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# Prospectus

This Prospectus is for the purposes of offering up to 620,338 Shares calculated at a price of \$5.33983 per Share to the Vendors, as part-payment of the Purchase Price for the Acquisition of the Humphrey Reynolds Perkins Group. The Offer to subscribe for Shares under this Prospectus is strictly limited to the Vendors and is **NOT** open to existing shareholders of Cardno Limited or the public.

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## IMPORTANT NOTICE

This Prospectus is dated 24 November 2011. A copy of this Prospectus was lodged with ASIC on 24 November 2011. Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus. The fact that ASX may admit the Shares to the official list is not to be taken in any way as an indication of the merits of the Company or of the Shares offered under this Prospectus. No Shares will be allotted or issued on the basis of this Prospectus later than the expiry date, being the date that is 13 months after the date of this Prospectus.

No person is authorised to give any information or make any representation about the Offer which is not contained in this Prospectus. Information or representations not contained in this Prospectus must not be relied upon as authorised by the Company or any other person, in connection with the Offer.

This Prospectus does not constitute an offer in any place where, or to any person to whom, it would not be lawful to make such an offer. The distribution of this Prospectus in jurisdictions outside the Commonwealth of Australia may be restricted by law and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law.

This Prospectus provides information for investors to decide if they wish to invest in Cardno and should be read in its entirety. In particular, the assumptions underlying any financial forecasts and the risk factors that could affect the financial performance of Cardno should be examined. If, after reading this Prospectus, investors have any questions about the desirability of, or procedure for, investing in Cardno, investors should contact their stockbroker, accountant or independent financial adviser.

Defined terms and abbreviations used in this Prospectus are explained in the Definitions section of this Prospectus. All financial amounts shown in this Prospectus are expressed in Australian dollars unless otherwise stated.

**THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY**

# 1. OVERVIEW

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## 1.1 Introduction

Cardno is offering up to 620,338 Shares in the Company calculated at a deemed Issue Price of \$5.33983 per Share to the Vendors, as part payment of the Purchase Price for the Acquisition. The Shares subscribed for and allotted under this Prospectus to the Vendors will satisfy approximately 25% of the Purchase Price (subject to rounding) payable to each Vendor. The Shares will be issued at the Issue Price. No additional cash consideration is payable to Cardno Limited by any Vendor under the Application.

The Purchase Price payable to each Vendor under the Acquisition will be reduced by the aggregate Issue Price of the Shares subscribed for under this Offer, with the balance of the Purchase Price under the Acquisition being paid to the Vendors by Cardno in cash.

Under the terms of the Share Sale Agreement, each Vendor must subscribe for 25% of the total portion of the Purchase Price they are entitled to for selling their interest in the HRP Group to the Buyer.

## 1.2 Risks

The Company and the Shares acquired under this Offer are subject to risks. The Vendors should seek professional advice and read the more detailed statement of risks in Section 5 of this Prospectus.

Key risks include:

- **Growth strategy** – Cardno’s recent history of strong growth reflects its ability to identify, acquire and integrate complementary businesses. There is no certainty that Cardno will be able to identify appropriate acquisitions in the future. There is a risk that the Company may be unable to manage its future growth strategies successfully.
- **Professional negligence and insurance** – a successful claim for professional negligence against Cardno or its Subsidiaries may adversely affect Cardno’s reputation and otherwise impact Cardno in terms of costs incurred in defending claims, the payment of any amount of liability that exceeds available insurance coverage and increasing future insurance premiums.
- **Currency risk** – Cardno operates internationally and is exposed to foreign exchange risk arising from the currency exposure to the Australian dollar.
- **Competition** – The engineering, environmental and professional consulting practice industry in which Cardno operates is highly competitive in the United States of America, Australia and other overseas markets in which Cardno operates and continues to expand, which may adversely impact on the Company’s financial performance.
- **Economic factors** – There are a number of general economic factors, including macro economic policy, taxation and regulation which, either individually or collectively, have the potential to adversely impact Cardno’s financial performance. These are more specifically set out in Section 5.

As an ASX listed company, additional information concerning the Company, its business plans and risks associated with those plans are announced to the market and are readily available. This

Prospectus, under section 713 of the Corporations Act, is deemed to include information subject to market announcements. Please refer to Section 7 of this Prospectus for further details of important documents.

Investors should read this entire Prospectus and, in particular, consider the risk factors that could affect the financial performance of Cardno before deciding to invest. A summary of risks applying to an investment in Cardno is set out in Section 5 of this Prospectus.

Investors should carefully consider the risks in light of their personal circumstances (including financial and taxation issues) and seek professional advice from their stockbroker, accountant or independent financial adviser.

### **1.3 Impact of the issue on the capital structure**

Cardno currently has 110,301,978 Shares, 7,314,200 Options and 889,000 Performance Rights on issue. Details of the interests of Directors are contained in Section 7.4.

On completion of the Acquisition, assuming the Offer is fully subscribed by the Vendors and a total of 620,338 Shares are issued, being the maximum number of Shares the Vendors may collectively subscribe for, the Company will have 110,922,316 Shares on issue.

### **1.4 Applying for Shares**

The Vendors may apply for Shares as set out in Section 3.

### **1.5 Financial summary**

As required by the ASX continuous disclosure rules, Cardno provides regularly updated financial information to ASX and this information can be viewed on the Cardno website, the ASX website or by contacting ASX.

### **1.6 Underwriting, advisory and handling fees**

There are no underwriting, advisory or handling fees associated with this Offer.

### **1.7 ASX quotation**

Cardno is listed on ASX and its Shares are quoted on ASX.

Application will be made by the Company within 10 business days after the date of this Prospectus for quotation of the Shares, offered under this Prospectus, on ASX.

If ASX does not grant quotation of all of the Shares within 3 months of the date of this Prospectus, the Company will act in accordance with section 724 of the Corporations Act and the terms of the Share Sale Agreement.

### **1.8 Withdrawal**

The Directors may at any time decide to withdraw this Prospectus and the Offer.

If this Prospectus and the Offer are withdrawn for any reason, the Corporations Act requires the Company to return all application monies to the applicants.

Given no cash application monies are being paid to the Company for the Shares, but rather the Shares are being issued as part payment for the Acquisition, in the event of withdrawal of the

Prospectus or the Offer, the Acquisition will not proceed unless Cardno pays the Vendors the entire Purchase Price in cash.

Cardno reserves its rights under the Share Sale Agreement.

## 2. DETAILS OF THE SHARE ISSUE

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### 2.1 Purpose of Offer

The Buyer, a wholly-owned subsidiary of Cardno Limited, is acquiring the Humphreys Reynolds Perkins Group (**HRP Group**) from the Vendors with the Acquisition to be completed on or about 1 December 2011, unless this date is reduced or extended by the Directors.

The Purchase Price entitlement of each Vendor for the Acquisition is to be satisfied through the Offer of Shares in Cardno Limited under this Prospectus of approximately 25% of each Vendor's Purchase Price entitlement (subject to rounding), with the balance to be satisfied by a cash payment.

The Company is offering Shares to the Vendors as a component of the Buyer's consideration for the Acquisition.

The total value of the Shares that all Vendors are able to apply for under this Prospectus is approximately \$3.3125 million. The Issue Price of the Shares issued to each Vendor under this Prospectus will reduce the remaining cash component of the Purchase Price owing to each Vendor by the Buyer in consideration for the Acquisition.

The Company has sufficient working capital to meet its stated objectives. Revenue received as a result of the Acquisition will form part of the general working capital of the Company. The issue will not have a material impact on the Company's Balance Sheet.

### 2.2 Share Issue details

Cardno is offering for allotment up to 620,338 Shares calculated at a price of \$5.33983 per Share to the Vendors, in part-consideration for the Acquisition by the Buyer of the HRP Group.

The maximum number of Shares the subject of this Offer have been calculated based on approximately 25% of the aggregate Purchase Price owing to each Vendor divided by the Issue Price per Share (subject to rounding), which is equivalent to approximately \$3.3125 million worth of Shares.

The Issue Price of \$5.33983 per Share has been calculated in accordance with the Share Sale Agreement based on the volume weighted average price (**VWAP**) of Cardno Shares in the 10 trading days prior 23 November 2011.

The Vendors are entitled to apply for Shares offered under this Prospectus as approximately 25% of their portion of the Purchase Price for the Acquisition (subject to rounding). Accordingly, the subscribed Shares will not be issued to the Vendors for cash payment, but rather a deemed Issue Price.

### 2.3 Allotment

Allotment of Shares offered under this Prospectus will be made as soon as possible after the Closing Date. Cardno Limited reserves the right to allocate Shares in full on any Application, or to allocate any lesser number, or to decline any Application. Where no allotment is made, the full Purchase Price will be payable by the Buyer to the relevant Vendor in cash.

Where the number of Shares allotted is less than the number of Shares applied for, the balance of the Purchase Price to which that Vendor is entitled will be satisfied by Cardno in cash in

accordance with the terms of the Share Sale Agreement. Because no cash monies will be required for the subscription for Shares under this Prospectus, no interest can accrue.

## **2.4 Rights attaching to Shares**

The Shares offered under this Prospectus will rank equally in all respects with the Shares currently on issue. The rights attaching to all Shares are detailed in the Constitution, a summary of which is contained in section 6. A copy of the Constitution can be obtained by contacting the Company Secretary.

## **2.5 Dividend policy**

Cardno's current dividend policy is, subject to the Corporations Act, to pay out approximately 60% of the Cardno Group's after tax profits as dividends.

Cardno's dividend policy is subject to future business conditions and opportunities and cash flow requirements. The extent, timing, level of franking or payment of any future dividends are dependent on a number of factors, including the level of earnings, the amount of tax paid and the financial position of Cardno, operating conditions and the occurrence of any of the events listed in Section 5.

## **2.6 Offer not underwritten**

The Offer is not underwritten.

## **2.7 ASX Quotation and Escrow**

Not later than 10 business days after the date of lodgement of this Prospectus, an application will be made to ASX for quotation of the Shares.

The fact that ASX may admit the Shares for quotation is not to be taken in any way as an indication of the value or merits of Cardno Limited or the Shares offered for subscription. Quotation, if granted, will commence as soon as practicable after the issue of holding statements to successful Applicants. If permission for quotation of the Shares is not granted within 3 months after the date of this Prospectus, the Company will take steps to pay the Vendors cash of equivalent value to the Shares the Vendor subscribed for in order to satisfy the Buyer's payment obligations under the Share Sale Agreement.

Shares issued under this Prospectus will be subject to restrictions on dealing (escrow) for a period of 18 months from the Issue Date. Applicants receiving Shares will enter into voluntary restriction agreements and consent to the application of a holding lock by the Company's Share Registry.

## **2.8 CHESS**

Cardno participates in the security transfer system known as CHESS. Under CHESS, Cardno does not issue certificates to shareholders in Cardno. The Company operates an electronic issuer sponsored sub-register and an electronic CHESS sub-register. Shareholders receive a notice advising them of their holder identification number and sponsoring issuer number, participant identifier in the case of a holding on the CHESS sub-register, or security holder reference number in the case of a holding on the issuer sponsored sub-register, allowing the Shares to be traded electronically.

Following distribution of the initial holding statements and CHESS notifications to shareholders, a holding statement will be provided to a shareholder at the end of any subsequent month during

which there has been a movement in their shareholding. Shareholders may also request Cardno to provide a statement at other times, although the Company may charge an administration fee in these circumstances.

## **2.9 Foreign investors**

No action has been taken to register or qualify the Shares or the Offer, or otherwise to permit an offer of the Shares in any jurisdiction outside Australia.

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

## **2.10 Withdrawal**

The Directors may at any time withdraw this Prospectus and the Offer.

If this Prospectus and the Offer are withdrawn for any reason, the Corporations Act requires the Company to return all application monies to the applicants. Given no cash application monies are being paid to the Company for the Shares, but rather the Shares are being issued as part payment for the Acquisition, in the event of withdrawal of the Prospectus or the Offer, the Acquisition would not proceed unless Cardno pays the Vendors the entire Purchase Price in cash.

## **2.11 Investment Risks**

In addition to the general risks associated with any investment in the equity market, there are certain risks inherent in investing in a professional services, consulting engineering and software product business. Investors should be aware that an investment under this Prospectus is likely to involve exposure to risks specific to the Company's operations. A more detailed description of some of the risk factors is contained in Section 5 of this Prospectus. Investors should consider all risks and seek professional advice before investing.

## 3. HOW TO APPLY FOR SHARES

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### 3.1 Applications and Enquiries

Applications for Shares can only be made by the Vendor completing and lodging a paper copy of their individual Application Form attached to the Prospectus delivered to the Vendor and in accordance with any instructions on the Application Form. Applications for Shares and enquiries about the Offer should be directed to the Company Secretary of Cardno at the address set out below.

The Company Secretary	OR	<b>By post</b>
Cardno Limited		The Company Secretary
Green Square, Level 11		Cardno Limited
North Tower, 515 St Paul's Terrace		Locked Bag 4006
FORTITUDE VALLEY QLD 4006		FORTITUDE VALLEY QLD 4006
Telephone: 07 3369 9822		

Application Forms must be received by no later than 5:00pm (AEST) on 1 December 2011, unless Cardno in its absolute discretion agrees to extend the time for receipt of Applications. The Directors reserve the right to close the Offer earlier than 5:00pm (AEST) on 1 December 2011, including upon receipt of Application Forms from all of the Vendors.

## 4. FINANCIAL INFORMATION

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### 4.1 Continuous Disclosure

Cardno is a disclosing entity for the purpose of the Corporations Act and as such is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. These obligations require Cardno to notify ASX of information about specified events and matters as they arise for the purpose of ASX making that information available to the securities market conducted by ASX. In particular, Cardno has an obligation under the Listing Rules (subject to certain limited exceptions) to notify ASX immediately once it becomes aware of any information concerning Cardno, which a reasonable person would expect to have a material effect on the price or value of Shares or other securities issued by Cardno. That information is available on the public file at ASX.

Copies of documents lodged with ASIC in relation to Cardno may be obtained from, or inspected at, an ASIC office.

The last Financial Report of the Company was issued for the financial year ending 30 June 2011. A copy of this report is available on the Company's website or the ASX website and a paper copy can be obtained by contacting the Company Secretary. Subsequent to the issue of the last Annual Report, the Company has continued to provide financial information about its operations to investors. All information provided to the public is available on the ASX website.

## 5. RISK FACTORS

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### 5.1 Overview

Set out below are some of the important business risks relevant to an investment in Cardno. In addition, Cardno is exposed to risks relevant to many businesses, including increasing competition, information systems failure risk and protection of intellectual property. This section is intended to be a concise summary of the key risks to Cardno's business – not an exhaustive list of all possible risks.

References to Cardno in this Section include its subsidiaries.

### 5.2 Risks associated with Cardno

#### *Professional negligence*

As a professional service provider, a significant risk for Cardno is that claims of professional negligence may be made against it. Cardno maintains professional indemnity insurance to mitigate its exposure to liability in the event of a claim of negligence.

A successful claim for professional negligence against Cardno may adversely affect Cardno's reputation, increase future insurance premium costs and, to the extent the claim is not insured or indemnity is refused by the insurer, may cause material financial loss.

Cardno may be unable to obtain appropriate professional indemnity cover for all work it undertakes. Cardno's work in overseas countries may be considered by insurers to present additional risk, depending upon political and litigious circumstances in the country in question.

#### *Reputation*

Cardno has developed a reputation in the trade name 'Cardno', which is used in most of the consulting services that it provides. Any event that damages Cardno's reputation in one part of its businesses, may adversely affect the reputation of other Cardno businesses by virtue of the common use of the name 'Cardno'.

Adverse publicity about engineers or other professionals in Cardno or other engineering, environmental or professional consulting practices may impact on the overall reputation of the industry, and accordingly, Cardno.

#### *Growth strategy*

Cardno's recent history of strong growth reflects its ability to identify, acquire and integrate complementary businesses. While Cardno intends to continue to pursue its growth strategy both organically and through acquisition, there is no certainty that Cardno will be able to continue to identify appropriate acquisitions in the future. Alternatively, even if suitable acquisitions are identified, Cardno may not be able to execute effectively the strategies for those businesses. Implementation of such a growth strategy potentially exposes Cardno to unforeseen costs, including an imposition on management time and resources.

Cardno has achieved growth in operating and financial performance in recent years. There is a risk that the Company may be unable to manage its future growth opportunities successfully.

### ***Dependence upon key personnel***

Cardno depends on the talent and experience of its management and staff. It is essential that appropriately skilled management personnel and staff be available in sufficient numbers to support Cardno's consulting engineering, environmental and other professional services and to maintain the diversity of Cardno's business. Given this diversity, Cardno's management and staff must be professionally skilled in many areas, some of which are niche specialities of engineering, environmental and other professional fields in which few practitioners may be available for recruitment. Any departure of key management or staff may have a negative effect on Cardno, particularly if management or staff leave to work for a competitor.

### ***Oil & Gas, Mining, Engineering & Construction industry***

A number of Cardno's clients are involved in the oil and gas, mining and construction industry and this industry can be cyclical in the volume of business undertaken. Although Cardno has a diverse geographical and client base, the cyclical downturns in those industries in the United States of America, Australia and elsewhere overseas may adversely impact on Cardno's financial performance.

The loss of major clients through such industry downturns or for any other reason could also impact the earnings of Cardno.

### ***Development assistance***

Cardno provides services to clients in the development assistance industry including developed country government bilateral aid organisations, multilateral aid agencies and aid banks, and developing country governments. Any substantial reduction in expenditure on overseas aid by governments could be material in the context of Cardno's development assistance business. AusAID and USAid are major clients of Cardno and the loss of or reduction in work from these clients in particular may have a material effect on Cardno's development assistance business.

### ***Foreign operations***

There are certain risks inherent in doing business internationally, such as unexpected changes in regulatory requirements, tariffs, customs, duties and other trade barriers, difficulties in staffing and managing foreign operations, longer payment cycles, problems in collecting accounts receivable, political instability, expropriation, nationalisation and war. There may also be fluctuations in currency exchange rates, foreign exchange controls which restrict or prohibit repatriation of funds, technology export and import restrictions or prohibitions and delays from customers, brokers or government agencies. Cardno could also be adversely affected by seasonal reductions in business activity and potentially adverse tax consequences.

In some countries, Cardno may need to enter a joint venture or other strategic relationship with one or more third parties in order to successfully conduct its operations, and may be required by law to hold only a minority interest in any operating entity. To the extent it is a party to joint ventures, Cardno may be subject to loss of proprietary information and other assets, risky business practices and other strategic decisions contrary to Cardno's interests. In addition, any international expansion could require a significant diversion of financial and technical resources and management attention from operations in Australia. There can be no assurance that laws or administrative practice relating to taxation, foreign exchange or other matters of countries in which Cardno intends to operate will not change.

### ***Currency risk***

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. Cardno operates internationally and is exposed to foreign exchange risk arising from the currency exposure to the Australian dollar.

### ***International hostilities and disasters***

Cardno's performance and the ability of its clients to commission work may be affected by global tensions or the commencement of military action in the overseas markets in which it operates. In addition, the risk of terrorist activity may reduce work opportunities or make it unsafe for Cardno to continue operations in a particular country. The occurrence of natural disasters can also prevent planned work from taking place.

## **5.3 General risks**

### ***Investment risks***

Factors affecting the price at which the Shares are traded on ASX could include domestic and international economic conditions. In addition, the prices of a listed entity's securities are affected by factors that might be unrelated to its operating performance, such as general market sentiment.

### ***Funding risk***

Cardno's ability to continue its current operations and effectively implement future business plans may depend on its ability to raise additional funds. There is no guarantee that equity or debt funding will be available to Cardno on favourable terms or at all or that, when an existing facility expires or is otherwise terminated (e.g. due to an event of default), Cardno will be able to refinance that debt facility on reasonable terms.

An inability to raise additional funds or refinance existing facilities may have a material adverse effect on Cardno's operating and financial performance.

### ***Macro economic risks***

Cardno's operational and financial performance is affected by the Australian, United States of America and other international economies and, in particular, the oil and gas, mining and construction market within those economies. General and business conditions, inflation, interest rates, monetary and fiscal policy, political circumstances and currency exchange rates are all matters which may affect Cardno's operating and financial performance.

### ***Taxation risks***

A change to the current taxation regime in Australia or overseas may affect Cardno and its shareholders.

### ***Accounting standards***

Australian accounting standards are set by the Australian Accounting Standards Board (AASB) and are outside Cardno's control. Changes to accounting standards issued by AASB could materially adversely affect the financial performance and position reported in Cardno's financial statements.

### ***Regulation***

Unfavourable changes to the regulatory environment for professional services firms either in Australia or in overseas markets in which Cardno operates may affect Cardno's profitability or prospects.

## 6. MATERIAL AGREEMENTS

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### 6.1 Key documents

The Board considers that certain agreements relating to Cardno are significant to the Offer, the operations of Cardno or may be relevant to investors. A description of material agreements or arrangements, together with a summary of the important details of each of these agreements or arrangements is set out below.

### 6.2 Constitution

The rights attaching to Shares are set out in the Constitution and in certain circumstances, regulated by the Corporations Act, the Listing Rules, the ASX Settlement Operating Rules and the general law. The following is a summary of the principal rights and liabilities of holders of Shares.

#### *Shares*

Shares can be issued with preferred, deferred or other special rights, obligations or restrictions in relation to dividends, voting, return of share capital, payment of calls or other matters, as determined by the Board from time to time. All unissued Shares are under the control of the Board, which may grant options on shares, issue option certificates, allot or dispose of shares on the terms and conditions and for such consideration as it thinks fit. This power is subject to contract or any contrary rules in the Constitution.

The Constitution permits the issue of preference shares on terms determined by the Board.

#### *Share transfers*

Shares may be transferred in any manner required or permitted by the Listing Rules or the ASX Settlement Operating Rules and by any instrument in writing in any usual or common form or in any other form that the Board approves. The Board may only refuse to register a transfer of securities of the Company as permitted by the Listing Rules or the ASX Settlement Operating Rules.

#### *Directors need not issue share certificates*

Subject to the requirements of the Listing Rules and the Corporations Act, the Company need not issue share certificates.

#### *Voting rights*

Each shareholder has the right to receive notice of, and to attend, general meetings of the Company.

Subject to restrictions on voting from time to time affecting any class of shares in the Company, and any restrictions imposed by the Corporations Act, the Shares in the Company carry the right to cast one vote on a show of hands and, on a poll, one vote for each fully paid share held, and for each partly paid share held, a vote having the same proportionate value as the proportion to which the shares have been paid up. Voting may be in person or by proxy, attorney or representative.

#### *Dividend*

If the Board determines that a dividend is payable, it will be paid on all shares.

The Board may establish and maintain one or more dividend plans, to which shareholders may elect to take up with some or all their shares subject to the rules of the plan.

Subject to the Listing Rules, the Board has the power to capitalise and distribute the whole or part of the undivided profits of the Company or standing to the credit of any reserve or other account and which is available for distribution. Such capitalisation and distribution must be in the same proportions which the shareholders would be entitled to receive if distributed by way of dividend or in accordance with the terms of issue of any shares or terms of any plan for the issue of securities for the benefit of officers or employees.

The Board has the power to decide whether to pay shareholders an interim dividend on account of the next forthcoming dividend. Any distribution may be paid otherwise than in cash as specified in the Constitution.

No dividend or other monies paid in relation to a share will carry interest as against the Company.

#### ***Partial takeover bids***

The Company may prohibit registration of transfers purporting to accept partial takeover bids unless and until a resolution of the Company has been passed approving the offers in accordance with the provisions of the Constitution.

#### ***Indemnities and insurance***

The Company must indemnify current and past directors, secretaries and executive officers of the Company against any liability incurred by them by virtue of their holding office as, and acting in the capacity of, director, secretary or executive officer, other than for legal costs incurred:

- in defending or resisting proceedings, in which the Director, Secretary or executive officer is found to have a liability for which they could not be indemnified;
- in defending or resisting criminal proceedings in which the Director, Secretary or executive officer is found guilty;
- in defending or resisting proceedings brought by ASIC or a liquidator for a court order if the grounds for making the order are found by the court to have been established; or
- and in connection with proceedings for relief to the Director, Secretary or executive officer under the Law in which the court denies the relief. Indemnities also apply to employees in circumstances designated under the Constitution.

#### ***Insurance***

The Company may also pay insurance premiums for officers who are employees in certain designated circumstances but not where the liability arises out of wilful breach of duty to the Company or an improper use of position or inside information, as prohibited by the Corporations Act.

## **6.3 Staff Share Plans**

#### ***Cardno Employee Share Acquisition Plan***

All qualifying Company Staff and contractors (excluding executive Directors) are eligible to participate in this plan, which maintains the Company culture of promoting employee ownership. The plan provides for the issue of Shares of up to \$1,000 each year for every participating Company Staff member with 12 months service or greater providing the employee complies with the rules of the scheme and for the issue of Shares of up to \$500 each year for every participating

Company Staff member with 6 to 12 months service providing the employee complies with the rules of the scheme. Benefits under this scheme can be varied by the Board.

#### ***Cardno Performance Equity Plan***

All Company Staff are eligible to participate in this second plan by which the Board may at its discretion issue Options and/or Performance Rights to acquire Shares as a reward for the outstanding performance of Company Staff. The remuneration committee nominates appropriate recipients under the plan to the Board and makes recommendations as to the number of securities to be issued. This scheme is flexible and provides additional incentives to encourage staff to perform in an exceptional manner. Although executive Directors are eligible to participate in this scheme, any allotment of securities to them will be subject to shareholder approval as required under the Corporations Act and the Listing Rules.

### **6.4 Restriction agreements**

Vendors taking up Shares under this Prospectus will enter into voluntarily escrow agreements for a period of 18 months from the Issue Date and will consent to the application of a holding lock by the Company's Share Registry.

### **6.5 Deeds of access and indemnity**

Cardno Limited has entered into deeds of indemnity and access with each of the Directors. By deed of indemnity, the Company has undertaken, consistent with the Corporations Act, to indemnify each Director and officer in certain circumstances and to maintain directors' and officers' insurance cover in favour of the Director or officer for 7 years after the Director or officer has ceased to be a Director or officer of the Company.

By deed of access, the Company has undertaken with each Director to maintain a complete set of the Company's board papers and to make them available to the Director for 7 years after the Director has ceased to be a Director.

## 7. ADDITIONAL INFORMATION

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### 7.1 Nature of this Prospectus

This Prospectus has been issued pursuant to section 713 of the Corporations Act as a Prospectus for the offer of continuously quoted securities.

### 7.2 Regular reporting and disclosure obligations

Cardno is a disclosing entity for the purpose of the Corporations Act and as such it is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. These obligations require Cardno to notify ASX of information about specified events and matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX. In particular, Cardno has an obligation under the Listing Rules (subject to certain limited exceptions) to notify ASX immediately once it becomes aware of any information concerning Cardno, which a reasonable person would expect to have a material effect on the price or value of Shares or other securities issued by Cardno. That information is available on the public file at ASX.

Copies of documents lodged with ASIC in relation to Cardno may be obtained from, or inspected at an ASIC office.

### 7.3 Documents which will be supplied upon request

Cardno will provide a copy of each of the documents listed below, free of charge, to any person who asks for same in the period commencing on the date of this Prospectus and ending on the Closing Date:

- annual financial report of Cardno for the year ended 30 June 2011, being the most recent annual financial report of Cardno lodged with ASIC before the date of the Prospectus; and
- all documents used to notify ASX of information concerning Cardno under the Listing Rules relating to continuous disclosure after lodgement of Cardno's 30 June 2011 annual financial report with ASIC and before lodgement of this Prospectus with ASIC which are as follows:

Date lodged	Description of Document
24 November 2011	Cardno acquires planning & environmental consulting company
4 November 2011	Release of Shares from Escrow
4 November 2011	Initial Director's Interest Notice - J Marlay
1 November 2011	John Marlay joins the Board of Cardno Limited
31 October 2011	Change of Director's Interest Notice - P Cosgrove
21 October 2011	Appendix 3B
20 October 2011	Results of Meeting
20 October 2011	2011 AGM - Chairman's Address to Shareholders

20 October 2011	Cardno Limited – 2011 AGM presentation by Managing Director
18 October 2011	Change of Director’s Interest Notice – A Barnes
18 October 2011	Change of Director’s Interest Notice – J Forbes
18 October 2011	Appendix 3B
18 October 2011	Cardno Acquires US Environmental Firm
14 October 2011	Cardno Acquires Geotechnical and Engineering Testing Company
7 October 2011	Amended Change of Director’s Interest Notice – I Johnston
6 October 2011	Change of Director’s Interest Notice – I Johnston
4 October 2011	Change in Substantial Holding from PPT
27 September 2011	2011 Annual Review
20 September 2011	Appendix 3B
19 September 2011	DRP Share Price

## 7.4 Interests of Directors

### *Shares and Performance Rights*

The table below sets out the interests of the Directors (personally or through associates) in Shares and Performance Rights at the date of this Prospectus:

<b>Director</b>	<b>Shares</b>	<b>Performance Rights</b>
John Massey	58,334	–
Andrew Buckley	2,450,261	130,000
Peter Cosgrove	956	–
Jeffrey Forbes <sup>1</sup>	27,375	65,000
Trevor Johnson	2,050,001	52,500
Ian Johnston <sup>2</sup>	241,955	–
Anthony Barnes	4,455	–
John Marlay	–	–

<sup>1</sup> Shareholding legally and beneficially held by Jeffrey Forbes’ related entity, JI & JJ Forbes as trustee for the Forbes Superannuation Fund.

<sup>2</sup> Shareholding legally and beneficially held by Ian Johnston’s related entity, Boussal Pty Ltd as trustee for The Johnston Super Fund.

### ***Payment to Directors***

The constitution of the Company provides that the Directors may be paid, as remuneration for their services, a sum determined from time to time by the Company's shareholders in general meeting, with that sum to be divided amongst the Directors in such manner and proportion as they agree.

The maximum aggregate amount, which has been approved by shareholders for payment to the Directors is \$900,000 per annum. Approximately \$416,500 was paid to non-executive Directors in 30 June 2011FY and approximately \$327,100 was paid in 30 June 2010FY.

John Massey, Peter Cosgrove, Ian Johnston, Anthony Barnes and John Marlay are the only non-executive Directors. John Marlay was appointed as a non-executive Director on 1 November 2011. Mr Marlay's remuneration will be reported in the 30 June 2012 FY report.

### **7.5 Interests of experts and advisers**

No expert and no firm in which a Director or expert is a partner has any interest in the promotion of Cardno or the Offer and no amounts have been paid or agreed to be paid (whether in cash, Shares or otherwise) to an expert or to such firm by any person for services rendered by them or the firm in connection with the promotion of Cardno or the Offer.

### **7.6 Governing law**

This Prospectus and the contracts which arise on the acceptance of Applications are governed by the laws applicable in Queensland and each Applicant submits to the non-exclusive jurisdiction of the courts of Queensland.

### **7.7 Directors' Authorisation**

Each Director of Cardno has given and has not withdrawn his consent to the lodgement of this Prospectus with ASIC and ASX.

Dated 24 November 2011



John Clarence Massey  
Chairman

## GLOSSARY

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<b>Acquisition</b>	the acquisition by Cardno Qld of all the issued capital of the Humphrey Reynolds Perkins Group from the Vendors for the Purchase Price on the terms set out in the Share Sale Agreement
<b>AEST</b>	Australian Eastern Standard Time
<b>A-IFRS</b>	Australian Equivalents to International Financial Reporting Standards
<b>Annual Report</b>	Annual Report of Cardno Limited for the financial year ended 30 June 2011
<b>Applicant</b>	a person or entity who submits an Application Form
<b>Application</b>	an application for Shares on an Application Form
<b>Application Form</b>	the form for the application of Shares under this Offer which is annexed to this Prospectus
<b>ASIC</b>	Australian Securities and Investment Commission
<b>ASX Settlement Operating Rules</b>	the operating rules of ASX Settlement Pty Limited ACN 008 504 532
<b>ASX</b>	ASX Limited ABN 98 008 624 691 and the securities exchange operated by it
<b>AusAID</b>	Australian Agency for International Development
<b>Board</b>	board of directors of Cardno
<b>Buyer</b>	Cardno Qld
<b>Cardno, Cardno Group, Cardno Limited or Company</b>	Cardno Limited ACN 108 112 303 and, where the context so requires, its Subsidiaries, including Cardno Qld
<b>Cardno Qld</b>	Cardno (Qld) Pty Ltd ACN 051 074 992
<b>Cardno Employee Share Acquisition Plan</b>	Australian Resident Employee Tax Exempt Share Acquisition Plan and Non-Australian Resident Employee Share Acquisition Plan
<b>Chairman</b>	chairman of Cardno
<b>CHES</b>	Clearing House Electronic Sub-register System
<b>Closing Date</b>	date on which the Offer closes, being 5.00pm (AEST) 1 December 2011 which may be varied without prior notice by Cardno, including the circumstance where the Directors may decide to exercise their right to close the Offer earlier than 1 December 2011
<b>Company Secretary</b>	either one of the duly appointed joint company secretaries of Cardno Limited
<b>Company Staff</b>	employees of Cardno, and for the purposes of defining ownership of the Company and qualifying membership of the Staff Share Plan, independent contractors

<b>Constitution</b>	the constitution of the Company
<b>Corporations Act</b>	Corporations Act 2001
<b>Director</b>	a director of Cardno
<b>FY</b>	financial year
<b>Humphreys Reynolds Perkins Group or HRP Group</b>	the corporate group comprising Humphreys Reynolds Perkins Pty Ltd ACN 010 721 294, Humphreys Reynolds Perkins Jewell Pty. Ltd. ACN 092 960 417, Humphreys Reynolds Perkins Gold Coast Pty. Ltd. ACN 095 581 427, Humphreys Reynolds Perkins Sunshine Coast Pty. Ltd. ACN 113 768 013 and Chenoweth Environmental Planning & Landscape Architecture Pty Ltd ACN 076 992 991
<b>Issue Date</b>	the date of the issue of Shares under this Prospectus
<b>Issue Price</b>	\$5.33983 per Share, being the volume weighted average price of Shares in Cardno in the 10 trading days prior to the date of this Prospectus
<b>Listing Rules</b>	listing rules of ASX
<b>Managing Director</b>	the managing director of Cardno appointed by the Board
<b>Offer</b>	Offer of up to approximately 620,338 Shares under this Prospectus, calculated in accordance with the Issue Price and the terms of the Share Sale Agreement
<b>Option</b>	an option to acquire a Share
<b>Performance Right</b>	means a right to acquire a Share
<b>Prospectus</b>	this Prospectus dated 24 November 2011
<b>Purchase Price</b>	the total consideration payable by the Buyer to the Vendors under the Share Sale Agreement, comprising Shares and cash components, and having an aggregate value of approximately \$13.25 million as may be adjusted under the Share Sale Agreement
<b>Share</b>	a fully paid ordinary share in Cardno Limited
<b>Share Sale Agreement</b>	the agreement executed on or about 24 November 2011 between the Cardno Limited, the Buyer, the Vendors and the HRP Group concerning the Acquisition
<b>Share Registry</b>	Computershare Investor Services Pty Limited (ABN 48 078 279 277)
<b>Subsidiary</b>	a subsidiary of Cardno Limited as defined by the Corporations Act
<b>Vendors</b>	means the Vendors as defined under the Share Sale Agreement

# CORPORATE DIRECTORY

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## Board of Directors

### *Chairman*

John Clarence Massey

### *Managing Director*

Andrew David Buckley

### *Directors*

Anthony Higson Barnes

Peter John Cosgrove

Jeffrey Ian Forbes

Trevor Charles Johnson

Ian John Johnston

John Marlay

### *Joint Company Secretaries*

Jeffrey Ian Forbes (CFO)

Michael Pearson

## Registered Office

Cardno Limited

ACN 108 112 303

Level 11, Green Square North Tower

515 St Paul's Terrace

FORTITUDE VALLEY QLD 4006

Tel: (07) 3369 9822

Fax: (07) 3369 9722

[www.cardno.com.au](http://www.cardno.com.au)

## SHARE OFFER

### APPLICATION FORM

This Application Form is important. If you are in doubt as to how to deal with it, please contact your professional adviser without delay. You should read the entire Prospectus carefully before completing the form.

**OFFER CLOSES**

5.00pm  
(AEST)  
1 December  
2011

<b>A</b>	<b>Shares Applied for</b>		<b>Price per Share</b>		<b>B</b>	<b>Total amount per Acquisition Agreement</b>
	No of Shares					
		X	A \$5.33983		A \$	

**C** **Print your name here**  
Name of Applicant 1

Name of Applicant 2 or <Account Name>

Name of Applicant 3 or <Account Name>

**D** **Print your postal address here**  
PO Box number/ Street Number/Street Name

Suburb/Town

State

Post Code

**E** **Tax file number or ABN Number**

TFN of Applicant 1

TFN of Applicant 2

Exemption Category

ABN of Applicant 1

ABN of Applicant 2

**F** **CHESS HIN (if applicable)**

**G** **CHEQUE DETAILS**

Drawer of Cheque	Cheque No.	BSB No.	Account No.	Cheque Amount A\$

**H** **TELEPHONE NUMBER**

( )

## IMPORTANT NOTICE

The Corporations Act prohibits any person from passing onto another person the Application Form which was attached to this Prospectus, unless the Application Form is attached to or accompanying a complete and unaltered copy of the Prospectus and accompanied by any relevant supplementary prospectus. A person who gives another person access to the Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary prospectus. Applications for Shares will only be accepted if made on an Application Form issued together with this Prospectus.

## Guide to Completing the Application Form

**A**

Enter the number of Shares you wish to apply for.

**B**

Enter the amount per the Acquisition Agreement. To calculate the amount, multiply the number of Shares applied for by the price per Share.

**C**

Enter the full name you wish to appear on the register. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the **table below** for the correct forms of registrable name. Applications using the wrong form of name may be **rejected**. Clearing House Electronic Sub-Register System (CHES) participants should complete their name and address in the same format as that are presently registered in the CHES system.

**D**

Enter your postal address for all correspondence. All communications to you from the Share Registry will be mailed to the address as shown. For joint Applicants, only one address can be entered.

**E**

Enter your Tax File Number (TFN) or exemption category or Australian Business Number (ABN). Collection of TFNs and ABNs is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application. However, if no TFN or ABN is quoted any dividends may be taxed at the highest marginal tax rate plus the Medicare Levy.

**F**

Cardno Limited will apply to ASX to participate in CHES, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of ASX Limited. In CHES, the Company will operate an electronic CHES subregister of shareholdings and an electronic issuer sponsored subregister of shareholdings. Together the two subregisters will make up the Company's principal register of shares. The Company will not be issuing certificates to applicants in respect of shares allotted.

If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold securities allotted to you under this application in uncertificated form on the CHES subregister, enter your CHES HIN.

Otherwise, leave the section blank and on allotment, you will be sponsored by Cardno Limited and a Securityholder Reference Number (SRN) will be allocated to you.

### Correct forms of Registrable name

Note that **ONLY** legal entities are allowed to hold Shares. Applications must be in the name(s) of natural persons, companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. The name of the beneficial or any other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable names below.

Type of Investor	Correct Form	Samples of Incorrect Form
Individual • Use given names, not initials	John Alfred Smith	J.A. Smith
Company • Use company title, not abbreviations	ABC Pty Ltd	ABC PT ABC Co
Trusts • Use trustee(s) personal name(s), • Do not use the name of the trust	Janet Smith <Janet Smith Family	Janet Smith Family Trust
Deceased Estates • Use executor(s) personal name(s), • Do not use the name of the deceased	Michael Smith <Est John Smkith A/C>	Estate of Late John Smith
Partnerships • Use partners' personal name(s), • Do not use the name of the partnership	John Smith and Michael Smith .John Smith & Son A/c.	John Smith & Son
Clubs/Unincorporated Bodies/Business Names • Use office bearer(s) personal name(s), • Do not use the name of clubs Etc	Janet Smith <ABC Tennis Association	ABC Tennis Association
Superannuation Funds • Use name of trustee of fund, • Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund

**G**

Complete **cheque details** as requested. Make your cheque payable to "Cardno Limited" in Australian currency, cross it and mark it "Not Negotiable". Cheques must be made in Australian currency, and cheques must be drawn on an Australian bank.

**H**

Enter your **contact details** so we may contact you regarding your Application Form or Application Monies.

**BEFORE COMPLETING THE APPLICATION FORM THE APPLICANT(S) SHOULD READ THE PROSPECTUS TO WHICH THE APPLICATION RELATES. BY LODGING THE APPLICATION FORM, THE APPLICANT(S) AGREES THAT THIS APPLICATION IS FOR SHARES IN CARDNO LIMITED UPON AND SUBJECT TO THE TERMS OF THE PROSPECTUS, AGREES TO TAKE ANY NUMBER OF SHARES EQUAL TO OR LESS THAN THE NUMBER OF SHARES SHOWN IN BOX A THAT MAY BE ALLOTTED TO THE APPLICANT(S) PURSUANT TO THE PROSPECTUS AND DECLARES THAT ALL DETAILS AND STATEMENTS MADE ARE COMPLETE AND ACCURATE AND THE APPLICANT HAS PERSONALLY RECEIVED A COMPLETE AND UNALTERED PROSPECTUS. IT IS NOT NECESSARY TO SIGN THE APPLICATION FORM.**

## Lodgement of Applications

Return the Application Form to the Company Secretary at Cardno.