



Cardno Limited

ABN 70 108 112 303

2009 Annual General Meeting

Meeting Documentation

To be held on Thursday, 22 October 2009
at the Riverside Auditorium
Level 5, 123 Eagle Street, Brisbane
Commencing at 10:00am (Brisbane time)

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of members of **CARDNO LIMITED** ('Cardno' or 'Company') will be held on Thursday, 22 October 2009 at the Riverside Auditorium, Level 5, 123 Eagle Street, Brisbane commencing at 10:00am (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 for the financial year ended 30 June 2009.

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 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:

'That the section of the report of the Directors dealing with the remuneration of the Company's Directors, Company Secretary and Senior Executives be adopted.'

NOTE: This resolution shall be determined as if it were an ordinary (majority) resolution, but under section 250R (3) of the Corporations Act, the vote does not bind the directors of the Company.

6. APPOINTMENT OF AUDITOR

To consider and, if thought fit, to pass the following in accordance with section 327D (2) of the Corporations Act:

'That KPMG be appointed as auditor of Cardno Limited, subject to the Australian Securities & Investments Commission giving its consent to the resignation of WHK Horwath.'

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

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 1,861,627 fully paid ordinary shares at \$5.28 per share on 14 November 2008 in relation to the acquisition of TBE Group Inc. to those persons set out in the Explanatory Memorandum'.

8. APPROVAL OF ISSUE OF SHARES UNDER THE AUSTRALIAN RESIDENT AND NON-AUSTRALIAN RESIDENT EMPLOYEE SHARE ACQUISITION PLANS

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

'That the issue of shares under the Australian Resident and Non-Australian Resident Employee Share Acquisition Plans be approved as an exemption from Listing Rule 7.1 pursuant to exception 9, Listing Rule 7.2'.

9. APPROVAL OF ISSUE OF PERFORMANCE OPTIONS AND RIGHTS UNDER THE PERFORMANCE EQUITY PLAN

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

'That the issue of performance options and rights under the Performance Equity Plan be approved as an exemption from Listing Rule 7.1 pursuant to exception 9, Listing Rule 7.2'.

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

Resolution 10A

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 60,000 Rights to Andrew Buckley, Executive Director, in the manner contemplated in the Explanatory Memorandum'.

Resolution 10B

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 Jeffrey Forbes, Executive Director, in the manner contemplated in the Explanatory Memorandum'.

Resolution 10C

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 25,000 Rights to Trevor Johnson, Executive Director, in the manner contemplated in the Explanatory Memorandum'.

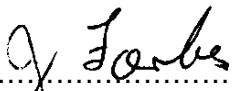
Resolution 10D

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 20,000 Rights to Graham Tamblin, Executive Director, in the manner contemplated in the Explanatory Memorandum'.

DATED 21 September 2009

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 20 October 2009.

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 10:00am (Brisbane time) on 20 October 2009).
4. A shareholder entitled to attend and cast more than 2 votes at the meeting is entitled to appoint no more than 2 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 7 (Ratification and approval of previous allotment and issue of securities) by:
 - Patrick L Beyer atf the Patrick L Beyer Revocable Trust;
 - Patrick L Beyer & William E Crown III atf the Patrick L Beyer 2008 Grantor Retained Annuity;
 - William E Crown III atf the James P Beyer Family Trust;
 - William E Crown III atf the Kristin L Beyer Family Trust;
 - Patrick L Beyer & Kathy A Beyer atf the TBE Stock Trust;
 - Robert Gordon Brown;
 - Robert Lee Clemens;
 - John Edward Harter;
 - Steven Paul Howarth;
 - Lance David Lairscey;
 - Elian Peter Nikolov;
 - Robert Mark Pitchford;
 - Craig Douglas Snyder;
 - Nicholas Michael Zembillas;
 - an associate of any person who participated in any of the issues described in item 7.

- (b) Item 8 (Approval of Issue of Shares under the Australian Resident and Non-Australian Resident Employee Share Acquisition Plans) by:
 - any executive director of Cardno who is eligible to participate in the Performance Equity Plan and their associates.
 - any Cardno employees who are currently shareholders and are eligible to continue participating in the Australian or Non-Australian Resident Employee Share Acquisition Plans and any associates of the employees.

- (c) Item 9 (Approval of Issue of Performance Options and Rights under the Performance Equity Plan) by:
 - any executive director of Cardno who is eligible to participate in the Performance Equity Plan and their associates.
 - any Cardno employees who are currently option holders and are eligible to participate in the Performance Equity Plan and any associates of the employees.

- (d) Item 10A, 10B, 10C, 10D (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 and any associate of the director.

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

Resolution 1 - Financial Statements and Reports

The Corporations Act requires that 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 General Peter Cosgrove retire at the end of the meeting. Mr Massey, Mr Johnston and General Cosgrove, being eligible, present themselves for re-election.

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

Resolution 5 - Directors' Remuneration Report

The Corporations Act requires that the section of the report of the Directors dealing with the remuneration of Directors, the Company Secretary and up to 5 Senior Executives ('Remuneration Report') be put to shareholders for adoption by way of a non-binding vote.

The Remuneration Report may be found in the 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 – Appointment of Auditor

The Company considers that due to its international growth over recent years it is prudent to appoint a single global auditor for all of the company's operations.

The Audit, Risk & Compliance Committee conducted a formal tender process in which tenders were invited from appropriately qualified global audit firms. These tenders were assessed against specific criteria established and agreed by the Audit, Risk & Compliance Committee and senior management.

The tender process resulted in the Audit, Risk & Compliance Committee recommending to the Board that KPMG be selected as the Company's auditor, its appointment being subject to shareholder approval, receipt of KPMG's consent to act and approval by ASIC of WKH Horwath's resignation.

Resolution 7 - 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.

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
14/11/08	1,076,610	\$5.28 per share	Rank equally with all fully paid ordinary shares on issue	Patrick L Beyer atf the Patrick L Beyer Revocable Trust	Shares issued pursuant to a Stock Purchase Agreement for the acquisition of 100% of the issued capital in TBE Group, Inc.
14/11/08	310,271	\$5.28 per share	Rank equally with all fully paid ordinary shares on issue	Patrick L Beyer & William E Crown III atf the Patrick L Beyer 2008 Grantor Retained Annuity Trust	Shares issued pursuant to a Stock Purchase Agreement for the acquisition of 100% of the issued capital in TBE Group, Inc.
14/11/08	82,774	\$5.28 per share	Rank equally with all fully paid ordinary shares on issue	William E Crown III atf the James P Beyer Family Trust	Shares issued pursuant to a Stock Purchase Agreement for the acquisition of 100% of the issued capital in TBE Group, Inc.
14/11/08	82,774	\$5.28 per share	Rank equally with all fully paid ordinary shares on issue	William E Crown III atf the Kristin L Beyer Family Trust	Shares issued pursuant to a Stock Purchase Agreement for the acquisition of 100% of the issued capital in TBE Group, Inc.
14/11/08	31,027	\$5.28 per share	Rank equally with all fully paid ordinary shares on issue	Patrick L Beyer & Kathy A Beyer atf the TBE Stock Trust	Shares issued pursuant to a Stock Purchase Agreement for the acquisition of 100% of the issued capital in TBE Group, Inc.
14/11/08	44,021	\$5.28 per share	Rank equally with all fully paid ordinary shares on issue	Robert Gordon Brown	Shares issued pursuant to a Stock Purchase Agreement for the acquisition of 100% of the issued capital in TBE Group, Inc.
14/11/08	11,527	\$5.28 per share	Rank equally with all fully paid ordinary shares on issue	Robert Lee Clemens	Shares issued pursuant to a Stock Purchase Agreement for the acquisition of 100% of the issued capital in TBE Group, Inc.
14/11/08	9,696	\$5.28 per share	Rank equally with all fully paid ordinary shares on issue	John Edward Harter	Shares issued pursuant to a Stock Purchase Agreement for the acquisition of 100% of the issued capital in TBE Group, Inc.
14/11/08	11,173	\$5.28 per share	Rank equally with all fully paid ordinary shares on issue	Steven Paul Howarth	Shares issued pursuant to a Stock Purchase Agreement for the acquisition of 100% of the issued capital in TBE Group, Inc.

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
14/11/08	33,035	\$5.28 per share	Rank equally with all fully paid ordinary shares on issue	Lance David Lairscey	Shares issued pursuant to a Stock Purchase Agreement for the acquisition of 100% of the issued capital in TBE Group, Inc.
14/11/08	9,913	\$5.28 per share	Rank equally with all fully paid ordinary shares on issue	Elian Peter Nikolov	Shares issued pursuant to a Stock Purchase Agreement for the acquisition of 100% of the issued capital in TBE Group, Inc.
14/11/08	10,106	\$5.28 per share	Rank equally with all fully paid ordinary shares on issue	Robert Mark Pitchford	Shares issued pursuant to a Stock Purchase Agreement for the acquisition of 100% of the issued capital in TBE Group, Inc.
14/11/08	24,232	\$5.28 per share	Rank equally with all fully paid ordinary shares on issue	Craig Douglas Snyder	Shares issued pursuant to a Stock Purchase Agreement for the acquisition of 100% of the issued capital in TBE Group, Inc.
14/11/08	124,468	\$5.28 per share	Rank equally with all fully paid ordinary shares on issue	Nicholas Michael Zembillas	Shares issued pursuant to a Stock Purchase Agreement for the acquisition of 100% of the issued capital in TBE Group, Inc.

Resolution 8 – Approval of Issue of Shares under the Australian Resident and Non-Australian Resident Employee Share Acquisition Plans

The Company proposes to continue issuing shares to qualifying employees under the Australian Resident and Non-Australian Resident Employee Share Acquisition Plans. All employees qualifying under the rules of the plans will receive up to \$1,000 worth of shares at the average market price over the 5 trading days prior to the date of the offer to employees. To participate in the Australian Resident Employee Share Acquisition Plan an employee must be an Australian resident for tax purposes. To participate in the Non-Australian Resident Employee Share Acquisition Plan an employee must be a non-resident for tax purposes. The Board believes that by issuing shares under this plan the Company will benefit from the increased loyalty, commitment, and interest of its employees by virtue of their holding of shares in the Company.

Resolution 8 is required to be approved in accordance with Exception 9(b) of Listing Rule 7.2.

Listing Rule 7.2

The Australian Resident Employee Share Acquisition Plan and Non-Australian Resident Employee Share Acquisition Plan contemplate the issue to employees of the Company of shares in the Company.

Listing Rule 7.1 places certain restrictions on the extent to which a listed company may issue certain securities including options. In effect, shareholder approval is required before the Company may issue securities representing more than 15% of securities of a class of security of the Company within a 12 month period. However, certain issues are exempt from that Listing Rule and effectively are disregarded for the purpose of calculating the number of securities which a company may issue.

Exempt issues include an issue of securities to persons participating in an employee incentive scheme where shareholders have approved the issue of securities under the scheme as an exemption from Listing Rule 7.1 in a general meeting held not more than 3 years before the date of issue where the notice of meeting contains or is accompanied by certain prescribed information (as to which see below) (Listing Rule 7.2 (Exception 9(b))).

In order to take advantage of the exemption from Listing Rule 7.1 and allow the Company greater flexibility in the extent to which it may issue securities, Shareholders are requested to approve the issue of shares under the Australian Resident Employee Share Acquisition Plan and Non-Australian Resident Employee Share Acquisition Plan as an exemption from Listing Rule 7.1. This approval will be effective to continue the exemption for a further 3 years from the date of the resolution. In accordance with Listing Rule 7.2, Shareholders are provided with the following information.

Summary of Terms and Conditions of the Employee Share Acquisition Plans

A summary of the terms is contained in Schedule 1.

Securities issued since last approval

Grant Date	Number Issued
29 January 2008	217,380
23 February 2009	485,287

Resolution 9 – Approval of the Issue of Performance Options and Rights under the Performance Equity Plan

The Company proposes to issue Performance Options or Rights to Executive Directors, Senior Executives and key management under the Performance Equity Plan (PEP). Under this plan the Remuneration Committee of the Board will determine which employees qualify and are deserving of consideration for the issue of Performance Options and or Rights. The Board believes that by providing this incentive to key performing employees, they will be encouraged to stay with the Company and seek to improve the performance of the Company.

The issue of Performance Options or Rights are also subject to certain vesting conditions related to the Company's Earnings Per Share Growth and, in the case of Rights, also Total Shareholder Return over 3 years. In order to address the concerns of some shareholders about the EPS growth target for the options granted in previous years, the vesting conditions in regard to the EPS have been changed. Under the new sliding scale 100% of both Performance Options and Rights (EPS tranche) only vest if 12% pa EPS growth averaged over three years is achieved. This compares with 5% pa growth target for EPS in previous years.

In making these changes the Board believes the objectives of the shareholders, the executives and key management are aligned.

Resolution 9 is required to be approved in accordance with Exception 9(b) of Listing Rule 7.2 as detailed in the Explanatory Memorandum relating to Listing Rule 7.2 in Resolution 8.

Summary of Terms and Conditions of the Performance Equity Plan

A summary of the terms is contained in Schedule 2.

Securities issued since last approval

Grant Date	Expiry Date	Exercise Price \$	Number of Options Granted
25 October 2007	25 October 2009	7.57	230,000
25 October 2007	25 October 2010	7.57	330,000
5 December 2007	5 December 2009	7.71	1,421,500
5 December 2007	5 December 2010	7.71	1,907,500
5 December 2008	5 December 2011	3.35	2,421,000

Resolution 10A, 10B, 10C, 10D – 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 to Andrew Buckley, Jeffrey Forbes, Trevor Johnson and Graham Tamblyn.

Resolutions for the 2008 Annual General Meeting, seeking shareholder approval of grants of options to Executive Directors, were withdrawn by the Board following feedback from some shareholders.

Since then the Board has had an independent review undertaken of the executive long term incentive plan. Changes recommended by the consultants have been adopted by the Board. In making these changes the Board believes the objectives of the shareholders, the executives and key management are aligned.

The Board understands that the terms of the proposed grant of Rights (rights to acquire ordinary shares in Cardno Limited) to Executive Directors are consistent with stakeholder guidelines and Australian market practice. The Board also notes that, as detailed in the explanation of Resolution 9, vesting conditions for the Rights have been designed to address feedback received by the Board that the 5% pa EPS growth condition applying to the Options issued in previous years was not sufficiently challenging. Under the vesting conditions for the Rights, 12% pa EPS growth averaged over three years and a relative TSR in the 75th percentile and above are now 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 proposed issues are in accordance with the Performance Equity Plan presented for approval at this Annual General meeting (Item 9). The terms of these Rights (as set out in the Schedule to this Explanatory Memorandum) are the same as that which will apply to any Rights issued under that plan.

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.

Type of Securities	Rights to acquire ordinary shares in Cardno Limited ACN 108 112 303.										
Plan	The Rights will be granted under the Cardno Limited Performance Equity Plan.										
Numbers of Rights to be Granted	<p>It is intended that the following Rights be granted within 12 months of the meeting, if approved by shareholders.</p> <table border="1"> <thead> <tr> <th>Name of Executive Director</th> <th>Number of Rights to be Granted</th> </tr> </thead> <tbody> <tr> <td>Andrew Buckley</td> <td>60,000</td> </tr> <tr> <td>Jeffrey Forbes</td> <td>30,000</td> </tr> <tr> <td>Trevor Johnson</td> <td>25,000</td> </tr> <tr> <td>Graham Tamblyn</td> <td>20,000</td> </tr> </tbody> </table>	Name of Executive Director	Number of Rights to be Granted	Andrew Buckley	60,000	Jeffrey Forbes	30,000	Trevor Johnson	25,000	Graham Tamblyn	20,000
Name of Executive Director	Number of Rights to be Granted										
Andrew Buckley	60,000										
Jeffrey Forbes	30,000										
Trevor Johnson	25,000										
Graham Tamblyn	20,000										
Numbers of Rights Granted Since Last Approval	<table border="1"> <thead> <tr> <th>Name of Executive Director</th> <th>Maximum Number of Rights to be Granted</th> </tr> </thead> <tbody> <tr> <td>Andrew Buckley</td> <td>Nil</td> </tr> <tr> <td>Jeffrey Forbes</td> <td>Nil</td> </tr> <tr> <td>Trevor Johnson</td> <td>Nil</td> </tr> <tr> <td>Graham Tamblyn</td> <td>Nil</td> </tr> </tbody> </table>	Name of Executive Director	Maximum Number of Rights to be Granted	Andrew Buckley	Nil	Jeffrey Forbes	Nil	Trevor Johnson	Nil	Graham Tamblyn	Nil
Name of Executive Director	Maximum Number of Rights to be Granted										
Andrew Buckley	Nil										
Jeffrey Forbes	Nil										
Trevor Johnson	Nil										
Graham Tamblyn	Nil										
Amount payable for the Rights	Nil consideration will be sought from Executive Directors in relation to the Rights to be granted.										
Exercise Price of the Rights	Nil										
Term of the Rights	4 years. If not exercised within the term they will lapse.										
Vesting of Rights	Vesting of the Rights will be subject to performance.										
Performance Measures	Tranche 1 being 50% of the Rights, may vest depending upon relative total shareholder return (TSR) performance. Tranche 2 being 50% of the Rights, may vest depending upon earnings per share (EPS) growth.										
Total Shareholder Return (TSR)	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.										
EPS Growth	<p>EPS growth will be calculated by comparing Cardno's EPS for the year ended 30 June 2012 with its EPS for the year ended 30 June 2009.</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>										
Performance Measurement Period	3 years ending on 30 June 2012.										
TSR Comparator Group	The smallest 100 companies by market capitalisation as at 1 July 2009 in the S&P/ASX300 excluding resources and financial services sector companies.										

TSR Vesting Scale	TSR of Cardno Relative to TSR's of Companies in Comparator Group		% of Rights in Tranche to Vest
	< 50 th percentile		0%
	50 th percentile		50%
	> 50 th & < 75 th percentiles		Pro rata
	75 th percentile and above		100%
EPS Growth Vesting Scale	EPS Growth Over 3 Years		% of Rights in Tranche to Vest
	< 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%
Retesting	No retesting to be available		
Dealing Restrictions	Rights may not be sold but can be exercised after they vest. Dealing in shares acquired by exercising Rights is unrestricted.		
Exercise of Vested Rights	<p>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 4th anniversary of the grant of the Rights.</p> <p>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.</p>		
Termination of Employment	The Board will determine the extent, if any, to which unvested Rights will vest. Any Rights that do not vest will lapse.		
Takeover	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.		
Bonus Issues and Capital Reconstructions	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 (2007 AGM – 25 October 2007):

	Number of Securities Received	Acquisition Price	Exercise Price
<i>Andrew Buckley</i>	<i>250,000</i>	<i>NIL</i>	<i>\$7.57</i>
<i>Jeffrey Forbes</i>	<i>120,000</i>	<i>NIL</i>	<i>\$7.57</i>
<i>Trevor Johnson</i>	<i>90,000</i>	<i>NIL</i>	<i>\$7.57</i>
<i>Graham Tamblyn</i>	<i>60,000</i>	<i>NIL</i>	<i>\$7.57</i>
<i>James Verco</i>	<i>40,000</i>	<i>NIL</i>	<i>\$7.57</i>

All securities in the table above were issued following shareholder approval at the 2007 AGM.

For the purpose of Listing Rule 10.15.4A, the following persons are entitled to participate Andrew Buckley, Jeffrey Forbes, Trevor Johnson and Graham Tamblyn.

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, Trevor Johnson and Graham Tamblyn 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 0.147% (assuming all 2007 Options 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	Total share capital held if all issued options are exercised %	Proposed issue of Rights	Total share capital held if all Options & Rights are exercised %
Andrew Buckley	2,359,037	250,000	3.077%	60,000	3.143%
Jeffrey Forbes	19,947	120,000	0.165%	30,000	0.200%
Trevor Johnson	1,967,399	90,000	2.426%	25,000	2.452%
Graham Tamblyn	1,426,330	60,000	1.753%	20,000	1.774%

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, Trevor Johnson and Graham Tamblyn because 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, Trevor Johnson and Graham Tamblyn 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, Trevor Johnson and Graham Tamblyn. 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.

SCHEDULE 1

Summary of terms and conditions of the Australian Resident Employee Share Acquisition Plan and Non-Australian Resident Employee Share Acquisition Plan (“ESP”)

1. DEFINITIONS

In these terms and conditions, except to the extent the context otherwise requires:

‘**Company**’ or ‘**Cardno**’ means Cardno Limited ACN 108 112 303;

‘**Constitution**’ means the constitution of the Company as amended from time to time;

‘**Directors**’ means the board of directors of the Company or any duly constituted committee thereof;

‘**Employee**’ means a person who is at any material time an employee of the Company or any of its subsidiaries or who is otherwise at any material time designated by the Directors in their absolute discretion as such for the purposes of the ESP;

‘**Participant**’ means an Employee who acquires Shares, or for whom Shares are acquired, under the Plan;

‘**Share**’ means a fully paid ordinary share in the capital of the Company; and

‘**Tax Act**’ means the *Income Tax Assessment Act 1997 (Cth)* or the *Income Tax Assessment Act 1936 (Cth)* as appropriate.

2. ELIGIBILITY

All Employees of Cardno and any of its subsidiaries (except Directors) are eligible to participate in the ESP subject to the qualifying conditions set by the Board.

3. ENTITLEMENT

Each eligible Employee may be invited to apply for Shares. The invitations are not made more than once each financial year.

4. MAXIMUM BENEFIT

The number of Shares which may be issued to each eligible Employee during each year under the Australian Resident Employee Share Acquisition Plan is restricted to a benefit of up to \$1,000 (or such other amount as specified in section 139BA(2) of the Tax Act).

The number of Shares which may be issued to each eligible Employee during each year under the Non-Australian Resident Employee Share Acquisition Plan is up to \$1,000, in line with the Australian Resident Employee Share Acquisition Plan.

5. SHARE PRICE

The Shares are issued for no consideration to each Participant. Shares are issued at the average market price over the 5 trading days prior to the date of the offer to Employees.

6. DIVIDENDS, RIGHTS ISSUES, BONUS ISSUES AND VOTING RIGHTS

Shares issued under the ESP will rank equally in all respects with all existing Shares.

7. SALE OR TRANSFER OF SHARES

Shares acquired under the ESP may not be disposed of before the earlier of the end of 3 years after the date of issue of the Shares or the date upon which the Participant ceases to be employed by Cardno or any of its subsidiaries, unless otherwise approved by the directors.

SCHEDULE 2

Summary of terms and conditions of Performance Equity Plan (“PEP”) relating to the issue of Performance Options and Rights

1. DEFINITIONS

In these terms and conditions, except to the extent the context otherwise requires:

In these rules:

‘**ASX**’ means the ASX Limited ACN 008 624 691

‘**Board**’ means all or some of the directors of the Company acting as a board

‘**Associated Holder**’ means the spouse of an Employee, or a company or trust controlled either by the Employee or by their spouse, or by the Employee together with their spouse

‘**Company**’ means Cardno Limited ACN 108 112 303

‘**Constitution**’ means the constitution of the Company from time to time in force

‘**Directors**’ means the board of directors for the time being of the Company or any duly constituted committee thereof

‘**Employee**’ means a person who is at any material time an employee or director of any Group Company or who is otherwise at any material time designated by the Directors in their absolute discretion as such for the purposes of the Plan

‘**EPS**’ means Earnings per share

‘**EPS Growth**’ means the change in EPS determined by comparing the Company’s EPS over the 3 year period.

‘**Group**’ means together the Company and its subsidiaries

‘**Group Company**’ means any company, including without limitation the Company, which is at any material time a member of the Group

‘**Law**’ means the Corporations Act 2001 (Cth)

‘**Listing Rules**’ means the official listing rules of the ASX from time to time in force as they apply to the Company

‘**Participant**’ means an Employee or an Associated Holder who acquires Shares or Options under the Plan

‘**Performance Options**’ means rights to Shares

‘**Performance Options Exercise Period**’ means the period between the third and fourth anniversary of the date the Performance Options are granted

‘**Performance Options Exercise Price**’ means the market value of the share on the date of the option. The market value of the share is the weighted average price of the share during the one week period up to and including the date granted

‘**Plan**’ means the Cardno Limited ACN 108 112 303 Performance Equity Plan set out in the Rules

‘**Right**’ means a right to acquire Shares

‘**Rights Exercise Period**’ means the period between the third and fourth anniversary of the date the Rights are granted

‘**Rule**’ means one of the Rules

‘**Rules**’ means these rules as amended or replaced from time to time in accordance with Rule 8

‘**Share**’ means a fully paid ordinary share in the capital of the Company

'TSR' means Total Shareholder Return

'Tax Act' means the Income Tax Assessment Act 1997 or the Income Tax Assessment Act 1936 (Cth) as appropriate

'Tranche 1' means 50% of Rights granted relative to TSR performance

'Tranche 2' means 50% of Rights granted relative to EPS Growth

2. EXERCISE OF PERFORMANCE OPTIONS

2.1 Subject to clause 2.4, a Performance Option will entitle the holder to acquire a Share:

- (a) if the vesting conditions are satisfied; and
- (b) at any time during the Exercise Period for Performance Options but subject to the relevant restrictions in the Company's share trading policy; and
- (c) at the Exercise Price for Performance Options.

2.2 For the Performance Options to vest, the Company must achieve EPS Growth in accordance with the following scale

EPS Growth Over 3 Years	% of Performance Options in Tranche to Vest
< 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%

2.3 Once the Performance Option vest, the holder will have until the fourth anniversary of the grant to exercise the Performance Option. To do so the holder will need to pay the Exercise Price to exercise the Performance Option and complete and lodge the relevant form with the Company Secretary before the fourth anniversary of the grant. One share will be provided for each Performance Option that has vested and been exercised.

2.4 If at any time before the vesting of the Performance Option, the holder ceases to be an employee of the Company or a member company of the Cardno Group, the Performance Option will lapse.

3. EXERCISE OF RIGHTS

3.1 Subject to clause 3.5, a Right will entitle the holder to acquire a Share:

- (a) if the vesting conditions in Tranche 1 or Tranche 2 are satisfied; and
- (b) at any time during the Exercise Period for Rights but subject to the relevant restrictions in the Company's share trading policy.

3.2 For Rights in Tranche 1 to vest, by comparison to other companies in the same comparator group, the Company's must achieve a TSR over the next 3 years in accordance with the following scale

TSR of Cardno Relative to TSRs of Companies in Comparator Group	% of Rights in Tranche to Vest
< 50 th percentile	0%
50 th percentile	50%
> 50 th & < 75 th percentiles	Pro rata
75 th percentile and above	100%

- 3.3 For the Rights in Tranche 2 to vest, the Company must achieve EPS Growth in accordance with the following scale

EPS Growth Over 3 Years	% of Performance Options in Tranche to Vest
< 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%

- 3.4 Once the Rights vest, the holder will have until the 4th anniversary of the grant to exercise the Right. To do so the holder will need to complete and lodge the relevant form with the Company Secretary before the 4th anniversary of the grant. One share will be provided for each Right that has vested and been exercised.
- 3.5 If at any time before the vesting of the Right, the holder ceases to be an employee of the Company or a member company of the Cardno Group, the Right will lapse.
- 3.6 The Exercise Price of the Rights is nil.

4. RIGHTS ATTACHING TO PERFORMANCE OPTIONS AND RIGHTS

- 4.1 In the event of a pro rata bonus issue of Cardno shares or any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, the number of Performance Options or Rights will be adjusted (as appropriate) by the Board to the extent necessary to comply with the Listing Rules, to ensure that no advantage or disadvantage accrues to the holder from such actions. In all other respects the terms for the exercise of the Performance Rights or Rights shall remain unchanged.
- 4.2 Until Shares are issued pursuant to the exercise of Performance Option or Right, the holder of a Performance Option or Right shall not participate in dividends on Shares or, subject to clause 4.3, new issues of securities by the Company.
- 4.3 In the event of any pro rata bonus or cash issues of securities by the Company, the number of Shares over which a Performance Option or Right exists and the Exercise Price for Performance Options will be adjusted in the manner specified in Listing Rule 6.22.
- 4.4 Performance Options or Rights may not be transferred.
- 4.5 If the Board recommends acceptance of a takeover offer for all Shares on issue, then the holder may accept the offer in respect of some or all of the holders Performance Options or Rights.

5. ISSUE OF SHARES

- 5.1 The Board will issue Shares after
- (a) Performance Options have been exercised, in accordance with clause 2, once the relevant Exercise Price has been paid to the Company; or
- (b) Rights have been exercised in accordance with clause 3;
- at the next succeeding Board meeting and, in any event, within 15 business days after receiving notice of the exercise of the Rights.

- 5.2 If the Company's Shares are officially quoted by ASX at the time any Shares are issued pursuant to the exercise of Performance Options or Rights, the Company will apply to ASX for official quotation of such Shares issued pursuant to the exercise of the Performance Options or Rights within the time prescribed by the Listing Rules and, in any event, within 10 business days of the issue of those Shares.
- 5.3 A Share issued pursuant to the exercise of any Performance Option or Rights will rank equally in all respects with existing Shares.