

**CARDNO LIMITED** ABN 70 108 112 303

# Information Booklet

1 for 6 renounceable Rights Issue at an  
Issue Price of A\$3.25 per New Share

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**Rights Issue closes: 5.00pm on Tuesday, 3 August 2010**

If you are an Eligible Shareholder, this is an important document that requires your immediate attention. It should be read in its entirety. You should consult your stockbroker, solicitor, accountant or other professional adviser if you have any questions.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

 **RBS Morgans**

Underwriter and Lead Manager

# IMPORTANT NOTICES

This Information Booklet is dated 5 July 2010.

The Rights Issue is made in accordance with section 708AA Corporations Act (as notionally modified by ASIC Class Order 08/35). This Information Booklet does not contain all of the information which an investor may require to make an informed investment decision. The information in this Information Booklet does not constitute financial product advice and does not take into account your investment objectives, financial situation or particular needs.

This Information Booklet should be read in its entirety before you decide to participate in the Rights Issue.

By returning an Entitlement and Acceptance Form or otherwise paying for your New Shares or Top Up Shares through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Information Booklet and you have acted in accordance with and agree to the terms of the Rights Issue detailed in this Information Booklet.

## No overseas offering

This Information Booklet and the accompanying Entitlement and Acceptance Form do 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. In particular, this Information Booklet does not constitute an offer to Ineligible Shareholders. No action has been taken to lodge this Information Booklet in any jurisdiction outside of Australia, or to otherwise permit a public offering of Rights or Shares, in any jurisdiction outside Australia.

This Information Booklet is not to be distributed in, and no offer of New Shares or Top Up Shares is to be made in countries other than Australia, New Zealand, the United Kingdom and such other jurisdictions (and to such other Shareholders) that Cardno determines are eligible to participate in the Rights Issue.

New Shares are offered to Shareholders with registered addresses in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

This Information Booklet is not an investment statement or prospectus under New Zealand law, and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

No action has been taken to register or qualify the Rights Issue, the Rights or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand.

The distribution of this Information Booklet (including an electronic copy) outside Australia and New Zealand is restricted by law. If you come into possession of the information in this booklet, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws.

Foreign exchange control restrictions or restrictions on remitting funds from your country to Australia may apply. Your Application for New Shares is subject to all requisite authorities and clearances being obtained for Cardno to lawfully receive your Application Monies.

## Definitions, currency and time

Defined terms used in this Information Booklet are contained in Section 6. All references to time are to AEST, unless otherwise indicated.

## Foreign exchange

The Issue Price under the Offer is expressed in A\$.

## Taxation

There will be tax implications associated with participating in the Rights Issue and receiving New Shares. Cardno considers that it is not appropriate to give advice regarding the tax consequences of subscribing for New Shares under this Information Booklet or the subsequent disposal of any New Shares. Cardno recommends that you consult your professional tax adviser in connection with the Rights Issue.

## Privacy

Cardno collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's shareholding in Cardno.

By submitting an Entitlement and Acceptance Form, you will be providing personal information to Cardno (directly or through the Share Registry). Cardno collects, holds and will use that information to assess your Application. Cardno collects your personal information to process and administer your shareholding in Cardno and to provide related services to you. Cardno may disclose your personal information for purposes related to your shareholding in Cardno, including to the Share Registry, Cardno's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. You can obtain access to personal information that Cardno holds about you. To make a request for access to your personal information held by (or on behalf of) Cardno, please contact Cardno through the Share Registry.

## Governing law

This Information Booklet, the Rights Issue and the contracts formed on acceptance of the Applications are governed by the law of Queensland, Australia. Each Applicant submits to the exclusive jurisdiction of the courts of Queensland, Australia.

## No representations

No person is authorised to give any information or to make any representation in connection with the Rights Issue which is not contained in this Information Booklet. Any information or representation in connection with the Rights Issue not contained in the Information Booklet may not be relied upon as having been authorised by Cardno or any of its officers. The Underwriter has not authorised, permitted or caused the issue of this Information Booklet.

## Future performance

This Information Booklet contains certain forward-looking statements with respect to the financial condition, results of operations, projects and business of Cardno and certain plans and objectives of the management of Cardno. These forward-looking statements involve known and unknown risks, uncertainties and other factors which are subject to change without notice.

Forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. Neither Cardno, nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. In particular, such forward-looking statements are subject to significant uncertainties and contingencies, many of which are outside the control of Cardno.

## US disclaimer

None of the information in this booklet or the accompanying Entitlement and Acceptance Form constitutes an offer to sell, or the solicitation of an offer to buy, any securities in the United States, unless you have received written notification from Cardno that you are an Eligible Shareholder. Neither this booklet (or any part of it), the accompanying ASX announcement nor the accompanying Entitlement and Acceptance Form may be released or distributed directly or indirectly, to persons in the United States that are not Eligible Shareholders.

The New Shares (and Top Up Shares) have not been, or will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. The Rights under the Rights Issue may not be taken up by persons in the United States or by nominees or custodians who are acting for the account or benefit of a U.S. person, and the New Shares (and Top Up Shares) may not be offered, sold or resold in the United States or to, or for the account or benefit of, a person in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable securities laws of any state or other jurisdiction in the United States.

# Chairman's letter

5 July 2010

Dear Shareholder

## RENOUNCEABLE RIGHTS ISSUE

I am pleased to invite you to participate in the continuing growth of Cardno through a renounceable Rights Issue to raise approximately \$49 million.

The proceeds of the Rights Issue will be used to assist Cardno to fund the acquisition of two major US based environmental consultancy firms, ENTRIX Holding Company ("ENTRIX") and Environmental Resolutions, Inc ("ERI") (announced on 10 June 2010) and to strengthen Cardno's balance sheet.

ENTRIX is one of the largest pure-play providers of environment and natural resource consulting services in the USA. The company specialises in water resource management, environmental risk management, facility permitting and compliance and natural resource economics. ENTRIX is regarded as a leader in the assessment of the environmental and economic impacts of oil spills and the associated restoration, rehabilitation and monitoring of impacted sites. The recent oil spill in the US has resulted in a significant focus on many of the ENTRIX services, and future increases in regulation and legislation are expected to add additional opportunities.

ERI is an environmental soil and groundwater remediation firm primarily focused on the petro-chemical market. The majority of its work is undertaken for leading oil and gas companies on sites contaminated with hydrocarbon residues, such as service stations, refineries and bulk oil storage facilities.

The Board considers that the two acquisitions provide further diversity of professional services for Cardno and further strengthen the Company's strong base in a growing US market. The acquisitions are expected to contribute US\$150 million in revenue and US\$17 million in EBITDA in FY11 and will be earnings per share accretive in both FY10 and FY11.

As advised to the market on 21 June 2010, Cardno expects to report a Net Profit After Tax in the range of \$34 to \$36 million for the year ending June 2010.

This endorses Cardno's long term strategy of diversification across market sectors and geographic regions which has been stress tested during the recent global downturn and proven to be very successful.

Generally improving conditions and a return to organic growth, combined with the acquisitions, will strengthen performance in the new financial year.

Cardno is offering Eligible Shareholders one fully paid ordinary share for every six shares already held. The issue price is A\$3.25 per share, which represents a discount of approximately 19% to the closing market price of A\$4.00 on Wednesday, 30 June 2010, the last day the shares traded on the ASX before the Rights Issue was announced. The Rights Issue is renounceable, which means that entitlements may be traded on the ASX or otherwise transferred if you do not wish to take up some or all of the New Shares to which you are entitled.

New Shares issued under the Rights Issue will be entitled to Cardno's final dividend payable in October 2010.

Eligible Shareholders may also apply for additional New Shares in excess of their entitlement\* at the same issue price of A\$3.25 per New Share. This is an opportunity for Eligible Shareholders to apply for additional shares in order to top up their holdings.

The Rights Issue is fully underwritten by RBS Morgans Corporate Limited and will raise approximately A\$49 million.

The Directors of Cardno are all committed to these acquisitions. Some Directors will take up their full entitlements under the Rights Issue while others will be participating to the extent that their personal financial resources allow.

Details of the Rights Issue and how to participate can be found in this Information Booklet. The Rights granted to you are valuable and I urge you to read this Information Booklet carefully for further details of this opportunity. Shareholders who are in any doubt as to how they should respond should consult their stockbroker, accountant or other independent professional adviser.

Cardno has enjoyed very strong Shareholder support since our ASX listing in May 2004, and we are conscious of providing all Shareholders with the opportunity, where possible, to participate in the future growth of our company.

The Board commends the Rights Issue to you. We look forward to your consideration of this Rights Issue and your continued support.

Yours faithfully



John Massey  
Chairman

**Cardno Limited**

\* There is no guarantee of the number of New Shares (if any) that will be available to Shareholders under the Top Up Facility, in addition to their entitlement under the Rights Issue.

## Summary of Rights Issue

<b>Rights ratio</b>	<b>1 New Share for every 6 existing Cardno ordinary Shares</b>
Issue Price	\$3.25 per New Share
Rights Issue	
Size	Approximately 15,085,077 New Shares
Gross proceeds	Approximately \$49 million

## Key dates

<b>Event</b>	<b>Date</b>
Announcement of the Rights Issue	Monday, 5 July 2010
Ex-date and Rights trading commences	Wednesday, 7 July 2010
Record Date for the Rights Issue (7:00pm AEST)	Tuesday, 13 July 2010
Despatch of Information Booklet and Entitlement and Acceptance Form to Eligible Shareholders	Monday, 19 July 2010
<b>Rights Issue opens</b>	<b>Monday, 19 July 2010</b>
Rights trading ends	Monday, 26 July 2010
New Shares quoted on a deferred settlement basis	Tuesday, 27 July 2010
<b>Rights Issue closes (5:00pm AEST)</b>	<b>Tuesday, 3 August 2010</b>
Cardno notifies ASX of under subscriptions	Friday, 6 August 2010
Issue of New Shares under the Rights Issue	Wednesday, 11 August 2010
Despatch of holding statements	Wednesday, 11 August 2010
New Shares expected to commence trading on the ASX	Thursday, 12 August 2010

This Timetable is indicative only. Applicants are encouraged to submit their Entitlement and Acceptance Form and Application Monies as soon as possible after the Rights Issue opens. The Directors may vary these dates, in consultation with the Underwriter, subject to the Listing Rules. An extension of the Closing Date will delay the anticipated date for allotment and issue of the New Shares.

The Directors also reserve the right not to proceed with the whole or part of the Rights Issue any time prior to allotment and issue of the New Shares. In that event, the relevant Application Monies (without interest) will be returned in full to Applicants.

**The Rights Issue is renounceable, which means that if you decide not to take up all or part of your Rights, you may sell that part of your Rights that you do not wish to take up on ASX before Rights trading ends. Section 5 of this Information Booklet contains instructions on how to deal with your Rights. It is important that you deal with your Rights in accordance with these instructions. Shareholders who take no action in respect of their Rights will receive no benefit and their Rights will lapse.**

## Enquiries

If you are in any doubt as to the course you should follow, you should consult your stockbroker, accountant, solicitor or other professional adviser.

If you have questions on how to complete the Entitlement and Acceptance Form or take up your Rights, you should contact Cardno on (07) 3369 9822 (within Australia) or +61 7 3369 9822 (outside Australia) at any time from 9.00am to 5.00pm (AEST) Monday to Friday before the Rights Issue closes.

If you have lost your Entitlement and Acceptance Form and would like a replacement form, you should contact the Share Registry.

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## 1 Description of the Rights Issue

### 1.1 Overview

The Rights Issue is an offer of approximately 15,085,077 shares at \$3.25 per Share to raise approximately \$49 million.

The Rights Issue will assist Cardno to fund the acquisitions of ENTRIX Holding Company and Environmental Resolutions, Inc (announced on 10 June 2010) and to strengthen Cardno's balance sheet.

Eligible Shareholders who are on Cardno's share register on the Record Date are entitled to acquire 1 New Share for every 6 Shares held on the Record Date, at an issue price of \$3.25 per New Share, which represents a discount of 19% to the closing price of \$4.00, being the last day of trading before the announcement of the Rights Issue. Fractional Rights will be rounded up to the nearest whole number of New Shares and holdings on different registers and sub-registers will not be aggregated to calculate entitlements.

An Entitlement and Acceptance Form setting out your Rights to New Shares accompanies this Information Booklet. If you have more than one holding of Existing Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have a separate entitlement for each holding. Eligible Shareholders may subscribe for all or part of their Rights to

New Shares. If an Entitlement and Acceptance Form does not accompany this Information Booklet, please contact Cardno's Share Registry.

The Rights Issue is renounceable. Accordingly, Eligible Shareholders may sell their Rights if they do not want to take them up. A market will be established on ASX to facilitate trading of these Rights. Rights trading commences on ASX on Wednesday, 7 July 2010 and the last day for Rights trading is Monday, 26 July 2010. Any New Shares not taken up by the Closing Date will comprise the pool of Top Up Shares.

Eligible Shareholders who do not take up all of their Rights will have their interest in Cardno diluted.

Eligible Shareholders may also apply for additional shares over and above their Rights under the Top Up Facility, although there is no guarantee they will receive the amount of Top Up Shares applied for, if any. There is no cap on the number of additional shares Eligible Shareholders may apply for, although the Top Up Share pool will be limited to the number of New Shares that relate to the Rights that have not been accepted or sold under the Rights Issue.

The Directors reserve the right to allot and issue shares under the Top Up Facility at their discretion.

Eligible Shareholders should be aware that an investment in Cardno involves risks. The key risks identified by Cardno are set out in Section 4.

# 1 Description of the Rights Issue (cont'd)

## 1.2 Underwriting

The Rights Issue is fully underwritten by RBS Morgans Corporate Limited.

Cardno and the Underwriter have entered into an Underwriting Agreement. Customary with these types of arrangements:

- (a) the Underwriting Agreement includes a number of termination events, including market related termination events in respect to the fall in certain market indices;
- (b) the Underwriter will receive an underwriting fee of 3% and a management fee of 0.5% (plus GST) of the gross proceeds of the Rights Issue; and
- (c) Cardno has agreed to indemnify the Underwriter and others against their losses in connection with the Rights Issue.

Mr Ian Johnston, a Director, is an executive of the Underwriter (or a related body corporate).

## 1.3 Eligibility of Shareholders

The Rights Issue is being made to all Eligible Shareholders.

The New Shares and Rights have not been and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States, except in transactions exempt from, or not subject to, such registration. Accordingly, the Rights Issue is only being made in the United States to a limited number of Shareholders who Cardno has identified as eligible to participate.

## 1.4 Treatment of Ineligible Shareholders

The Rights Issue is not being extended to the Ineligible Shareholders because of the small number of such Shareholders, the number and value of Shares that they hold and the cost of complying with the applicable regulations in jurisdictions outside Australia, New Zealand and the United Kingdom and any other jurisdictions determined by Cardno.

Cardno has appointed the Underwriter, on normal commercial terms, as nominee of the Ineligible Shareholders. If there is a viable market in the Rights and a premium over the expenses of their sale can be made, the Underwriter will arrange the sale of the Rights which would have been offered to the Ineligible Shareholders. The Underwriter will arrange for the proceeds of sale (if any), net of expenses, to be sent proportionally to each Ineligible Shareholder.

Cardno and the Underwriter will not be liable for the failure to sell the Rights or the failure to sell the Rights at any particular price. If there is no viable market for the Rights, the Rights of Ineligible Shareholders will be allowed to lapse.

## 1.5 Ranking of New Shares

The New Shares will be fully paid and rank equally with Existing Shares, including the right to receive any final dividend for the period ending 30 June 2010.

## 1.6 Allotment

Cardno has applied for quotation of the New Shares on ASX. It is expected that allotment of the New Shares under the Rights Issue will take place no more than six Business Days after the close of the Rights Issue. Application Monies will be held by Cardno on trust for Applicants until the New Shares are allotted. No interest will be paid on Application Monies.

Trading of New Shares will, subject to ASX approval, occur on or about the date specified in the Timetable.

It is the responsibility of Applicants to determine the number of New Shares allotted and issued to them prior to trading in the New Shares. The sale by an Applicant of New Shares prior to receiving their holding statement is at the Applicant's own risk.

## 1.7 Broker Handling Fee

A broker handling fee of 1.5% (plus GST) of the value of successful applications pursuant to an Entitlement and Acceptance Form application or BPAY® application will be payable by the Underwriter, subject to the following conditions:

- (a) the broker handling fee will be limited to \$250 in respect of any one Entitlement and Acceptance Form;
- (b) where an Eligible Shareholder lodges more than one Entitlement and Acceptance Form, the fee is only payable on one Entitlement and Acceptance Form;
- (c) if an individual is applying on behalf of more than one beneficial holder, a list of beneficial holders must be provided in order to receive up to the maximum amount of \$250 per beneficial holder;
- (d) broker handling fees will only be paid to participating organisations of the ASX (being those entities recognised as full service brokers or non-advisory brokers by the ASX);
- (e) broker handling fees will only be paid on applications where a Broker Stamping Fee Claim Form and schedule is submitted to the Share Registry no later than 5.00pm AEST on Friday, 6 August 2010. The Broker Handling Fee Claim Form and schedule (including details of how to submit this form) is available from the Share Registry on 1300 55 22 70 (within Australia) or +61 7 3237 2100 (outside Australia); and
- (f) if Cardno undertakes a Scaleback, the Broker Handling Fee will be payable on the value of the Shares issued under the Scaleback.

## 1.8 Information Availability

Eligible Shareholders can obtain a copy of this Information Booklet during the period of the Rights Issue on the Cardno website at [www.cardno.com](http://www.cardno.com) or by calling Cardno on (07) 3369 9822 (within Australia) or +61 7 3369 9822 (outside Australia) at any time from 9.00am to 5.00pm (AEST) Monday to Friday during the Rights Issue period. Persons who access the electronic version of this Information Booklet should ensure that they download and read the entire Information Booklet. The electronic version of this Information Booklet on the Cardno website will not include an Entitlement and Acceptance Form. A replacement Entitlement and Acceptance Form can be requested by calling Cardno's Share Registry.

## 2 Investor Presentation



### Cardno Positioned for Growth

1 for 6 Renounceable Rights Issue to raise approximately \$49 million

July 2010

Presented by:  
Andrew Buckley – Managing Director  
Jeff Forbes – Chief Financial Officer



### Disclaimer – NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This presentation has been prepared by Cardno Limited ACN 108 112 303.

#### Summary Information

This presentation contains summary information about Cardno and its activities current at 30<sup>th</sup> June 2010. The information herein is of general background and does not purport to be complete. It should be read in conjunction with the Information Booklet and Cardno's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at [www.asx.com.au](http://www.asx.com.au).

#### Not an offer

This presentation does not constitute an offer, invitation or recommendation to subscribe for or purchase any security and neither this presentation nor anything contained in it shall form the basis of any contract or commitment. In particular, this presentation does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States unless you have been notified by Cardno in writing that you are eligible to participate in the proposed offering. This presentation may not be distributed or released in the United States. The securities in the proposed offering have not been and will not be registered under the US Securities Act of 1933, or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the securities in the proposed offering may not be offered, or sold, directly or indirectly, in the United States, except in a transaction exempt from, or subject to, the registration requirements of the US Securities Act and any applicable securities laws of any state or other jurisdiction of the United States.

#### Not financial product advice

This presentation does not contain all of the information which an investor may require to make an informed decision about whether to apply for Cardno shares. The information in this presentation does not take into account the objectives, financial situation or needs of individual investors. Before making an investment decision, prospective investors should consult their stockbroker, solicitor, accountant or other professional advisor.

#### Past performance

Past performance information is given for illustrative purposes only and is not, and should not be relied upon, as an indication of future performance.

#### Future performance

This presentation contains certain forward-looking statements with respect to the financial condition, results of operations, projects and business of Cardno and certain plans and objectives of the management of Cardno. These forward-looking statements involve known and unknown risks, uncertainties and other factors which are subject to change without notice.

Forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. Neither Cardno, nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. In particular, such forward-looking statements are subject to significant uncertainties and contingencies, many of which are outside the control of Cardno.

#### Investment Risk

An investment in Cardno shares is subject to known and unknown risks, some of which are beyond the control of Cardno. In considering an investment in Cardno shares, investors should have regard to (amongst other things) the risks outlined in this presentation.



## 2 Investor Presentation (cont'd)



1. Introduction
2. Trading Update
3. Acquisitions
4. Equity Raising
5. Appendix

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### Cardno Highlights

- 65 year track record.
- Grown substantially with organic growth plus mergers and acquisitions.
- Forecast NPAT FY10 A\$34-36M compared to A\$34.2M in FY09.
- Long term strategy of diversification across market sectors and geographic regions has been stress tested and proved to be successful during the GFC.
- Diversity has continued in FY10 with acquisitions in the growing environmental sector in the US (ENTRIX and ERI) and the building services (Cardno ITC) and underground utility sectors (Cardno AUS) in Australia.
- Internationally integrated professional services business with around 3,650 people and 150 offices.
- Services and products are focused on the improvement of physical and social infrastructure.
- Cardno's strategy and vision is to continue to grow and become a **World Leader** in infrastructure services.
- 1 for 6 Renounceable Rights Issue at \$3.25 per share to raise approximately \$49 million to fund the acquisitions of ENTRIX Holding Company and Environmental Resolutions, Inc (announced on 10 June 2010) and to strengthen Cardno's balance sheet.

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## Core Business



### International Development Assistance

- SOCIAL INFRASTRUCTURE
- Law & Justice
- Health
- Governance
- Education
- Rural Development
- Natural Resource Management
- Institutional Strengthening
- HIV/AIDS
- Post Conflict
- Finance & Economics
- Public Sector Services
- PHYSICAL INFRASTRUCTURE
- Roads & Bridges
- Water & Wastewater
- Environmental



### Public Sector Infrastructure

- Roads & Bridges
- Building & Property
- Building Services Engineering
- Coastal, Ocean & Marine
- Environmental & Water Quality
- Management Services
- Traffic & Transport
- Water & Wastewater
- Geotechnical
- Planning, G.I.S.
- Landscape Architecture
- Construction Materials Testing
- Water Engineering Software
- Survey
- Subsurface Utility Engineering



### Private Sector Infrastructure

- Building & Property
- Building Services Engineering
- Coastal, Ocean & Marine
- Environmental & Water Quality
- Urban Development
- Traffic & Transport
- Water & Wastewater
- Geotechnical
- Planning, G.I.S.
- Landscape Architecture
- Resources Structures
- Construction Materials Testing
- Water Engineering Software
- Survey
- Subsurface Utility Engineering



## Cardno's Global Offices and Project Locations



## 2 Investor Presentation (cont'd)



### Merger & Acquisition Strategy

#### **Cardno's Merger and Acquisition Strategy works**

Business Unit & Division Structure – competitive advantage to attract merger partners

##### Growth and Diversification Objective

- Complementary businesses with new geographical and/or skills coverage and good cultural fit
- Minimal overlap with existing businesses
- Focus on retention of staff
- Effective acquisition process with robust due diligence
- Focus on adding value through cross selling and organic growth

##### Continuous Integration of New Partners

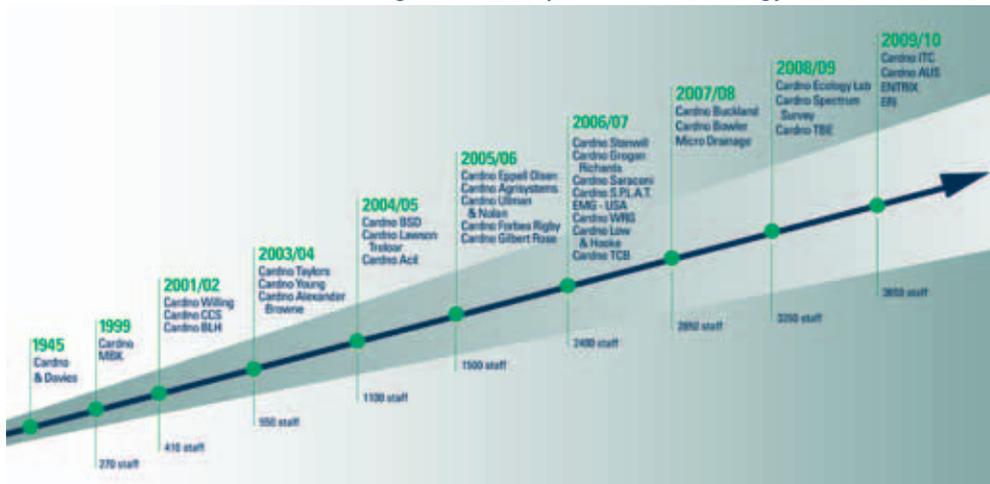
- Brand Integration
- Accounting and job cost integration
- Focus on knowledge sharing and cross sell
- Successful track record

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### Merger/Acquisition History

Track record of successful mergers and acquisitions – Strategy Stress Tested



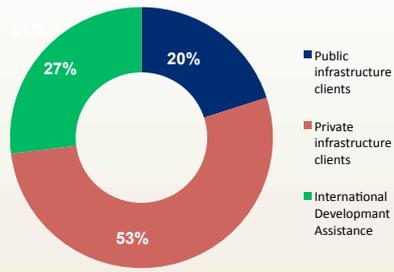
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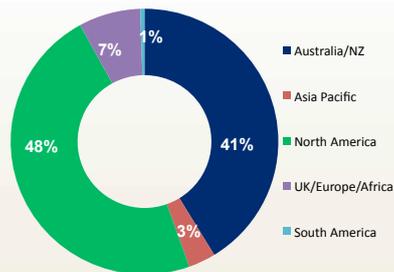


## Cardno Sources of Revenue

Proforma FY09 Revenue Split including FY10 Acquisitions



Client Type



Geographic



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2. **Trading Update**
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## 2 Investor Presentation (cont'd)



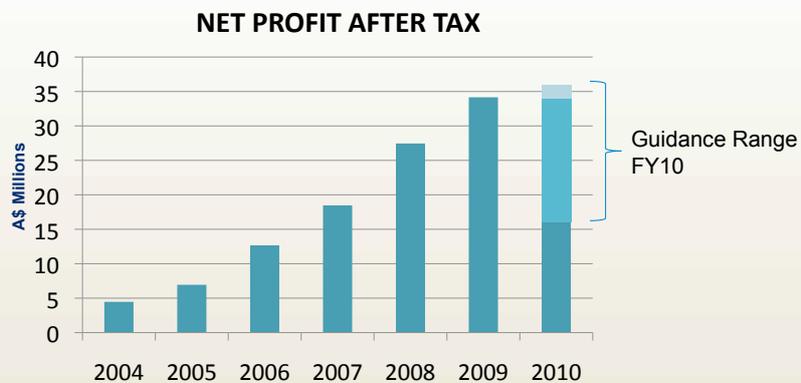
### Trading Update

- Forecast Net Profit After Tax of \$34 million to \$36 million for FY10 based on unaudited management results and current forecasts and includes the costs related to acquisitions made during the year.
- Long term strategy of diversification across market sectors and geographic regions has been stress tested during the recent global downturn and proven to be successful.
- Conditions have started to improve.
- Impact of recent acquisitions combined with generally improving conditions and a return to organic growth will strengthen performance in FY11.
- Recently acquired US environmental firms, ENTRIX and ERI, are expected to deliver strong FY11 results especially in light of recent events in the Gulf of Mexico.

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### 7 Year Performance History



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## Outlook

- World economy forecast to grow around 4% for 2010.
- Australian economy forecast to grow 3.5% FY11 and U.S. 2.5%.
- Australian consulting engineering market forecast 7% growth FY11.
- U.S. Environment sector expected to grow 9.0% 2010-2015.
- Cardno expects to return to long term organic revenue growth rates in FY11.
- Public infrastructure spending remains healthy.
- International Development Assistance markets continue to grow but project timing remains an issue.
- Private sector expenditure growing in most regions.
- M&A pipeline remains strong.

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1. Introduction
2. Trading Update
3. **Acquisitions**
4. Equity Raising
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## 2 Investor Presentation (cont'd)



### Acquisitions since January 2010

Acquisition	FY 11 Forecast Contribution	
	Revenue AUD\$m	EBITDA AUD\$m
Cardno ITC	\$20.0	\$4.0
Cardno AUS	\$5.0	\$1.7
ENTRIX & ERI*	\$172.0	\$20.0
<b>TOTAL</b>	<b>\$197.0</b>	<b>\$25.7</b>

\* Converted to AUD @ 0.87

Acquisitions continue to provide diversity of earnings across a number of business sectors, clients, and geographical locations and have allowed Cardno to perform strongly through the GFC, particularly relative to peers.

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### Highlights of US Acquisitions

*The purchase of ENTRIX and ERI is a continuation of Cardno's acquisition growth strategy*

- ERI and ENTRIX combined are expected to contribute around US\$150 million in revenue and US\$17.0 million in EBITDA in FY11.
- Cardno has acquired ENTRIX and ERI for US\$106.3 million.
- ENTRIX and ERI give Cardno significant exposure to the highly strategic and growing environmental consulting market in the US and internationally.
- The effective date of both transactions was 1 June 2010 and they are immediately earnings per share accretive.
- There are significant cross selling opportunities both between ENTRIX and ERI, and with Cardno's global businesses.
- Cross selling opportunities already generated through the work on the Gulf of Mexico oil spill.

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## Cardno's ENTRIX and ERI Acquisition Strategy

*The acquisition of ENTRIX and ERI fits Cardno's successful acquisition and merger strategy*

- ENTRIX and ERI are complementary to each other and to Cardno.
- Overlap with existing Cardno businesses is minimal in accordance with Cardno strategy.
- Cardno is already achieving added value through cross selling.
- Acquiring ENTRIX and ERI will increase Cardno's revenue from environmental consulting businesses – a growth industry.
- The acquisitions further diversify Cardno's revenue streams.
- Cardno's strategy is also to increase its proportion of revenue from resources and energy business including oil and gas, mining and industrial sectors.
- The acquisition of ENTRIX and ERI helps to deliver the above objectives for Cardno.

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## North America Environmental Consulting Market A Growth Industry

- USA Environmental Consulting Industry annual revenues are estimated at US\$17.8 billion in 2010.
- Industry growth rates are estimated at 8.0% for 2005-2010 and 9.0% for 2010-2015.
- A key industry growth driver is the increasing level of environmental protection legislation and focus on environmental issues.
- Other key drivers include construction industry demand, Federal funding for highways and industrial production activity.
- The industry performed well during the GFC with revenue growth rates of 4.3% in 2008 and 7.7% est. in 2010.
- The Gulf of Mexico oil spill will lead to increased environmental regulation of the oil and gas industry and further increase environmental consulting revenues.

Source: IBIS World

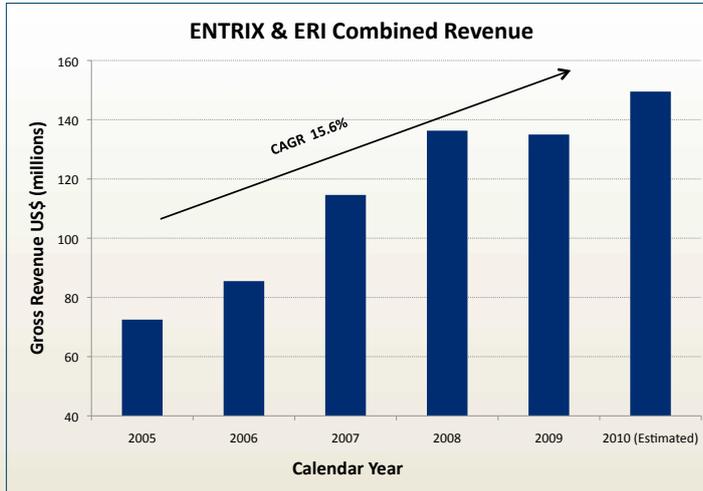
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## 2 Investor Presentation (cont'd)



### ENTRIX & ERI Combined Revenue Growth



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### ENTRIX



- ENTRIX is one of the largest pure-play providers of environmental and natural resource consulting services in the US.
- The company specialises in water resources management, environmental risk management, facility permitting and compliance and natural resource economics.
- ENTRIX is also regarded as a leader in the assessment of the environmental and economic impacts of oil spills and the associated restoration, rehabilitation and monitoring of impacted sites. It has standing response management contracts with the world's leading oil producers.
- ENTRIX was owned 58% by Riverside Capital and 42% by staff. Employee shareholders include the two founders, the current CEO and other senior management. Key employee shareholders have taken Cardno shares as part of the transaction. Cardno has acquired 100% of the shares in ENTRIX.
- ENTRIX employs 615 staff across 30 offices throughout the U.S. and in international branches in Canada, Ecuador and Peru.
- ENTRIX Gross Revenue for 2009 was US\$95m.
- Clients include:
  - BP - Chevron
  - Exxon Mobil - Placer Counter Water Agency
  - Southern California Edison - Pepco Holdings
  - TransCanada - Dow Chemical Company
  - Pacific Gas & Electric Company

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## ERI



- ERI is an environmental soil and groundwater remediation firm focused on the petro-chemical market in the US.
- The majority of ERI's work is undertaken for leading oil and gas companies on sites contaminated with hydrocarbon residues, such as service stations, refineries and bulk oil storage facilities.
- ERI has a strong growth profile and is expected to continue to expand across the US and is currently pursuing opportunities to expand into Canada, Europe and Australia.
- ERI was owned by the top four executives including the two founders who have taken Cardno shares as part of the transaction. Cardno has acquired 100% of the shares in the firm.
- ERI employs 155 staff employed across 9 offices throughout the U.S.
- ERI Gross Revenue for 2009 was US\$40m.
- Clients include:
  - Exxon Mobil
  - Chevron
  - Conoco Phillips
  - US Federal Emergency Management Authority (FEMA)
  - Pacific Gas & Electric

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## Other Recent Acquisitions



### Cardno ITC

- Acquired Australia based ITC Group on 1 January 2010.
- Cardno ITC is a 100 plus person electrical, mechanical and specialist engineering group providing services for the building sector.
- Cardno ITC capability includes expertise in electrical; mechanical; fire; hydraulics; sustainability; facility solutions; audio/visual; asset auditing; security; vertical transportation; lighting; acoustic; telecommunications and environmental auditing.
- Revenue is primarily generated from the government, residential and corporate infrastructure market.
- Cardno ITC has offices in Sydney, Brisbane, Melbourne, Canberra and Perth.
- Cross selling opportunities.

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## 2 Investor Presentation (cont'd)



### Other Recent Acquisitions



#### Cardno AUS

- Acquired Australian Underground Services on 1 April 2010.
- Cardno AUS is an Australian based utility detection and mapping services business based in Victoria.
- The acquisition will allow the transfer of our professional subsurface utility engineering (SUE) global expertise from Cardno TBE, based in Florida, to Australia.
- Introduction of SUE to Australia will reduce construction costs and provide accountability through the location, identification and mapping of underground utilities prior to construction.
- Major clients are state road authorities, national contractors and major engineering firms.
- Cross selling opportunities.

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1. Introduction
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4. **Equity Raising**
5. Appendix

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## Equity Raising

- 1 for 6 renounceable rights issue at \$3.25 per share to raise approximately \$49 million
- Eligible Shareholders may apply for additional shares over and above their entitlement under the Top-Up Facility (dependent on shortfall and Cardno board discretion)
- The offer price represents:
  - 19% discount to the closing price of \$4.00 on 30 June 2010
  - 16.5% discount to the theoretical ex-rights price (TERP) of \$3.89 as at 30 June 2010
- Shares issued under the Rights Issue will be entitled to Cardno's final dividend payable in October 2010
- The funds raised will be used to fund the acquisitions of ENTRIX and ERI and to strengthen Cardno's balance sheet
- Rights issue will be fully underwritten by RBS Morgans Corporate Limited

<b>Shares on issue</b>	<b>90,510,461</b>
New shares issued under offer	15,085,077
<b>Total shares on issue after the offer</b>	<b>105,595,538</b>

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## Pro Forma Balance Sheet

	31 December 2009 A\$'000	Pro forma Including Acquisitions & Rights Issue A\$'000
Total Current Assets	207,826	243,175
Total Non-Current Assets	242,659	368,404
<b>TOTAL ASSETS</b>	<b>450,485</b>	<b>611,579</b>
Total Current Liabilities	109,601	147,153
Total Non-Current Liabilities	74,945	133,148
<b>TOTAL LIABILITIES</b>	<b>184,546</b>	<b>280,301</b>
<b>NET ASSETS</b>	<b>265,939</b>	<b>331,278</b>

The unaudited pro forma balance sheet is for illustrative purposes only and is based on numerous assumptions that may or may not reflect the actual financial position of Cardno after the completion of the offer. In addition, this pro forma balance sheet is presented in summary format and does not contain all disclosures required under the Corporations Act.

\*The pro forma information has been prepared using AIFRS and reflects the accounting policies of Cardno. The balance sheets of the merger partners have not been audited.

\*The pro forma balance sheet of Cardno as at 31 December 2009 assumes the acquisitions of ITC, AUS, ERI and ENTRIX by Cardno had been completed at that date. The actual dates of the acquisitions will be at a later date.

\*The pro forma balance sheet of Cardno which includes the merger partners is based on the assumption that the fair value of assets and liabilities (other than property, plant and equipment and certain deferred tax balances) are equal to their book value. A full purchase price allocation will be undertaken post acquisition and the fair value of the assets and liabilities will be more accurately assessed at that time.

\*The accounting policies of Cardno, ITC, AUS, ERI and ENTRIX are similar and consistent in all material aspects.

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## 2 Investor Presentation (cont'd)



### Indicative Rights Issue Timetable

<u>DETAIL</u>	<u>DATE</u>
Announcement	Monday, 5 July 2010
708AA cleansing notice and offer document (Appendix 3B) lodged with the ASX	Monday, 5 July 2010
Shares commence trading ex-Rights rights trading commenced	Wednesday, 7 July 2010
Record Date	Tuesday, 13 July 2010
Rights trading finishes	Monday, 26 July 2010
Deferred settlement trading	Tuesday, 27 July 2010
Offer closes	Tuesday, 3 August 2010
ASX notified of under subscription	Friday, 6 August 2010
Despatch date of shareholder statements	Wednesday, 11 August 2010
Normal trading commences	Thursday, 12 August 2010
<i>(NB. Dates are indicative only and Cardno retains the right to vary these dates without advance notice)</i>	

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### Conclusion

- A leading Australian and International infrastructure services company operating over 60 years
- Strong track record of delivering growth and shareholder value
- GFC has stress tested Cardno's strategy of diversification both geographically and by disciplines
- Well positioned to reap benefits of strengthening world economy
- Global infrastructure markets and International Development Assistance opportunities are strong
- Recent acquisitions significantly add to Cardno's performance in FY11 and the future
- Rights issue will further strengthen the balance sheet and will enable Cardno to continue to fund its organic growth and to pursue its acquisition strategy globally

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*“Cardno’s vision is to be a **world leader** in the provision of professional services to improve the physical and social environment.”*

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## 2 Investor Presentation (cont'd)



### ENTRIX Locations



[www.entrix.com](http://www.entrix.com)

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### ENTRIX – Current Key Projects

#### Big Creek Hydroelectric Power System

**Client:** Southern California Edison

ENTRIX is under contract to Southern California Edison to manage all FERC relicensing and environmental studies for the Big Creek Hydroelectric System in Northern California. The project features 7 FERC licenses, 9 powerhouses, 6 major impoundments, over 95 miles of river systems, and pump storage with generating capacity of 1,000 MW.

ENTRIX services include strategic regulatory management, environmental resource baseline studies, hydrologic modelling, aquatic biology monitoring, recreational planning, habitat restoration, regulatory agency negotiations and GIS mapping.



#### Keystone and Keystone XL Pipelines

**Client:** US Department of State and TransCanada

ENTRIX is the prime contractor for the preparation of two third party EIS's for the US Department of State and TransCanada Keystone Crude Oil Pipeline System. The project features 1,702 miles of new, 36-inch diameter pipeline (327 miles in Canada and 1,375 miles in U.S.) with capacity for 900,000 barrels per day.

ENTRIX is preparing two Environmental Impact Statements (EIS) and Presidential Permits for international border crossing under the direction of Department of State and Department of Energy.



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## ENTRIX – Current Key Projects

### North Steens Wind Energy and Transmission Corridor

Client: Columbia Energy Partners

ENTRIX is the prime contractor for all environmental and siting studies for the development of a wind energy project and connecting electric transmission line in eastern Oregon. The project features 100 wind turbines, 30 miles of 230kV transmission lines through Federally protected National Wildlife Refuge Area.

ENTRIX is providing EIS under the Bureau of Land Management (BLM) and baseline studies for biology, visual, cultural and historic resources, physical sciences, land use, and socio-economics.



### Salton Sea Restoration Program

Client: California Department of Water Resources

ENTRIX is the prime contractor to manage the development of a habitat restoration program for the Salton Sea in Southern California. Salton Sea is one of the largest lakes in California with an area of 376 square miles. Over the last 75 years the lake has been impacted by water transfers and development. The Restoration Program is intended to maintain the Sea as an agricultural drainage reservoir, restore the wildlife resources and habitats, stimulate recreational use, and provide an environment for economic development.

ENTRIX services include restoration feasibility studies, EIS preparation, pilot projects, engineering design, construction oversight.



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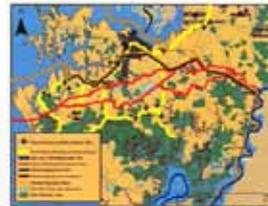
## ENTRIX – Current Key Projects

### Mid-Atlantic Power Pathway Project (MAPP)

Client: Pepco Holdings Inc.

Pepco Holdings Inc (PHI) is the operating entity for the electric systems of Potomac Electric Power Company, Delmarva Power and Atlantic City Electric. ENTRIX provides environmental services for the Maryland portion of the MAPP, a 500 kV AC overland, 640 kV DC submarine, 230 mile electric transmission line extending from Virginia to New Jersey.

Key considerations have included evaluation of aerial versus underground line construction and the use of AC versus DC transmissions.



### Missouri River Commercial Dredging EIS

Client: US Army Corps of Engineers and Dredging Industry Group

ENTRIX is the prime contractor for a third-party EIS being prepared to evaluate future commercial sand and gravel dredging on the Lower Missouri River. The project features a 450 mile study area with 20 resource areas being addressed including extensive river geomorphic analysis to determine sustainable yield; broad economic analysis of impacts of dredging alternatives.

ENTRIX is providing strategic regulatory management, alternatives analysis, environmental resource baseline studies and impact analysis, NEPA, ESA, and NHPA 106 process compliance, geomorphic analysis, aquatic biology, recreational planning, GIS mapping



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## 2 Investor Presentation (cont'd)



### ERI Locations



[www.eri-us.com](http://www.eri-us.com)

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### ERI – Current Key Projects

#### Assessment and Remediation

##### Oil Refinery, Billings, MT.

ERI manages environmental activities at a Refinery that has operated since 1949 with a demonstrated processing capacity in excess of 50,000 barrels per stream day. Refinery operations are conducted on approximately 400 of 770 acres. The project contains 103 monitoring wells and eight surface water stations that ERI samples on a regular basis. ERI recently obtained regulatory approval to implement the Corrective Measures Implementation Plan for the site. ERI has proceeded with remedial measures to prevent contaminants from impacting the adjacent river, and began to remediate the interior Refinery area.



##### Huntington Beach Oil Field Pond Closure, McKittrick, CA

ERI oversaw the closure of 17.5 acres of percolation ponds formerly used for disposal of produce water from oil field operations, which are impacted by hydrocarbons, chloride salts, and boron. Scope includes bidding and oversight of subcontractor for excavation and bioremediation of hydrocarbon-containing sludge, demolition of the existing perimeter fencing and various subsurface piping, verification sampling, backfill, compaction and grading 40,000 cubic yards of embankment soil, irrigation of backfill soil to remove salts, and planting of vegetative cover. ERI also: 1) evaluated naturally occurring radioactive materials (NORM), historical use of dynamite, and asbestos-containing residual debris; and 2) negotiated regulatory approval for closure.



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## ERI – Current Key Projects

### Drinking Water Aquifer Remediation

#### Former Service Station, Huntington Beach, CA

ERI's fluidized bed bioreactors are a "green" solution for making groundwater fit to drink in California. ERI has isolated and cultivated microbes which are being used in a biological process to metabolize chemicals which have leaked from underground gasoline tanks. One such chemical, MTBE, an additive to promote cleaner burning fuels, has gotten into the water supplies and caused severe taste and odor problems in groundwater used for drinking. ERI fluidized bed bioreactor allows water to be withdrawn from the aquifer, metabolized to produce harmless CO<sub>2</sub>, and returned to the aquifer as potable water. There are over 30 sites throughout the US using this process.



#### Former Service Station, Healdsburg, CA

ERI has performed site work under a Cleanup and Abatement Order (C&A) since 1998 when methyl tertiary butyl ether (MTBE) was detected in nearby domestic drinking water wells. The service station had experienced a leak in the UST system that resulted in releases of gasoline and MTBE to the environment. MTBE in groundwater migrated down-gradient of the site, contaminating 14 private drinking water wells. In 1998, this site had the largest MTBE-affected area in Sonoma County, CA (approximately 1,600 feet long). ERI completed multi-aquifer assessment, provided affected parties a new drinking water source, and is actively remediating the drinking water aquifer utilizing state of the art biological remediation techniques.



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## 3 Financial effect of the Rights Issue

### 3.1 ASX Announcements

Cardno is listed on the ASX and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. These obligations require Cardno to notify the ASX of information about specific events and matters as they arise as well as the lodgement of yearly and half-yearly financial statements and audit or review reports. The announcements and financial reports of Cardno are available for inspection at ASX and may be viewed on the ASX website at [www.asx.com.au](http://www.asx.com.au) or on the Cardno website at [www.cardno.com](http://www.cardno.com).

### 3.2 General Financial Information

Cardno's financial information is prepared in accordance with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards. The accounting policies upon which the pro forma information in this Section has been prepared are set out in the Cardno audited interim financial statements for the period ended 31 December 2009 which can be viewed on the ASX website at [www.asx.com.au](http://www.asx.com.au) or on the Cardno website at [www.cardno.com](http://www.cardno.com).

The financial information contained in this Section is presented in an abbreviated form and does not contain all the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act.

### 3.3 Capital Structure

The capital structure of Cardno following the issue of New Shares, assuming the maximum number of New Shares are issued under the Rights Issue, will be as follows :

Shares on issue on announcement of Rights Issue	90,510,461
New Shares to be issued under the Rights Issue	15,085,077 (approx)
Shares on issue after the Rights Issue	105,595,538 (approx)

Cardno has 6,371,400 unlisted options and 359,000 share rights currently on issue. The exercise price of all options and the number of underlying shares to which the share rights relate will be adjusted in accordance with the ASX Listing Rules following the Rights Issue, in accordance with their terms. Neither the options nor the share rights carry an entitlement to participate in the Rights Issue.

### 3.4 Balance Sheet Information

	31 December 2009 A\$'000	Pro forma Including Acquisitions & Rights Issue A\$'000
Total Current Assets	207,826	243,175
Total Non-Current Assets	242,659	368,404
<b>TOTAL ASSETS</b>	<b>450,485</b>	<b>611,579</b>
Total Current Liabilities	109,601	147,153
Total Non-Current Liabilities	74,945	133,148
<b>TOTAL LIABILITIES</b>	<b>184,546</b>	<b>280,301</b>
<b>NET ASSETS</b>	<b>265,939</b>	<b>331,278</b>

The pro forma balance sheet set out above has been prepared for illustrative purposes to show the pro forma impact on Cardno's audited consolidated balance sheet as at 31 December 2009 of:

- gross proceeds of the Rights Issue of \$49 million; and
- the acquisitions of ITC, AUS, ERI and ENTRIX.

The pro forma balance sheet has been prepared using the following assumptions:

- The pro forma information has been prepared using AIFRS and reflects the accounting policies of Cardno. The balance sheets of ITC, AUS, ERI and ENTRIX have not been audited.
- The pro forma balance sheet of Cardno as at 31 December 2009 assumes the acquisitions of ITC, AUS, ERI and ENTRIX by Cardno had been completed at that date. The actual dates of the acquisitions will be at a later date.
- The pro forma balance sheet of Cardno which includes the merger partners is based on the assumption that the fair value of assets and liabilities (other than property, plant and equipment and certain deferred tax balances) are equal to their book value. A full purchase price allocation will be undertaken post acquisition and the fair value of the assets and liabilities will be more accurately assessed at that time.
- The accounting policies of Cardno, ITC, AUS, ERI and ENTRIX are similar and consistent in all material aspects.

The pro forma balance sheet is not represented as being indicative of Cardno's views on its future financial position. The pro forma balance sheet is presented on the assumption, after adjusting for the impact of changes set out above, that the Rights Issue took place on 31 December 2009 and, except as stated in the pro forma adjustments, does not take account of the financial performance, cash flows or other movements in balance sheet items of Cardno for the period from 31 December 2009 to the date of this Information Booklet.

## 4 Risks

### 4.1 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.

### 4.2 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 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. 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 Cardno may be unable to manage 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 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 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 the management or staff leave to work for a competitor.

#### *Engineering and construction industry*

A number of Cardno's clients are involved in the 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 Australia and 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.

## 4 Risks (cont'd)

### *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.

## 4.3 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 and international economies and, in particular, the 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.

## 5 How to Apply

### 5.1 Shareholder Rights

The number of New Shares to which Eligible Shareholders are entitled (their **Rights**) is shown on the accompanying Entitlement and Acceptance Form. Eligible Shareholders may:

- (a) take up their Rights in full and, if they wish, apply for additional shares (**Top Up Shares**) under the Top Up Facility (refer to Section 5.2);
- (b) take up part of the Rights and elect for the balance to be sold or to lapse (refer Section to 5.3);
- (c) sell their Rights on ASX (refer Section 5.4);
- (d) transfer their Rights other than on-market via ASX (refer Section 5.5); or
- (e) renounce all of their Rights and New Shares (refer Section to 5.6).

Ineligible Shareholders may not take any of the steps set out in Sections 5.2 to 5.6.

Cardno reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Closing Date. An Application for your Rights may be for any number of New Shares.

The Closing Date for acceptance of the Rights Issue is **5:00pm (AEST) on Tuesday, 3 August 2010** (however, that date may be varied by Cardno, in accordance with the Listing Rules and the Underwriting Agreement).

### 5.2 Taking up all of the Rights and applying for Top Up Shares

If you wish to take up your Rights in full, complete the Entitlement and Acceptance Form in accordance with the instructions set out on that form. If you have applied to take up all of your Rights to New Shares, you may also apply for Top Up Shares by completing the relevant section on the Entitlement and Acceptance Form.

Please return your completed Entitlement and Acceptance Form together with your Application Monies in accordance with Section 6.8 for the amount shown on the Entitlement and Acceptance Form to the Share Registry so that it is received no later than **5:00pm (AEST) on Tuesday, 3 August 2010** at the address set out below:

#### **By hand delivery (not to be used if mailing)**

Cardno Limited  
C/- Computershare Investor Services  
Level 19, 307 Queen Street  
Brisbane QLD 4001

#### **By post**

Cardno Limited  
C/- Computershare Investor Services  
GPO Box 505  
Melbourne VIC 3001

A reply paid envelope is enclosed for the convenience of Eligible Shareholders based in Australia. Eligible Shareholders outside Australia will need to affix the appropriate postage.

You may also take up all of your Rights by arranging for payment of the Application Monies through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form. If payment is being made through BPAY®, you do not need to return the Entitlement and Acceptance Form. Your payment must be received by no later than **5:00pm (AEST) on Tuesday, 3 August 2010**. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment. You should take this into consideration when making payment.

Amounts received by Cardno in excess of the Issue Price multiplied by your Rights (**Excess Amount**) may be treated as an application to apply for as many additional New Shares as your Excess Amount will pay for in full.

There is no guarantee you will receive the amount of Top Up Shares applied for, if any. The Top Up Share pool will be limited to the number of New Shares that relate to the Rights that have not been accepted or sold under the Rights Issue.

If you apply for additional New Shares under the Top Up Facility and your application is successful (in whole or in part) you will be issued the New Shares on Wednesday, 11 August 2010. Top Up Shares will only be allocated to Eligible Shareholders if and to the extent that Cardno so determines. The Directors reserve their right to allot and issue New Shares under the Top Up Facility at their discretion, having regard to the circumstances as at the close of the Rights Issue. Any Scaleback of applications for Top Up Shares will be at Cardno's discretion and Cardno's decision on the number of New Shares to be allocated to Eligible Shareholders will be final.

Any Application Monies received for more than your final allocation of New Shares and Top Up Shares (only where the amount is \$1.00 or greater) will be refunded as soon as practicable. No interest will be paid to Applicants on any Application Monies received or refunded.

No Top Up Shares will be issued to a Shareholder which will result in them increasing their voting power in Cardno above 20%.

The Underwriter will subscribe for, or procure subscriptions for, any remaining shortfall in accordance with the Underwriting Agreement.

### 5.3 Taking up part of the Rights and electing for the balance to be sold or to lapse

If you wish to take up part of your Rights and sell the balance on ASX, complete the Entitlement and Acceptance Form for the number of New Shares you wish to take up and follow the other steps required in accordance with Section 5.2. You may arrange for payment through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form. If payment is made and Cardno receives an amount that is less than the Issue Price multiplied by your Rights (Reduced Amount), your payment may be treated as an application for as many New Shares as your Reduced Amount will pay for in full.

For those Rights that you wish to sell, liaise with your stockbroker accordingly, about their requirements for trade and settlement.

If you do not have a stockbroker, please call Cardno on (07) 3369 9822 (within Australia) or +61 7 3369 9822 (outside Australia).

### 5.4 Sale of your Rights on ASX

If you wish to sell your Rights on ASX, liaise with your stockbroker about their requirements for trade and settlement. Rights trading commences on Wednesday, 7 July 2010. You must deal with the part of your Rights that you do not wish to accept **by no later than Monday, 26 July 2010**, being the last day that Rights will trade on ASX.

### 5.5 Transfer of Rights other than on-market via ASX

If you wish to transfer all or part of your Rights to another person other than on-market using ASX, then you must forward the following:

- (a) completed standard renunciation form (available from the Share Registry);
- (b) transferee's cheque for the amount due in respect of the New Shares to Cardno's Share Registry using the addresses set out in section 5.2 **by not later than 5:00pm (AEST) on Tuesday, 3 August 2010**.

### 5.6 Renouncing all Rights

If you do not wish to accept any part of your Rights and do not intend to sell or transfer your Rights, do not take any further action and the Rights will lapse on Tuesday, 3 August 2010.

### 5.7 Consequences of not accepting or selling your Rights

If you do not accept or sell your Rights in accordance with the instructions set out above, any New Shares that you would have otherwise been entitled to under the Rights Issue (or New Shares that relate to the portion of your Rights that has not been accepted or sold) may be sold under the Top Up Facility.

### 5.8 Payment

The consideration for the New Shares is payable in full on application by a payment of \$3.25 per New Share. The Entitlement and Acceptance Form must be accompanied by a cheque for the Application Monies. Cheques must be drawn in Australian currency on an Australian bank and made payable to '**Cardno Limited – Share Offer**' and crossed 'Not Negotiable'.

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares on your personalised Entitlement and Acceptance Form). Alternatively, your application may not be accepted. Please note that post dated cheques may not be accepted.

Alternatively, you may arrange for payment of the Application Monies through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form.

Please make sure to use the specific Biller Code and unique Reference Number on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form, please only use the Reference Number specific to the Rights on that form. If you inadvertently use the same Reference Number for more than one of your entitlements, you will be deemed to have applied for Top Up Shares on the Entitlement and Acceptance Form to which that Reference Number applies.

Eligible Shareholders must not forward cash by mail. Receipts for payment will not be issued.

## 5.9 Entitlement and Acceptance Form is binding

A completed and lodged Entitlement and Acceptance Form, or a payment made through BPAY® constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Information Booklet and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid application for New Shares. The Directors' (or their delegates') decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By completing and returning your personalised Entitlement and Acceptance Form with the requisite Application Monies or making a payment by BPAY®, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- (a) you are an Eligible Shareholder and are not in the United States and are not a nominee or custodian acting for the account or benefit of a person in the United States, unless Cardno has given you notice that you are eligible to participate in the Rights Issue, and are not otherwise a person to whom it would be illegal to make an offer or issue of New Shares (or Top Up Shares) under the Rights Issue;
- (b) you acknowledge that the New Shares (and Top Up Shares) have not been, and will not be, registered under the US Securities Act or under the laws of any other jurisdiction outside Australia or New Zealand; and
- (c) you have not and will not send any materials relating to the Rights Issue to any person in the United States.

## 5.10 Brokerage and stamp duty

No brokerage fee is payable by Eligible Shareholders who accept their Rights to the New Shares issued by Cardno. No stamp duty is payable for subscribing for New Shares under the Rights Issue.

# 6 Definitions

**AEST** means Australian Eastern Standard Time.

**Applicant** means an Eligible Shareholder who has applied to subscribe for New Shares by submitting an Entitlement and Acceptance Form or arranging for payment through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form.

**Application** means the submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies or arranging for payment of the relevant Application Monies through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form.

**Application Monies** means the aggregate amount payable for the New Shares applied for in a duly completed Entitlement and Acceptance Form or through BPAY®.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691 and the securities exchange operated by it.

**A\$** means Australian dollars.

**Board** means the board of Directors of Cardno.

**Broker Handling Fees** means the stamping fee payable by the Underwriter to stockbrokers who submit a valid claim on successful Applications.

**Business Day** has the same meaning as in the Listing Rules.

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

**Closing Date** means Tuesday, 3 August 2010, the day the Rights Issue closes.

**Corporations Act** means the *Corporations Act 2001 (Cth)*.

**Director** means a director of Cardno.

**Eligible Shareholder** means a Shareholder at the Record Date, other than an Ineligible Shareholder.

**Entitlement and Acceptance Form** means the Entitlement and Acceptance Form accompanying this Information Booklet.

**Existing Shares** means the Shares already on issue in Cardno on the Record Date.

**Ineligible Institutional Shareholder** means a Shareholder (or beneficial holder of Shares) on the Record Date who is an Institutional Shareholder with a registered address outside Australia, New Zealand, the United Kingdom and any other jurisdiction that Cardno and the Underwriter agree:

- (a) to whom ASX Listing Rule 7.7.1(a) applies; and
- (b) who, in the absence of ASX Listing Rule 7.7.1(a), would have been an Eligible Institutional Shareholder.

**Ineligible Retail Shareholder** means those Shareholders at the Record Date with a registered address outside Australia, New Zealand and the United Kingdom to whom Listing Rule 7.7.1(a) applies and who are not Institutional Shareholders or Ineligible Institutional Shareholders.

**Ineligible Shareholder** means each Ineligible Institutional Shareholder and each Ineligible Retail Shareholder.

**Institutional Shareholder** means a person to whom an offer of Rights or New Shares may be made without registration, lodgement of a formal disclosure document or other formal filing in accordance with the laws of that particular foreign jurisdiction (except to the extent which the Company is willing to comply with such requirements).

**Information Booklet** means this document.

**Issue Price** means \$3.25 per New Share.

**Listing Rules** means the official listing rules of ASX.

**New Shares** means Shares to be allotted and issued under the Rights Issue.

**Record Date** means 7:00pm (AEST) on Tuesday, 13 July 2010.

**Right** means the right to subscribe for New Shares pursuant to the Rights Issue.

**Rights Issue** means the pro rata renounceable offer to Eligible Shareholders to subscribe for 1 New Share for every 6 Shares of which the Shareholder is the registered holder on the Record Date, at an issue price of \$3.25 per New Share pursuant to the Information Booklet.

**Scaleback** means a reduction in the number of shares allotted to Eligible Shareholders who lodge an Application.

**Section** means a section of this Information Booklet.

**Shareholder** means a holder of Shares.

**Share** means a fully paid ordinary share in the capital of Cardno.

**Share Registry** means Computershare Investor Services Pty Limited ACN 078 279 277.

**Timetable** means the indicative table set out on page 2 of the Information Booklet.

**Top Up Facility** means the facility described in Section 6.2 under which Eligible Shareholders may apply for Top Up Shares in excess of their Rights.

**Top Up Shares** means Shares available under the Top Up Facility.

**Underwriter** means RBS Morgans Corporate Limited ABN 32 010 539 607.

**Underwriting Agreement** means the underwriting agreement dated on or around the date of this Information Booklet between Cardno and the Underwriter.

**US** means United States of America.

**US Securities Act** means the *US Securities Act of 1933*, as amended.

## 7 Corporate information

### Registered Office

Cardno Limited ABN 70 108 112 303  
Level 11, 515 St Pauls Terrace  
Fortitude Valley QLD 4006

Telephone +61 7 3369 9822

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

### Share Registry

Computershare Investor Services Pty Ltd  
Level 19, 307 Queen Street  
Brisbane QLD 4001

Telephone 1300 55 22 70 (within Australia)  
+61 7 3237 2100 (from outside Australia)

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

### Lead Manager and Underwriter

RBS Morgans Corporate Limited  
Level 29, Riverside Centre  
123 Eagle Street  
Brisbane QLD 4000

Telephone +61 7 3334 4888

[www.rbsmorgans.com](http://www.rbsmorgans.com)

### Legal Adviser

McCullough Robertson Lawyers  
Level 11, Central Plaza Two  
66 Eagle Street  
Brisbane QLD 4000

Telephone +61 7 3233 8888

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

### Cardno Website

To view annual reports, shareholder and company information, news announcements, background information on Cardno's businesses and historical information, visit Cardno's website at [www.cardno.com](http://www.cardno.com).



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