65,000	0.08%	35,000	0.12%
Trevor Johnson	2,050,001	0	52,500	1.92%	30,000	1.94%

In order to assist shareholders in making a decision on this resolution, the Company discloses the following information concerning the value of the Rights to be issued to each of the Executive Directors. A fair value of the Rights to be issued has been calculated using the Monte-Carlo method for Tranche 1 and the Black Scholes methodology for Tranche 2. Both methodologies are based on a number of assumptions, as set out in the tables below. The Board believes these valuation models are appropriate to the circumstances and has not used any other valuation or models in proposing the terms of the Rights.

The Board draws shareholders' attention to the fact the stated valuation does not constitute and should not be taken as audited financial information. The reportable value of the Executive Director benefit expense in subsequent financial periods may vary due to a range of timing and other factors. In particular, the figures were calculated effective as at 8 September 2011.

	Total Shareholder Return Over 3 Years (Tranche 1: 50%)	EPS Growth Over 3 Years (Tranche 2: 50%)
Underlying price	\$5.25	\$5.25
Volatility	34%	34%
Dividend Yield (estimate)	7%	7%
Expiry Date	20 October 2015	20 October 2015
Exercise (strike) price	Nil	Nil
Risk free rate	3.77%	3.77%
<b>Right Value</b>	<b>\$3.15</b>	<b>\$4.25</b>
Number of Rights issued	72,500	72,500
<b>Executive Director benefit expense (expensed over 3 years)</b>	<b>\$228,375</b>	<b>\$308,125</b>

For the 12 month period to 5 September 2011 the Company's shares traded in the range of \$4.31 to \$6.30. As at close of trade on 8 September 2011, the shares closed at \$5.15.

Details of the Executive Directors' proposed remuneration for FY2012 is shown in the table below. (Valuation of the Rights is indicative only).

	Andrew Buckley	Jeffrey Forbes	Trevor Johnson	Total*
Base Salary Package (including Superannuation)	750,000	420,000	400,000	1,570,000
Previously Awarded Long Term Benefits	88,627	44,313	35,860	168,800
Long Term Benefits(Rights) if approved in 2011 Annual General Meeting)	41,058	17,963	15,397	74,418
<b>Total</b>	<b>\$879,685</b>	<b>\$482,276</b>	<b>\$451,257</b>	<b>\$1,813,218</b>

\* Short term incentive benefits may also be paid at the discretion of the Board based on performance.

Each of the Directors not eligible to participate in the Performance Equity Plan, being John Massey, Anthony Barnes, Peter Cosgrove and Ian Johnston (**Non-Executive Directors**), wish to recommend that shareholders vote in favour of this resolution to grant the Rights to Andrew Buckley, Jeffrey Forbes and Trevor Johnson as the issue of the Rights will provide appropriate incentive to maximise the return to shareholders over the long term and assist in developing a unity of purpose for both Cardno management and shareholders.

Andrew Buckley, Jeffrey Forbes and Trevor Johnson do not wish to make a recommendation in respect to this resolution as they are directly interested in its outcome. The Non-Executive Directors consider that the incentive represented by the grant of the Rights is a cost effective and efficient incentive when compared to other forms of incentive.

The primary purpose of the Rights is to reward performance and provide an incentive to Andrew Buckley, Jeffrey Forbes and Trevor Johnson. Given this purpose, the Non-Executive Directors do not consider that there is any opportunity cost or benefit foregone to the Company in granting the Rights, the subject of this resolution.

## **Resolution 9 – Approval of termination benefits**

### **Background**

Section 200B of the Corporations Act restricts the benefits which can be given in connection with the retirement from office or cessation of employment of certain officers of the Company or a related body corporate, unless an exemption applies or prior shareholder approval is obtained.

Significant changes were made to section 200B and related provisions in late 2009. These had the effect (amongst other things) that:

- (a) a wider group of officers is subject to the provisions - in addition to directors of the Company, the amended provisions also covers those in the position of a managerial or executive office or any person who held such a position in the Company or a related body corporate the previous three years;
- (b) a substantially reduced cap applies to the termination payments that the Company is permitted to make to the affected officers without shareholder approval - the cap is now (broadly) up to 12 months average base salary, instead of up to seven times average annual remuneration;
- (c) the definition of remuneration has been broadened such that accelerated and automatic vesting of share-based remuneration are now specifically characterised as benefits for the purposes of the provisions; and
- (d) there are exemptions from the provisions - for example, deferred bonuses, genuine superannuation contributions and benefits from certain defined benefit superannuation schemes are now exempt from the requirement to obtain shareholder approval.

The passing of this resolution is intended to provide approval to the Company to honour the terms and conditions of the Managing Director, Mr Andrew Buckley's contract of employment, including those terms and conditions relating to termination benefits. It should be noted that there is no intention for Mr Buckley to vacate the role of Managing Director.

Section 200E requires certain information to be provided to shareholders to consider whether to approve a termination benefit. This information is set out below.

### **Termination provisions**

Mr Buckley's contract of employment agreement provides that he may terminate the agreement by giving the Company 12 months' written notice of termination. The Company may terminate Mr Buckley's employment by giving 12 months' notice or payment in lieu of notice. Mr Buckley will also be entitled to payment of any accrued but untaken annual leave and long service leave in accordance with legislative provisions in Queensland.

The Company is entitled to terminate Mr Buckley's employment without notice if he becomes bankrupt, is charged with an offence of fraud or dishonesty punishable by imprisonment, is in breach of his contract of employment or engages in conduct which in the opinion of the Board may harm the Company. In this event, Mr Buckley will not be entitled to any payment in lieu of notice but will be entitled to payment in lieu of accrued but untaken annual leave and long service leave.

Mr Buckley's contract of employment provides for an incentive structure based on short and long term incentives disclosed in the Remuneration Report. Short term cash incentives are assessed against KPI's relative to the performance of the Company, the relevant segment (taking into account prevailing operating and economic conditions) and Mr Buckley's individual performance. Long term incentives include the issue of Rights pursuant to the Cardno Performance Equity Plan approved by shareholders at the 2009 AGM and detailed in this Explanatory Memorandum to the Notice of Meeting in Resolution 8A.

Details of termination benefits payable by way of cash or Rights to Mr Buckley are provided in the following table.

### Benefits

Mode of retirement from office	Notice period	Benefits Payable					
		Unpaid / accrued TFR	Accrued by untaken annual leave	Long service leave	Unpaid / Accrued cash incentives	Severance payment	Unvested Rights
Notice by Mr Buckley	12 months	Yes	Yes	Yes	Yes, at Board's assessment	No	At Board's discretion
Termination by the Company (except for misconduct)	12 months	Yes	Yes	Yes	Yes, at Board's assessment	No	At Board's discretion
Termination by the Company for misconduct	Nil	Nil	Yes	Yes	No	No	At Board's discretion

### Value of the benefits

As at the date of his Notice of Meeting, Mr Buckley's proposed remuneration for FY2011 and current share and Rights holdings are as set out in the Explanatory Memorandum for Resolutions 8A, 8B and 8C and are disclosed in the Remuneration Report.

The value of the potential termination benefits cannot be ascertained in advance as they are dependent on various matters, events and circumstances which will or would likely affect calculation of the value.

The value of the benefits payable to Mr Buckley on termination will depend on:

- (a) total fixed remuneration (TFR) at the time of termination;
- (b) the amount of payments made in lieu of notice of termination;
- (c) relative performance against agreed KPI's

Specifically, the value of any long term incentives will depend on the following factors:

- (d) Mr Buckley's previous performance year at the time the grants are made under the PEP;
- (e) the number of unvested Rights Mr Buckley holds at the time he ceases to be employed;
- (f) the Company's share price at the time of vesting;
- (g) the number of Rights that the Board decides to vest; and
- (h) the portion of any relevant performance periods that have expired at the time Mr Buckley ceases to be employed.

**Registered office**

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