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Cardno Limited

ABN 70 108 112 303

and its controlled entities

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



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Directors' Report

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

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

Directors

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

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

Company Secretary

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

Review of Results and Operations

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

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

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

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

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

Dividends

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

Directors' Report

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

Auditor's Independence Declaration

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

Rounding of Amounts

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

Signed in accordance with a resolution of directors.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'John Massey', with a long horizontal flourish extending to the right.

JOHN C MASSEY
Chairman

Brisbane
17 February 2009

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

To the directors of Cardno Limited

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

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

Signed at Brisbane 17 February 2009.



WHK Horwath



R Q COLE
Principal

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Total Financial Solutions

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Consolidated Income Statement

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

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

Consolidated Balance Sheet

Cardno Limited and its Controlled Entities as at 31 December 2008

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

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

Consolidated Statement of Changes in Equity

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

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

Consolidated Cash Flow Statement

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

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

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

Notes to the Consolidated Financial Statements

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

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

(a) Statement of compliance

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

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

(b) Significant accounting policies

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

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

Notes to the Consolidated Financial Statements

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

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

Notes to the Consolidated Financial Statements

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

4. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES CONTINUED

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

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

(c) Subsequent to reporting date

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

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

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

5. INTEREST BEARING LOANS AND BORROWINGS (CURRENT)

Lease liabilities
Hire purchase liabilities
Convertible notes
Bank loans
Bank overdraft

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

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

Lease liabilities
Hire purchase liabilities
Bank loans

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

7. RECONCILIATION OF CASH

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

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

Notes to the Consolidated Financial Statements

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

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

All shares are ordinary shares and have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of members.

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

10. CONTINGENT LIABILITIES

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

Notes to the Consolidated Financial Statements

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

11. BUSINESS COMBINATIONS

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

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

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

Details of acquisitions

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

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

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

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

Notes to the Consolidated Financial Statements

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

11. BUSINESS COMBINATIONS CONTINUED

Details of acquisition

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

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

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

Outflow of cash to acquire subsidiary, net of cash acquired

Cash consideration	37,070
Less: Balances acquired	
Cash	423
Bank overdraft	(2,320)
	<u>(1,897)</u>
Outflow of cash	<u>38,967</u>

12. SEGMENT INFORMATION

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

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

Geographical Segments

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

Notes to the Consolidated Financial Statements

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

12. SEGMENT INFORMATION CONTINUED

Geographical Segments continued

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

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

13. SUBSEQUENT EVENTS

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

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

Directors' Declaration


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

The directors of the company declare that:

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

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

Signed in accordance with a resolution of the directors.



JOHN C MASSEY
Chairman

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Cardno Limited

Report on the Half-Year Financial Report

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

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

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

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

Independence

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

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Conclusion

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

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

Signed at Brisbane, 17 February 2009.



WHK Horwath



R Q COLE
Principal