TARGET'S STATEMENT

CARDNO'S DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU

REJECT

THE OFFER BY CRESCENT CAPITAL INVESTMENTS PTY LIMITED ACN 604 704 298

to acquire 1 out of every 2 shares you hold in

CARDNO LIMITED ACN 108 112 303

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to how to deal with this document, you should consult your legal, financial or other professional adviser as soon as possible

Financial Adviser	Financial Adviser	Legal Adviser
UBS	Morgans IN ALLIANCE WITH CIMB	Lawyers McCullough Robertson

If you have any questions, please contact the Cardno Shareholder Information Line on 1300 362 398 (within Australia) or +61 2 8355 1004 (outside Australia) on weekdays between 9.00am and 5.00pm (Sydney time).

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IMPORTANT NOTICES

This document is a Target's Statement issued by Cardno Limited ACN 108 112 303 (**Cardno**) under Part 6.5, Division 3 of the Corporations Act in response to the Bidder's Statement issued by Crescent Capital Investments Pty Limited ACN 604 704 298 (**Crescent**). This Target's Statement is dated 13 October 2015.

A copy of this Target's Statement was lodged with ASIC and sent to ASX on 13 October 2015. None of ASIC, ASX nor any of their officers take any responsibility for the content of this Target's Statement.

This Target's Statement and the Bidder's Statement contain important information. You should read both documents carefully and in their entirety.

Proportional takeover bid

Shareholders should note that the Offer is a proportional takeover bid. Crescent is offering to acquire 1 out of every 2 Cardno Shares held by each Shareholder. If the proportional bid succeeds, Crescent will obtain voting power in Cardno of up to 59.84%.

Investment decision

This Target's Statement does not take into consideration your individual investment objectives, financial situation or particular needs, and does not constitute financial product advice. You may wish to seek independent financial and tax advice before deciding whether or not to accept the Offer.

Forward looking statements

This Target's Statement contains certain forward looking statements and statements of current intention. The forward looking statements in this Target's Statement reflect views held at the date of this Target's Statement.

You should be aware that these statements involve inherent risks and uncertainties. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and those deviations are both normal and to be expected.

None of Cardno, its officers or any person named in this Target's Statement with their consent or involved in the preparation of this Target's Statement makes any representation or warranty, as to the accuracy or likelihood of fulfilment of any forward looking statement. You should not place undue reliance on those statements.

Defined terms

A number of defined terms are used in this Target's Statement. These terms are explained in the definitions set out in section 12.

Additional Shareholder information

If you have any questions about the Crescent Offer, please call the Shareholder Information Line on 1300 362 398 (within Australia) or +61 2 8355 1004 (outside Australia) on weekdays between 9.00am and 5.00pm (Sydney time).

LETTER FROM THE CHAIRMAN

13 October 2015

Dear Shareholder

REJECT the Crescent Offer

You would recently have received an offer from Crescent Capital (**Crescent**) to acquire one out of every two Cardno Shares you own for $3.15 each (**the Offer**).

This Target's Statement is the Cardno Directors' formal response to the Offer, and sets out the reasons for our recommendation to **REJECT** the Offer.

Crescent's Offer is opportunistic and significantly undervalues Cardno

The Offer is opportunistic and timed to take advantage of the Cardno share price prior to the Company's expected earnings recovery led by the change to a new CEO and implementation of the outcomes of Cardno's Strategic Review. As such, the Offer **significantly undervalues Cardno**.

The outcome of Cardno's Strategic Review was announced on 12 October 2015. Full details may be found at www.cardno.com.au.

Crescent's Offer also attempts to **take control of Cardno without paying an adequate premium, and without acquiring all your shares**. Crescent has indicated that it intends to nominate three Directors to the Board, reduce or stop dividends indefinitely and undertake its own strategic review. There is no certainty that these actions will result in improved shareholder value beyond that expected to be achieved by the initiatives currently being pursued by your Board and management.

Shareholders are being provided with an independent opinion on valuation by the Independent Expert, Lonergan Edwards & Associates. In the Independent Expert's assessment of the current value of Cardno, it has assessed the value of:

> your Cardno Shares to be between $3.74 and $4.13 per Share;

> the Crescent Offer at between $2.98 and $3.13 per Share[1], significantly below the Independent Expert valuation of your Cardno Shares.

As such, the Independent Expert has concluded that **the Crescent Offer is neither fair nor reasonable**.

The Independent Expert also noted that the Offer **does not provide Shareholders with a sufficient premium** to compensate them for the fact that control of Cardno will pass to Crescent if the Offer is successful. The effective premium for control being offered by Crescent (as assessed by the Independent Expert) is between 6% and 22%[2] which is *"very low in comparison with observed premiums normally paid for control"*. If Crescent's Offer were to succeed, Crescent would therefore gain effective control of Cardno for a modest premium.

In our view Crescent's Offer is highly opportunistic. Prior to the Offer, Cardno's share price was trading at close to five year lows reflecting, amongst other factors, challenging market conditions being experienced by many operators in the sector; new CEO Richard Wankmuller had just been appointed and was transitioning into the CEO role; a major strategic review was underway and a process of Board renewal was nearing completion.

These and other actions reflect the outcome of decisions made by the Board over the past 12 months to address Cardno's reduced profitability in the face of rapidly deteriorating market conditions and increasing competition in its principal markets. The timing of Crescent's Offer is such that accepting Shareholders will be denied the opportunity to enjoy the full benefits of the implementation of Cardno's Strategic Review.

Cardno is taking action to improve performance

The Board's appointment of Richard Wankmuller as CEO, following a comprehensive global search, has significantly strengthened Cardno's management capability to deliver improved performance globally and particularly in the Americas.

1 As the Offer is only for 50% of Cardno Shares not already owned by Crescent, the Independent Expert has calculated the value of the consideration being offered by Crescent as the weighted average of the $3.15 per Share for 1 out of every 2 Shares and the Independent Expert's assessment of the value of Cardno Shares post completion of the Offer of $2.80 to $3.10 per Share, being the range of consideration likely to be received if a Cardno shareholder subsequently sells their remaining Shares on market after accepting the Offer.

2 Taken as the mid-point of the consideration being offered for Cardno Shares of $3.06 (as calculated by the Independent Expert) divided by the 3-month volume weighted average price per Cardno Share of $2.89, and the closing price of Cardno Shares on 11 September 2015, being the last Trading Day prior to the announcement of the Crescent Offer, of $2.50 per Share.

Over the past three months, Richard has conducted a broad-ranging Strategic Review of Cardno, which identifies strategic priorities designed to significantly improve the focus and profitability of Cardno's business and better position Cardno for growth. These priorities include actions to:

> **Reduce net debt** through short term solutions such as a targeted reduction in outstanding receivables, deferring capital expenditure and expediting the billing cycle.

> **Improve earnings** by reducing the cost structure, increasing margins and completing the back office integration of Cardno's many businesses in the Americas. These and other initiatives are targeting an annualised reduction in Cardno's cost base of $20 million.

> **Divest businesses that are not core to Cardno's future** to strengthen the balance sheet and enable targeted investment in growth opportunities.

> **Expand Cardno's capabilities while growing its business with select clients in targeted geographies** – in Australia this includes targeting sectors to increase revenue from environmental services and in the US to expand Cardno's engineering services into the A$100 billion infrastructure market.

Your Board believes that the outcomes of the Strategic Review, executed by the current management team in a targeted and timely manner, will improve performance, retain and motivate highly professional Cardno employees and ultimately maximise the value of your Cardno shares. This contrasts starkly with the uncertainties inherent in the Crescent Offer, including its stated intention to undertake a further strategic review.

Current trading

The Board acknowledges that trading conditions for Cardno remain difficult. The immediate execution of the Strategic Review by the current management team is therefore critical to Cardno's financial performance in FY16 and beyond. Shareholders' attention is drawn to section 2 of this document which contains a detailed commentary on Cardno's current trading and prospects.

Shareholders should retain their full shareholding and REJECT the Crescent Offer

Your Board is confident that, despite the recent decline in performance, Cardno is a good business in terms of the quality of its clients, its professional services capability and the expertise of its people. Cardno now has the right business model, an appropriate global footprint and a first-rate leader in Richard Wankmuller to deliver long-term value to all Shareholders. Your Board recommends that you retain ownership of all of your shares to benefit fully from the changes that are now underway and to participate in the next phase of Cardno's growth.

The Board believes that the Offer does not provide a clear direction for Cardno's future and may have adverse consequences for Cardno Shareholders including a reduction in the marketability of Cardno Shares which may affect the price at which Cardno Shares may be sold in the future. There is also the risk that a change in control may result in Cardno's financiers requiring repayment of its debt. Cardno's current financing is on attractive terms which are unlikely to be replicated if a refinancing was necessary due to a change of control. Crescent has offered no proposal in relation to the refinancing of Cardno's debt.

Cardno Directors therefore unanimously recommend that you REJECT the Crescent Offer by taking no action in relation to documents sent to you by Crescent.

Each Director of Cardno who holds Cardno shares intends to reject the Crescent Offer in relation to those shares.

Your Board will continue to keep you updated on developments as they occur. In the meantime, if you have any questions in relation to this Target's Statement or your shareholding in Cardno, please call our **Shareholder Information Line on 1300 362 398** (within Australia) or +61 2 8355 1004 (outside Australia), Monday to Friday between 9.00am and 5.00pm (Sydney time).

Yours sincerely

J Marlay

John Marlay
Chairman
Cardno Limited

WHAT SHOULD YOU DO

You should read the Bidder's Statement and this Target's Statement, which contains your Directors' unanimous recommendation to **REJECT** the Crescent Offer and their reasons for this recommendation. The Target's Statement also includes the Independent Expert Report.

As a Cardno Shareholder, you have the following choices in respect of the Crescent Offer:

> You may choose to REJECT the Crescent Offer and retain all of your Cardno Shares, in which case you do not need to take any action. Ignore all documents sent to you by Crescent.

> You may ACCEPT the Crescent Offer and either retain 50% of your Cardno Shares or sell them on market, in which case you should complete the acceptance form in the Bidder's Statement and return it in the envelope provided.

> You may sell some or all of your Cardno Shares on market, unless you have previously accepted the Crescent Offer and you have not validly withdrawn your acceptance.

If you ACCEPT the Offer, there are only limited circumstances in which you can withdraw your acceptance, and you may lose the opportunity to benefit fully from the potential upside in Cardno Shares that may result from the implementation of the Strategic Review initiatives and the improvement in earnings targeted by management and the Board. Further, if you wish to sell your remaining Cardno Shares on the ASX after accepting the Offer, settlement of the on market sale will be deferred until after the end of the Offer Period.

If you have any questions, please call the Shareholder Information Line on 1300 362 398 (within Australia) or +61 2 8355 1004 (outside Australia) on weekdays between 9.00am and 5.00pm (Sydney time).

KEY DATES

Announcement Date	14 September 2015
Date of Offer	28 September 2015
Date of Target's Statement	13 October 2015
Last date for Crescent to extend the Offer and give notice of status of Conditions (unless extended)	20 October 2015
Close of Offer Period (unless extended)	28 October 2015 at 7.00pm (Sydney time)

1. WHY YOU SHOULD REJECT THE CRESCENT OFFER

The Directors recommend you REJECT the Offer for the following reasons:

> the Offer significantly undervalues Cardno and your Cardno Shares

> the Offer does not provide an adequate premium for control of Cardno

> the Offer is opportunistic – made before Cardno's Strategic Review was completed and in a period of challenging market conditions

> Crescent is attempting to obtain control with potentially adverse implications for non-Crescent Shareholders

> Cardno is already taking action to improve its recent performance and increase shareholder value

> Crescent's intentions are not sufficiently clear

> the Offer may impact on Cardno's financing

> your current Cardno Board knows Cardno's business, and has the appropriate skills and relevant experience to drive Cardno's performance

1.1 The Offer significantly undervalues Cardno and your Cardno Shares

The Offer significantly undervalues your Cardno Shares

The Cardno Board believes that the Crescent Offer significantly undervalues your Cardno Shares and fails to reflect the Company's long term potential.

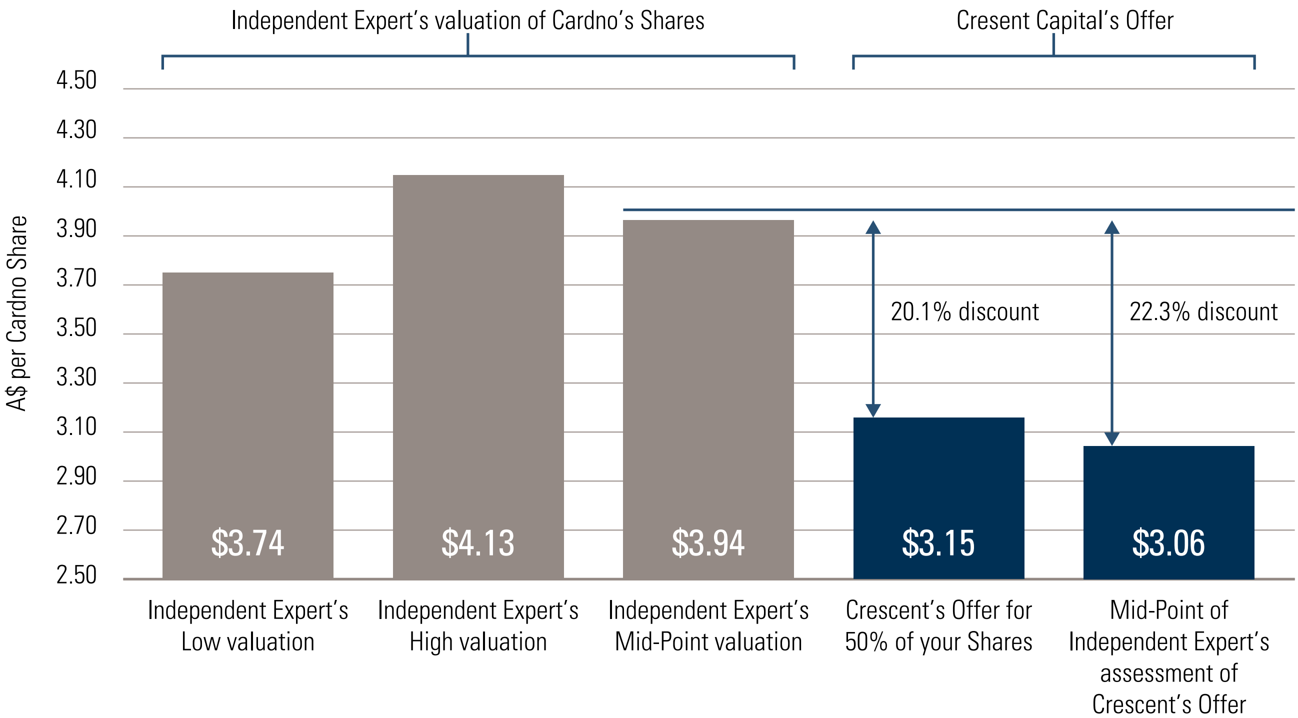
Cardno has engaged Lonergan Edwards & Associates to prepare an Independent Expert's Report to assess the merits of the Offer. The Independent Expert's assessment of value assumes 100% ownership of Cardno. When assessing Crescent's Offer, consideration is also given to the structure of the Offer, namely, that it is for 50% of your Shares. The Independent Expert's Report is included at Annexure A of the Target's Statement.

The Independent Expert has concluded that the Offer is **neither fair nor reasonable** and has assessed the value of Cardno Shares to be in the range of $3.74 and $4.13 per Share, significantly above the Offer Price of $3.15 for 1 out of every 2 of your Cardno Shares.

The Independent Expert has also concluded that a shareholder who accepts the Offer for 1 out of every 2 Cardno Shares (at $3.15 per Share) and subsequently sells the balance of their shareholding on the ASX (for $2.80 to $3.10 per Share) will receive, on average, consideration of $2.98 to $3.13 per Cardno share (a mid-point of $3.06 per Cardno share) which is significantly below the value of your Cardno Shares.

The Independent Expert has concluded that the Offer is **neither fair nor reasonable**.

Figure 1: The Offer significantly undervalues your Cardno Shares



The Independent Expert has also identified a number of factors that impact the reasonableness of the Offer which are outlined in Annexure A of the Target's Statement, and referred to in this Section 1.

1.2 The Offer does not provide an adequate premium for control

Your Board believes Crescent is not offering a sufficient premium for control of Cardno

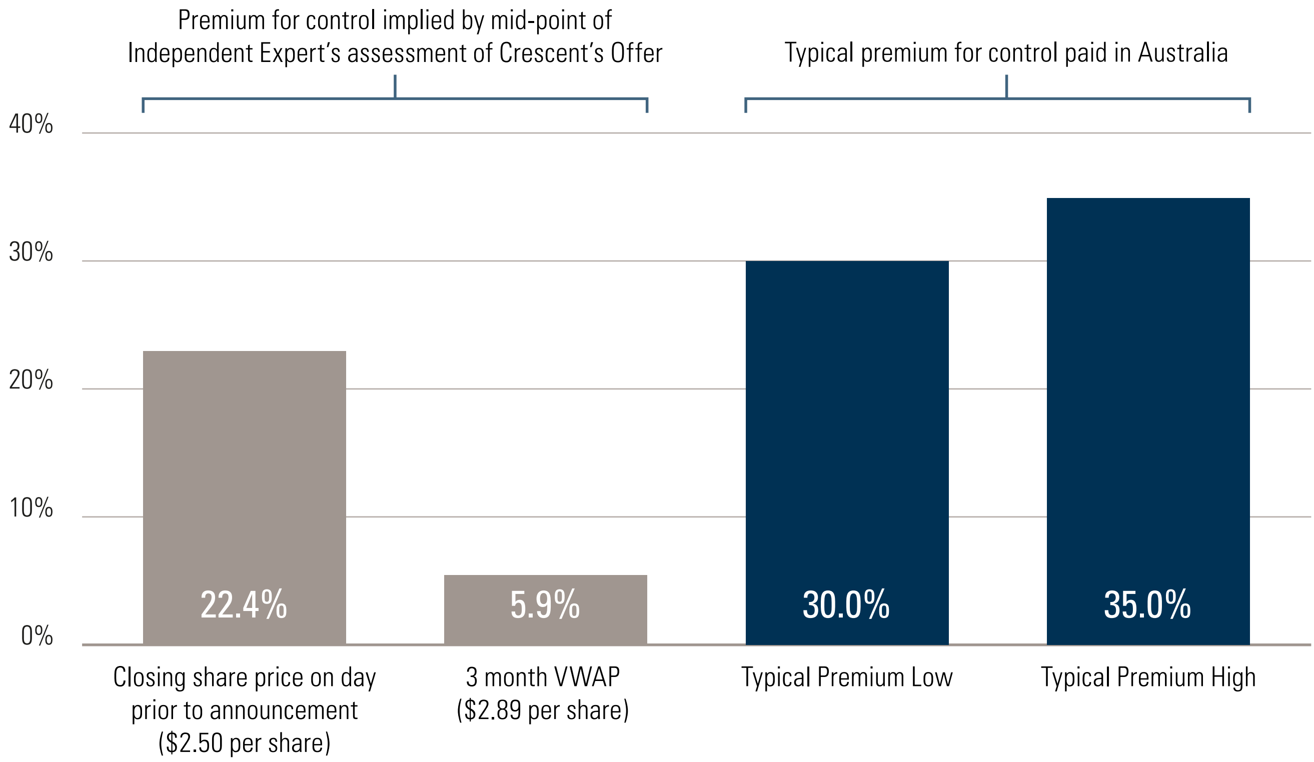
Takeover offers for control of listed companies typically include a significant premium to the prices at which the shares of target companies normally trade in the market. The Board considers that Cardno's share price immediately prior to the announcement of the Offer did not appropriately reflect the underlying value of Cardno, and as such, is not an appropriate starting point to apply a takeover premium.

The Independent Expert also noted that *"the Offer does not provide Shareholders with a sufficient premium to compensate them for the fact that control of Cardno will pass to Crescent if the Offer is successful"*. The effective premium for control being offered by Crescent (as assessed by the Independent Expert) is between 6% and 22%[3] which is *"very low in comparison with observed premiums normally paid for control"*. If Crescent's Offer were to succeed, Crescent would therefore gain effective control of Cardno for a modest premium.

The Independent Expert states that its research indicates that control premiums paid in successful takeovers in Australia generally range between 30% and 35% above the listed market price of the target company's shares prior to the announcement of the bid.

Although Cardno Shareholders that accept the Offer can retain the other 50% of their holding, Crescent is not offering to acquire those Shares regardless of whether it gains control.

Figure 2: Premium to Closing Price prior to announcement



3 Taken as the mid-point of the consideration being offered for Cardno Shares of $3.06 (as calculated by the Independent Expert) divided by the 3-month volume weighted average price per Cardno Share of $2.89, and the closing price of Cardno Shares on 11 September 2015, being the last Trading Day prior to the announcement of the Crescent Offer, of $2.50 per Share.

1.3 The Offer is opportunistic

The Offer is opportunistic, coming before conclusion of the Strategic Review, in a period of volatile trading and challenging market conditions

Offer was opportunistically announced prior to the completion of the Strategic Review

Prior to the Offer being announced by Crescent, Cardno announced the appointment of Richard Wankmuller as CEO and Managing Director, an engineering and construction executive with over 30 years' global experience. Richard's intention to conduct a strategic review of Cardno's business was identified to the market shortly after his appointment. Richard has undertaken a detailed 100 day Strategic Review of the business and has identified clear operational, strategic and financial initiatives to improve performance. The outcomes of this Strategic Review were announced to the ASX on 12 October 2015. A copy is available on Cardno's website at www.cardno.com.au and is summarised in section 1.5 of this Target's Statement.

As the Offer was announced prior to completion of the Strategic Review, it does not appropriately reflect the value from those initiatives now being implemented.

Cardno is currently experiencing challenging market conditions

Immediately prior to the Offer being announced[4], Cardno's share price was trading at close to five year lows, reflecting, amongst other factors:

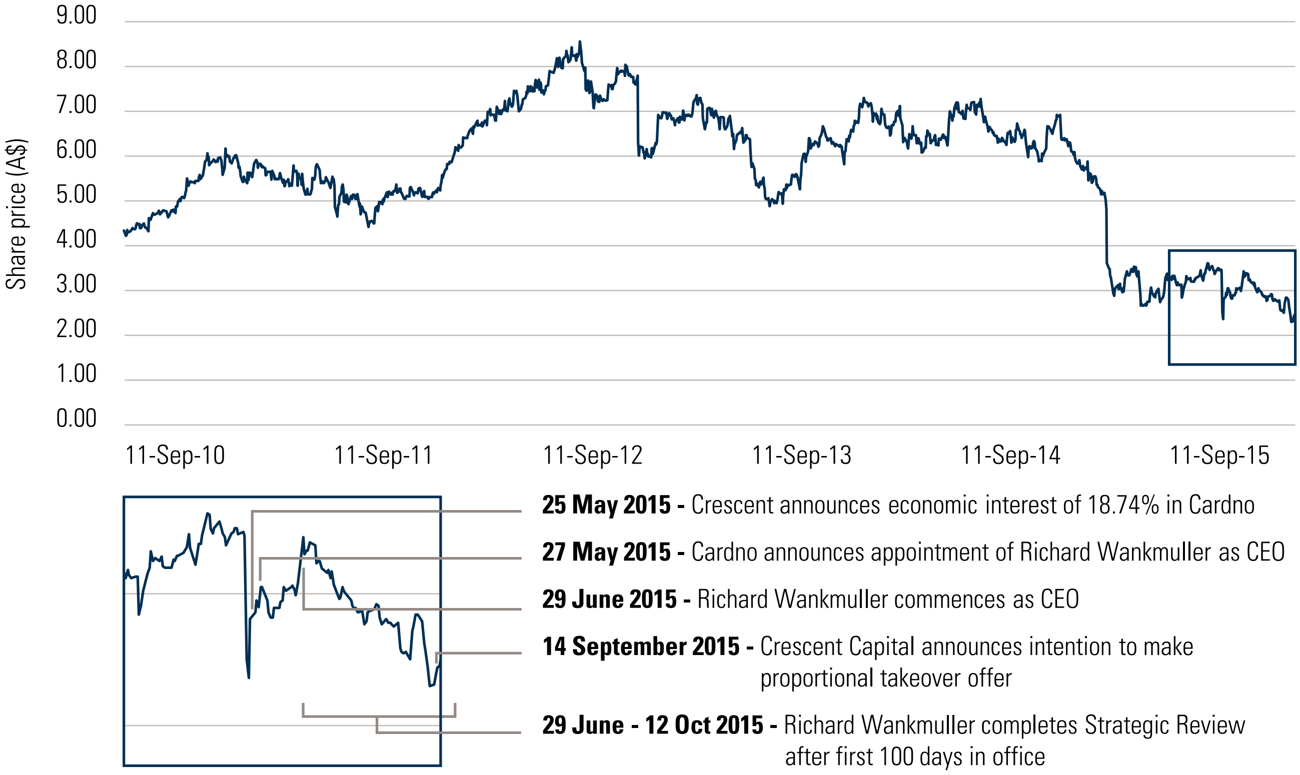
> Perceived market concerns relating to a slowdown in the demand for oil and gas services globally and less development activity in Australian mining and resources;

> Slower than anticipated conversion of backlog into project starts in the sectors in which Cardno operates;

> A delayed recovery in infrastructure investment in Australia; and

> Increased market volatility globally due to an uncertain economic outlook

Figure 3: Cardno five year share price graph[5]

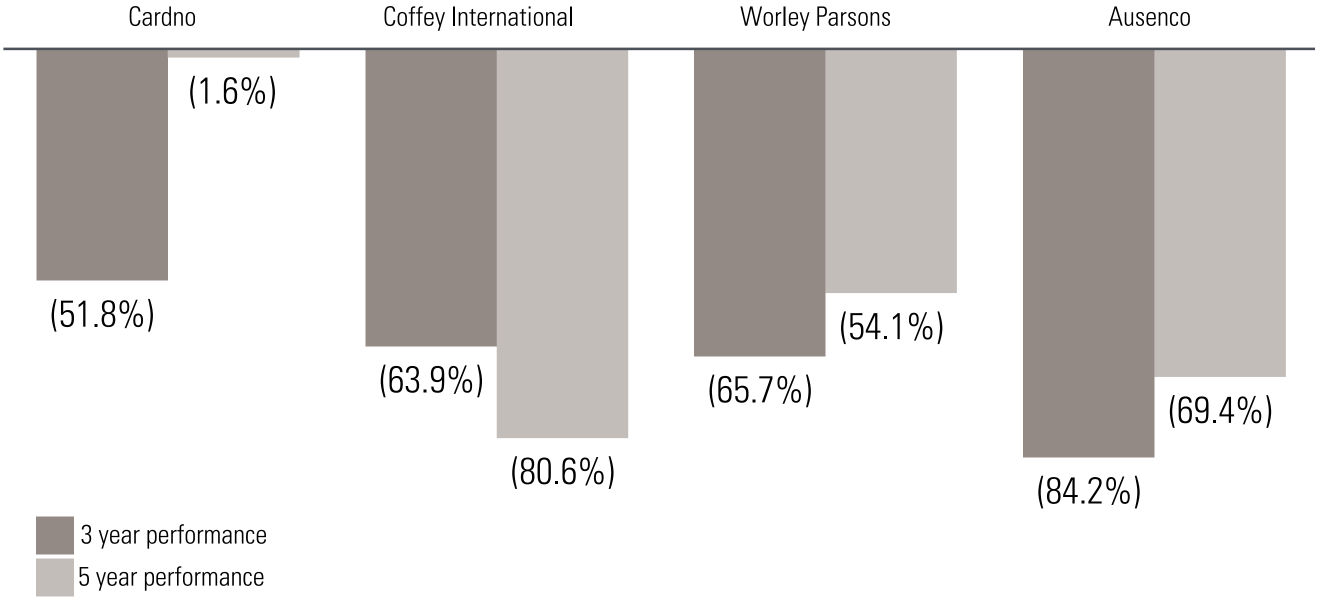


4 As at 11 September 2015

5 Cardno share price information over five years up to and including 11 September 2015. Source: IRESS as at 27 September 2015

The Board of Cardno believes that Cardno's share price prior to the Offer did not reflect Cardno's long term value. A number of Cardno's ASX-listed peers have also experienced challenging market conditions as set out in Figure 4 below.

Figure 4: Cardno performance versus peers[6]



By accepting the Offer, you will not be able to fully benefit from potential upside in Cardno's share price as the Strategic Review findings are implemented, operating performance of the business improves, and market conditions recover.

6 Three and five year performance is calculated based on share prices as at close of trade on 11 September 2012 and 10 September 2010, respectively, to 11 September 2015 (being the last trading day prior to the Offer) and dividends received (excluding any franking) over these periods assuming that dividends are not re-invested. Sourced from IRESS as at 27 September 2015.

1.4 Crescent is attempting to take control of Cardno with potentially adverse implications for non-Crescent Shareholders

If the Offer is successful you may be disadvantaged by Crescent's actions

Crescent's Offer has the potential to continue to cause uncertainty and instability for Cardno's management, employees and clients

If Crescent is successful in gaining control and implementing its proposed changes to Cardno's Board, it is proposing to use consultants to undertake another strategic review.

This has the potential to delay the implementation of initiatives from the Strategic Review, and create further uncertainty and instability for Cardno's management, employees and clients.

This has the potential to negatively impact the value of Cardno and its Shares.

Crescent may gain significant influence and potential control even if the Offer is only partially successful

Crescent will secure Board control (by virtue of it being able to carry an ordinary resolution) if it owns a majority of the Cardno Shares on issue. If this occurs, Crescent will be able to pass ordinary resolutions, regardless of the views or interests of other Shareholders, without having offered to acquire 100% of your Shares. This would enable Crescent to:

> control the composition of the Board and senior management (Crescent has already indicated its intention to replace some or all of the current Board[7]);

> determine Cardno's dividend policy (Crescent has already indicated its intention to either reduce or suspend dividends in the short term); and

> control the strategic direction of Cardno.

Additionally, if Crescent were to have a relevant interest in 25.1% of Cardno Shares, Cardno will not be able to pass resolutions requiring 75% approval without Crescent's support.

Crescent will also acquire significant influence over Cardno at ownership levels of less than 50%. Shareholder voting turnout at Cardno's Annual General Meeting has historically been approximately 60%. The table below sets out the proportion of non-Crescent Shareholders that would need to vote against Crescent's ordinary resolutions to defeat them depending on Crescent's respective shareholding.

Figure 5: Crescent may be able to effectively control Cardno without having to acquire 100% of your Shares

Shareholder acceptances	Resulting Crescent shareholding[8]	Minimum voting turnout required to defeat Crescent ordinary resolutions[9]	% of non-Crescent Shares required to defeat ordinary resolutions proposed by Crescent[10]
0%	19.7%	39.4%	24.5%
25%	29.7%	59.4%	42.2%
50%	39.8%	79.6%	66.1%
75%	49.8%	99.6%	99.2%
100%	59.8%	n/a	n/a

Should Crescent gain control, other Shareholders will effectively have limited or no influence despite continuing to own at least 40% of Cardno and potentially significantly more.

7 Crescent has stated its intention to appoint nominee Directors being Michael Alscher, Neville Buch and Nathanial Thomson. The Bidder's Statement remains silent on the engineering and construction experience of these nominees.

8 Calculated based on Crescent's, and its associates', relevant interest in Cardno shares (in accordance with the substantial holder notice lodged on 14 September 2015, plus 788,869 Cardno shares issued to Crescent under the Cardno dividend reinvestment plan.

9 Calculated as two times the resulting Crescent shareholding at various levels of shareholder acceptance.

10 Minimum voting turnout as a % of non-Crescent Shareholders required to defeat ordinary resolutions proposed by Crescent assuming Crescent and its associates vote in favour of the resolutions.

Future superior offer

Acceptances of the Crescent Offer will increase Crescent's holding in Cardno, which may reduce the prospects of another takeover offer or control transaction for Cardno eventuating. This means that Shareholders may not benefit from a control premium for their remaining Shares.

The Independent Expert notes that "*If the Offer is successful Crescent will control Cardno. As a result, in our opinion, it is unlikely that an alternative third party will make a takeover offer for Cardno in the short term.*"

Impact on trading of Cardno Shares

Cardno's free float level, or proportion of shares available to be freely traded on the ASX, will decrease as the number of acceptances of Crescent's Offer increases. Additionally, depending on the level of acceptances under the Crescent Offer, the marketability of Cardno Shares may be substantially reduced, which may adversely affect the price at which you are able to dispose of your Cardno Shares in the future.

1.5 Cardno is already taking action to improve its recent performance and increase shareholder value

Cardno's Strategic Review has been completed and initiatives are already being implemented to improve performance. If Crescent gains control and initiates another review, it will delay and distract management from these initiatives

Implementation has begun on the Strategic Review developed for FY16 and beyond. It puts Cardno in a position to target significant growth with improvement in EBITDA margins to the top quartile of Cardno's industry by 2019.

The Strategic Review identifies three imperatives:

> Getting Cardno's financial house in order

> Getting the platform right

> Focusing investment in the right places

Getting Cardno's financial house in order

The Strategic Review highlights two key actions for getting Cardno's financial house in order: reducing net debt and improving earnings.

Currently Cardno's total accounts receivable (billed receivables and unbilled work in progress) stands at around 105 days, compared to the industry's upper quartile benchmark performance of around 85 days. Each day of reduction in total accounts receivable delivers around A$4 million in cash receipt for Cardno, therefore achieving collection rates consistent with industry top quartile performance could accelerate receipt of $80 million in cash into the business and reduce Cardno's net debt accordingly.

The Strategic Review also outlines a number of other steps that Cardno is already taking to improve its working capital management including deferring capital expenditure, examining its billing cycle and managing its accounts payable to contract terms. These actions combined with the steps taken to improve profitability (which are discussed below) and the sale of non-core assets will reduce net debt, restore balance sheet strength and give Cardno a stronger platform from which to invest in growth opportunities in the future.

As the Strategic Review highlights, in order to improve earnings Cardno must deliver on business fundamentals. These fundamentals include completing the integration of previously acquired businesses, reducing overhead costs, and improving margins. The Strategic Review outlines the actions that are underway in each of these areas. It also points out some of the benefits of completing the actions that are underway. For example, the benefits of completing the integration of previously acquired businesses include increased utilisation rates and increased transparency. Combined, these two outcomes allow management to drive overall profitability.

Reducing Cardno's cost structure will have a direct impact on profitability. The Strategic Review shows Cardno's resolve in this area, with a target to reduce costs by $20 million on an annualised basis by the end of calendar 2015. These cost reductions are expected to improve EBITDA in the second half of FY16 by $10 million.

In addition, the Strategic Review outlines opportunities beyond FY16 to capture more savings and reduce cost of service by establishing a 'Value Centre' in India or the Philippines. Value centres are a proven concept and they are changing the cost dynamics of Cardno's industry, and Cardno must, and will, align with that reality.

Getting the platform right

The Strategic Review discusses three initiatives for creating a more robust and strategically diversified operational platform, capable of supporting sustainable long term growth at above average margins. The three initiatives are:

> divesting businesses that are not core to Cardno's future

> balancing Cardno's client base

> expanding Cardno's capabilities

The Strategic Review commits to a programme of divestiture of non-core businesses with a target of releasing between $50–90 million of capital. This capital can be better deployed elsewhere in the business or in reduction of debt than in holding on to underperforming and non strategic businesses.

The Strategic Review also identifies initiatives that will improve Cardno's economic resilience by seeking to maintain reasonable revenue distribution between work done for private sector clients and local, State and Federal government clients and to grow, by expanding Cardno's capabilities into some key markets like water and wastewater services in the US and assisting clients with optimising their operations around the world. Combined, these activities will allow Cardno to continually redefine itself and move into markets that provide growth opportunities as well as allowing Cardno to better serve its clients and maintain the margins needed to achieve industry top quartile margins. This should also enable Cardno to move into new markets and new client bases, with the opportunity to grow new relationships across which Cardno can sell a wide variety of its existing services.

Focusing the investment in the right places

A key part of the Strategic Review is ensuring that Cardno targets its investments in the right places to maximise long term value for Shareholders. To achieve this, the Strategic Review details the '10/10/10 strategy'.

The 10/10/10 strategy consists of identifying Cardno's top 10 geographies, clients and strategic opportunities. The attributes of a top 10 geography and a top 10 client are identified to focus Cardno's investment in a manner that will grow these businesses at above market rates. More detailed information on each of these can be found in the Strategic Review.

Conclusion

The Strategic Review focuses on getting Cardno's financial house in order to improve margins, fuel organic growth, create better capital management and generate an improved return on investment for Shareholders. It includes specific actions and attainable goals. Cardno's executive leadership team is already engaged in executing the recommendations of the Strategic Review. The Board believes that redirecting this energy and commitment to an alternative strategy will delay outcomes and may cause confusion and demotivate staff.

A copy of the Strategic Review can be found at www.cardno.com.au or on ASX.

1.6 Crescent's intentions are not sufficiently clear

Crescent has not detailed how it intends to improve Cardno's performance

Intentions for the business

Crescent has not made it clear how it intends to improve Cardno's performance. Crescent has stated that it will seek to, with Crescent's consulting staff, conduct another strategic review if its Offer is successful. The Board believes this will result in further uncertainty and instability for Cardno's management, employees and customers, which may damage the value of Cardno.

Crescent's previous investments have largely been in smaller middle-market businesses located in Australia and New Zealand. Crescent has no proven ability to manage a professional services business of Cardno's scale or global reach. The Independent Expert has also noted that *"Crescent is a private investment group and it has not indicated in its Bidder's Statement that it has relevant experience in operating engineering consulting businesses, including such businesses with significant global operations"*.

Limited engagement with management

Cardno's employees and their reputation are its key assets. Management and employees have done well to stabilise results in the Asia Pacific segment, including Australia, in difficult market conditions. If Crescent gains control of Cardno, the uncertainty may impact the ability to attract and retain key employees. To date, Crescent has had limited engagement with senior management.

Current management team

Other than Crescent's stated current intention not to change any of the senior management team, it is not known whether Crescent, if it obtains control, will keep existing management, including Mr Wankmuller, or whether it will continue to implement the outcomes of the Strategic Review.

1.7 The Offer may impact on Cardno's financing

A change in control of Cardno could have adverse consequences on Cardno's debt facilities

Crescent has not indicated how it would refinance Cardno's existing debt if there is a change of control and existing debt providers require repayment

A change in control of Cardno could have adverse consequences on Cardno's debt facilities. For the purposes of Cardno's debt facilities, a change in control is likely to occur if Crescent acquires greater than 50% of Cardno Shares and could occur at a lower shareholding level if Crescent is able to determine the outcome of decisions made by the Board at such a lower level. If there is a change of control, Cardno would need to notify the holders of its US$150 million[11] US Private Placement Notes within 5 days of the change of control and offer to repay the Notes (principal plus accrued interest) within 30 to 120 days from that notice.

Additionally, a change of control will trigger a review event under Cardno's current bank debt facilities, of which approximately US$151.9 million[12] was drawn down as at the end of September 2015. The review event may result in these facilities being cancelled.

Cardno's current financing is at attractive rates

The Board believes that Cardno's current financing is on attractive terms which are unlikely to be replicated if a refinancing was necessary at this time. As such, a refinancing resulting from a change of control has the potential to increase Cardno's cost of financing.

11 Approximately AUD 214 million at an AUD:US exchange rate of 0.701

12 Approximately AUD 216.7 million at an AUD:US exchange rate of 0.701

1.8 Your current Cardno Board knows Cardno's business, and has the appropriate skills and relevant experience to drive Cardno's performance

The current Cardno Board comprises the CEO and five independent Directors, including an independent Chairman. The ASX Corporate Governance Principles and Recommendations encourages listed Boards to have a majority of independent Directors to ensure that the Board's decision making is not dominated by particular stakeholders and maximise the likelihood that decisions of the Board will reflect the best interests of Shareholders generally (rather than the interests of a particular shareholder). Crescent intends to seek to replace some or all of Cardno's existing Directors with three of its executives, none of whom will be independent.

The experience, knowledge and expertise of the current Directors, and their understanding of Cardno's business, position them to assist management in driving long term value, while guiding the Company through the current difficult trading conditions and market volatility.

The Cardno Board regularly reviews whether the Directors as a group have the skills, knowledge and familiarity with the business and its operating environment that are required to fulfil their role on the Board and on Board committees, and takes necessary action where gaps exist. The Cardno Board consists of Directors with international business experience, including experience in the US, Cardno's largest market.

Richard Wankmuller commenced as Chief Executive Offer and Managing Director in June 2015. Mr Wankmuller is a US citizen with more than 30 years' international experience in professional engineering services and joined Cardno following an extensive international search.

Elizabeth Fessenden joined the Cardno Board as a Non-Executive Director in June 2014, bringing valuable skills, market insight and experience in the US market. Ms Fessenden comes from a strong operational background, with relevant professional services knowledge, and experience as a company Director.

Consistent with the Board's succession plan, prior to the Offer being announced, the Board commenced an international search for Non-Executive Director candidates with further operational experience in the professional engineering sector, with preference given to candidates with global experience.

Crescent's intentions for Cardno's Board

Crescent recently voted against the re-election of a number of Cardno's Non-Executive Directors. Crescent intends to seek to replace some or all of Cardno's existing Directors with three of its executives. Based on information disclosed by Crescent, none of its three nominee Directors have engineering consulting experience.

At about the time Crescent became a substantial holder, prior to announcement of the Offer, Cardno's Chairman asked a representative of Crescent whether it sought Board representation. Crescent indicated that it did not, and would prefer to keep its alternatives open. At the conclusion of the Offer, the Board intends to engage with Crescent regarding appropriate representation on the Cardno Board.

2. CARDNO BUSINESS UPDATE

2.1 Current operating performance and earnings expectations

The challenges Cardno identified in the 2015 financial year results presentation, particularly in relation to Cardno's second half performance, continue.

The Asia Pacific Region's operating performance appears to have stabilised. Recent project and contract wins have continued to improve the Asia Pacific backlog and the Board remains confident that the business will continue to perform in line with expectations.

Conversely, whilst the backlog has also continued to improve in the Americas region, performance has been below expectation due to delays in the start-up of new projects and continued uncertainty in the oil and gas industry, as well as a continuation of the impact of ongoing integration activities.

As outlined in the Strategic Review announced on 12 October 2015, Cardno has implemented a number of profitability improvement initiatives to improve performance in the Americas and is taking aggressive steps to reduce overheads. These steps include annualised cost reductions of over $20 million and are expected to deliver additional pre-tax cost savings net of implementation costs of $10 million in the 2016 financial year.

In addition, Cardno is currently incurring additional corporate costs associated with responding to the Crescent Offer. It is expected that this could impact pre-tax profits by as much as $3 million to $6 million depending on the duration and outcome of the Offer.

Given the actions that are underway, including the Strategic Review, the Board expects 2016 financial year earnings to be broadly in line with current consensus analyst estimates[13] before the costs associated with responding to the Crescent Offer, with the second half performance stronger than the first.

2.2 Debt covenants

Cardno was in compliance with the covenants in its debt facilities at 30 June 2015 and continues to monitor its performance in relation to future testing dates.

Cardno has a covenant in its debt facilities which requires it to have a net debt / EBITDA ratio of below 3.0x. At the end of last year this ratio had moved to 2.6x from its historic average in the low twos. Accordingly, and as outlined in the discussion on Cardno's capital management plan in the Strategic Review, Cardno is undertaking a range of measures to address its capital structure and improve the performance of the business.

Whilst the Board notes the challenges of the current operating environment, it expects that the steps being taken will enable Cardno to comply with its covenants at 31 December 2015.

As such, the Board does not currently intend to raise additional equity from Cardno Shareholders. The Board may consider this should other alternatives not eventuate as expected and if it is in the best interests of Shareholders at the time.

2.3 Non-core asset sales

As outlined in the Strategic Review, the Board and management intend to undertake the sale of businesses within Cardno that are not core to Cardno's future direction. Businesses that should be considered for sale have been identified and potential buyer discussions had commenced prior to the Offer being announced. The Board will keep Shareholders informed of developments.

2.4 Dividend policy

Consistent with past practice, the Board will determine the dividend at the end of each half year, depending on the performance and financial position of Cardno at the time.

13 Consensus broker forecasts are based on eight broker forecasts as at 2 October 2015, of which median NPAT was $44 million. Source: Thomson Reuters.

FREQUENTLY ASKED QUESTIONS ABOUT THE CRESCENT OFFER

The process governing takeovers is complex. This section of the Target's Statement is designed to help you understand some of the issues relating to the Crescent Offer.

Question	Answer	Further Information
Who is the bidder?	The Crescent Offer is made by Crescent Capital Investments Pty Limited ACN 604 704 298 (**Crescent**), a special purpose vehicle owned by a private equity fund (**Crescent Capital Partners V**). Information about Crescent can be obtained from section 1 of the Bidder's Statement or from Crescent's website at www.crescentcap.com.au/.	Section 5
What is the Crescent Offer?	Crescent has made an off-market proportional takeover bid for 1 out of every 2 Cardno Shares that Crescent does not already own for $3.15 per Cardno Share. The Offer was unsolicited as it was made without the endorsement or support of the Directors of Cardno.	Section 3.2
Does Crescent currently own any Cardno Shares?	Yes. Crescent is a current substantial holder. As at 8 October 2015, the last Trading Day before this Target's Statement was printed, Crescent and its associates had voting power of 19.67% in Cardno.	
What do your Directors recommend?	Your Directors unanimously recommend that you **REJECT** the Crescent Offer.	Section 1
Why are the Directors recommending that I reject the Offer?	The Directors recommend you REJECT the Offer for the following reasons: a. it significantly undervalues Cardno and your Cardno Shares b. it does not provide an adequate premium for control of Cardno c. it is opportunistic – made before Cardno's Strategic Review was completed and in a period of challenging market conditions d. Crescent is attempting to obtain control with potentially adverse implications for non-Crescent Shareholders e. Cardno is already taking action to improve its recent performance and increase shareholder value f. Crescent's intentions are not sufficiently clear g. the Offer may impact on Cardno's financing h. your current Cardno Board knows Cardno's business, and has the appropriate skills and relevant experience to drive Cardno's performance An explanation of these reasons is set out in section 1 titled 'Why you should reject the Crescent Offer'.	Section 1
What is the Independent Expert's opinion on the Offer?	The Independent Expert has concluded that the Crescent Offer is neither fair nor reasonable. The Independent Expert has assessed the value of Cardno Shares to be in the range of $3.74 and $4.13 per Share and has stated that *"the Offer does not provide Shareholders with a sufficient premium to compensate them for the fact that control of Cardno will pass to Crescent if the Offer is successful"*.	Annexure A

Question	Answer	Further Information
What choices do I have as a Cardno Shareholder?	As a Cardno Shareholder, you have the following choices: a. you can reject the Offer by doing nothing; b. you can accept the Offer for 50% of your Cardno Shares and retain the other 50%; c. you can accept the Offer for 50% of your Cardno Shares and sell the other 50% of your Cardno Shares on market - any purchaser of such Cardno Shares will not be able to accept the Offer in respect of those Cardno Shares and settlement of the on-market trade will be deferred until after the end of the Offer Period; or d. you can sell some or all of your Cardno Shares on market (unless you have previously accepted the Crescent Offer and you have not validly withdrawn your acceptance), in which case the purchaser of those Cardno Shares may accept the Offer in respect of 50% of the Cardno Shares that they purchase and settlement will occur on the normal T+3 settlement basis. When deciding what to do, you should carefully consider the Directors' recommendation.	Section 6
Can I accept the Crescent Offer for all of my Cardno Shares?	The Crescent Offer is a proportional takeover bid. Crescent has offered to acquire 1 out of every 2 Cardno Shares held by each Shareholder. This means you may only accept the Offer for 50% of your Cardno Shares. You cannot accept the Offer for your entire shareholding.[14]	Section 3.2
How do I accept the Crescent Offer?	Details of how to accept the Crescent Offer are set out in section 8.4 of the Bidder's Statement.	Section 6
How do I reject the Crescent Offer?	To reject the Crescent Offer, you do not need to do anything. You should ignore all documents sent to you by Crescent.	Section 6
When do I have to decide?	If you want to accept the Crescent Offer, you need to do so before the end of the Offer Period. The Offer Period will remain open until 7.00pm (Sydney time) on 28 October 2015, unless extended or withdrawn by Crescent. If you want to reject the Crescent Offer, you do not need to do anything.	Section 3.3
Can Crescent vary the Crescent Offer?	Yes. Crescent can vary the Crescent Offer by waiving the Conditions, extending the Offer Period or increasing the Offer Price.	Section 3.8
When does the Crescent Offer close?	The Crescent Offer will close on 28 October 2015 at 7.00pm (Sydney time), unless it is extended or withdrawn.	Section 3.3
What happens if Crescent increases the consideration payable under the Offer?	If Crescent increases the consideration payable under the Offer, you will receive the higher consideration even if you have already accepted the Offer.	Section 3.8

14 If accepting the Offer would leave you with less than a Marketable Parcel of Cardno Shares, the Offer will extend to all of your Cardno Shares subject to the modification to section 618(2) of the Corporations Act made by ASIC under Class Order [CO 13/521]. See section 8.1(d) of the Bidder's Statement for further details.

Question	Answer	Further Information
Is the Offer conditional?	The Crescent Offer is subject to a number of defeating conditions, including that there be no: a. Prescribed Occurrence; b. regulatory intervention; c. material adverse change; d. additional material capital expenditure, acquisitions or disposals; e. new or amending financing; f. S&P/ASX 200 index fall; or g. entry into a merger implementation deed. This is only a summary of the Conditions. See section 3.4 of this Target's Statement and section 8.7 of Crescent's Bidder's Statement for further details about the Conditions.	Section 3.4
What are the consequences of accepting the Offer now? If I accept the Offer, can I withdraw my acceptance?	If you accept the Crescent Offer while it is still conditional, unless withdrawal rights are available, you will not be able to sell the 50% of your Cardno Shares to which the Offer relates (including to another bidder that may make a takeover offer), or otherwise deal with those Cardno Shares while the Offer remains open. If the Conditions of the Offer are not satisfied or waived and the Offer lapses, you will be free to deal with those Cardno Shares, even if you accepted the Offer. You may only withdraw your acceptance if Crescent extends by more than one month the time it has to provide the consideration under the Offer, and the Offer is still conditional at that time.	Section 3.6
What happens if I do nothing? Can I be forced to sell my Cardno Shares?	If you do nothing, you will remain a Cardno Shareholder. If all Cardno Shareholders accept the Offer, and the Offer is freed of the Conditions, Crescent will acquire voting power of almost 60% in Cardno. Crescent will not be able to proceed to compulsory acquisition, so you will retain any Cardno Shares that have not been accepted into the Offer.	Section 6
Is there any minimum acceptance condition?	No. The Crescent Offer is not subject to a minimum acceptance condition.	Sections 3.4 and 3.9
What happens if the conditions of the Crescent Offer are not satisfied or waived?	If you accept the Offer but the Conditions of the Crescent Offer are not satisfied or waived before the Offer closes, the Offer will lapse, the 50% of your Cardno Shares to which the Offer relates will not be transferred to Crescent, and you will not receive the consideration under the Crescent Offer.	Section 3.5
When will I receive my consideration if I accept the Offer?	If you accept the Crescent Offer and the Offer becomes unconditional, you will receive your consideration by the earlier of: a. one month after the later of: b. the date Crescent receives a valid acceptance from you; and c. the date the Offer becomes unconditional; and d. 21 days after the end of the Offer Period.	Section 3.7

Question	Answer	Further Information
What are the tax implications of accepting the Crescent Offer?	A general outline of the tax implications of accepting the Crescent Offer is set out in section 8 of this Target's Statement. You should consult your financial or tax adviser for advice on the tax implications applicable to your individual circumstances.	Section 8
What is a bidder's statement?	The documents sent to you by Crescent include a document called a bidder's statement. It contains information about the Offer.	
What is a target's statement?	This document is a target's statement. It contains information prepared by your Directors to help you decide whether to accept the Offer, including the Directors' recommendation about the Offer and the Independent Expert's Report.	
What if I have other questions about the Offer?	If you have any questions, please call the Shareholder Information Line on 1300 362 398 (within Australia) or +61 2 8355 1004 (outside Australia) on weekdays between 9.00am and 5.00pm (Sydney time). Announcements made to ASX by Cardno and other information relating to the Crescent Offer can be obtained from Cardno's website at www.cardno.com.au.	
What will happen if another Offer is presented to the Cardno Board?	The Cardno Board will consider all alternatives to maximise shareholder value. If a superior offer from another bidder emerges and you have already accepted the Offer, you will not be able to accept the superior offer for the 50% of your Cardno Shares to which the Crescent Offer relates, unless you become entitled to withdraw your acceptance or the Crescent Offer lapses. If you have not accepted the Offer and a superior offer emerges, you will be able to accept that superior offer for 100% of your Cardno Shares (assuming you do not otherwise sell your Cardno Shares on market). Cardno will continue to update Shareholders on all developments as necessary.	
What will happen to my remaining Cardno Shares if I accept the Offer?	Your remaining Shares will continue to be listed on the ASX and you will continue to hold them.	
What are Crescent's intentions with respect to the business?	If the Offer is successful, Crescent may end up holding almost 60% of Cardno and therefore be in a position to exert significant control over the Company. Crescent has indicated that it would, if successful, nominate three Directors to the Board, cut dividends indefinitely and undertake their own strategic review. These actions will further distract management and delay the implementation of the already completed Strategic Review by Richard Wankmuller.	Section 1.6

3. ABOUT THE CRESCENT OFFER

3.1 History

On 14 September 2015, Crescent announced its intention to make an off-market takeover bid for 1 out of every 2 Shares in Cardno that Crescent does not already own and lodged its Bidder's Statement with ASIC.

On 28 September 2015, the Bidder's Statement was despatched to Cardno Shareholders. The Bidder's Statement contains the Crescent Offer.

3.2 Summary of the Crescent Offer

The Crescent Offer is to acquire 1 out of every 2 Shares in Cardno that Crescent does not already own, and any rights attaching to those Shares, for $3.15 cash for each Cardno Share.

The Offer is a proportional takeover bid and does not provide Shareholders with the ability to sell their entire shareholding.[15] Accordingly, if you accept the Offer, you will:

a. receive $3.15 cash per Share for 50% of your shareholding in Cardno; and

b. retain the other 50% of your shareholding in Cardno.

If you wish to sell the remainder of your Cardno Shares, you may do so on market, but there is no guarantee of the price at which the Cardno Shares will trade from time to time, whether before or after the closing date of the Offer. The sale of the remainder of your Cardno Shares on market after you accept the Offer will also be subject to deferred settlement trading, meaning the sale of those shares will not settle until after the end of the Offer.

3.3 Offer Period

The Crescent Offer will remain open for acceptance until 7:00pm (Sydney time) on 28 October 2015, unless extended or withdrawn under the Corporations Act.

3.4 Conditions of the Crescent Offer

The Crescent Offer is subject to those conditions set out in full in section 8.7 of the Bidder's Statement, which are as follows:

a. No Prescribed Occurrence

Between the Announcement Date and the end of the Offer Period (each inclusive) none of the following occur:

(i) Cardno converts all or any of its shares into a larger or smaller number of shares;

(ii) subject to paragraph (xiv)(A), any member of the Cardno Group issues or grants any new shares, options, rights or other securities (other than shares issued pursuant to Cardno's dividend reinvestment plan in connection with the FY15 Dividend Announcement or otherwise as announced or publicly disclosed before the Announcement Date) or agrees to make such an issue or grant;

(iii) Cardno resolves to reduce its share capital in any way;

(iv) Cardno:

  (a) enters into a buy-back agreement; or

  (b) resolves to approve the terms of a buy-back agreement under the Corporations Act;

(v) any member of the Cardno Group issues, or agrees to issue, convertible notes;

(vi) any member of the Cardno Group disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;

(vii) any member of the Cardno Group grants, or agrees to grant, a security interest in the whole, or a substantial part, of its business or property;

(viii) any member of the Cardno Group resolves to be wound up;

(ix) a liquidator or provisional liquidator is appointed to any member of the Cardno Group;

(x) a court makes an order for the winding up of any member of the Cardno Group;

(xi) an administrator of any member of the Cardno Group is appointed under section 436A, 436B or 436C of the Corporations Act;

(xii) any member of the Cardno Group executes a deed of company arrangement;

(xiii) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property or any member of the Cardno Group; or

15 If accepting the Offer would leave you with less than a Marketable Parcel of Cardno Shares, the Offer will extend to all of your Cardno Shares subject to the modification to section 618(2) of the Corporations Act made by ASIC under Class Order [CO 13/521]. See section 8.1(d) of the Bidder's Statement for further details.

(xiv) any member of the Cardno Group:

(a) vests, accelerates the vesting or waives or amends any conditions of vesting of any rights (including the Performance Rights) or options granted under any employee or Director share, option or incentive plan (except in respect of vesting Performance Rights under the Performance Equity Plan but only in circumstances where Crescent has obtained voting power of more than 50% in Cardno and the terms of the Performance Equity Plan require Cardno to vest those Performance Rights. For the avoidance of doubt, the exercise of a discretion by the Cardno Board to vest any Performance Rights will be a breach of this condition);

(b) grants or amends the terms of, any securities, options or rights to any of the Directors or employees of the Cardno Group (or former Directors or employees) as compensation or benefits of any kind (including under any employee or Director share, option or incentive plan); or

(c) waives or forgives any loans made by any member of the Cardno Group in respect of Cardno Shares issued under any employee or Director share, option or incentive plan, or in respect of rights or options under the Performance Equity Plan or any other options or rights plan, the vested rights and/or vested options are cancelled for consideration higher than the net benefit to the Director or employee had the rights been exercised and the Offer accepted.

b. No regulatory intervention

Between the Announcement Date and the end of the Offer Period (each inclusive):

(i) there is not in effect any temporary restraining order, preliminary or permanent injunction, decision, decree or other order issued by any court of competent jurisdiction or by any Government Agency, nor is there in effect any other legal restraint or prohibition; and

(ii) no action or investigation is announced or commenced by any Government Agency, which restrains, prohibits or otherwise materially adversely impedes or impacts upon (or could reasonably be expected to restrain, prohibit or otherwise materially adversely impede or impact upon):

(a) the making of the Offers or the completion of any transaction contemplated by the Offers; or

(b) the rights of Crescent in respect of Cardno or the Cardno Shares; or

(c) requires the divestiture by Crescent of any Cardno Shares or the divestiture of any assets of the Cardno Group.

c. No material adverse change

Between the Announcement Date and the end of the Offer Period (each inclusive):

(i) no event, matter or thing occurs, and Cardno does not disclose information concerning any event, matter or thing, which has, will or is reasonably likely to have a material adverse effect on the assets, liabilities, business, financial or trading position, performance, profitability or prospects of Cardno (whether individually or when aggregated with one or more other events, matters or things); and

(ii) no event, matter or thing, as described in sub-paragraph (i), which occurred on or before the Announcement Date but was not apparent from publicly available information before then, becomes known.

d. No additional material capital expenditure, acquisitions or disposals

Other than any transaction or expenditure announced or publicly disclosed before the Announcement Date, between the Announcement Date and the end of the Offer Period (each inclusive), neither Cardno nor any Cardno Group Member incurs or commits to incur a capital expenditure, acquires or disposes, offers to acquire or dispose or enters into or announces any agreement to acquire or dispose one or more companies, businesses or assets (or an interest in one or more companies, businesses or assets) or enters into any corporate transaction, which would or would be likely to involve a material change in:

(i) the manner in which Cardno conducts its business;

(ii) the nature, extent or value of the assets of Cardno; or

(iii) the nature, extent or value of the liabilities of Cardno.

e. No new or amending financing

Between the Announcement Date and the end of the Offer Period (each inclusive), neither Cardno nor any Cardno Group Member enters into any new financing agreement, arrangement or instrument or otherwise provide financial accommodation, or amend the terms or principal amount of any existing financing agreement, arrangement or instrument in respect of an amount equal to or above $50,000,000.

f. No index fall

Between the Announcement Date and the end of the Offer Period (each inclusive), the S&P/ASX 200 Index does not close below 4,564 for 2 or more consecutive Trading Days.

g. Merger implementation deed

Between the Announcement Date and the end of the Offer Period (each inclusive), Cardno does not enter into a merger implementation deed or other agreement or arrangement pursuant to which a party other than Crescent would, if completed, directly or indirectly acquire an interest (including an economic interest by way of an equity swap) or a Relevant Interest in 20% or more of Cardno Shares.

Crescent may waive any of these Conditions under the Corporations Act.

3.5 Consequences if Conditions not satisfied

If the Conditions are not satisfied or waived before the Offer closes, the Offer will lapse. This means that:

a. if you have accepted the Crescent Offer, your acceptance is void and you will continue to hold all of your Cardno Shares, free to deal with however you choose; or

b. if you have not accepted the Crescent Offer, you continue to hold all of your Cardno Shares, free to deal with however you choose.

3.6 Effect of acceptance

The effect of acceptance of the Crescent Offer is set out in section 8.6 of the Bidder's Statement. Read that section carefully to understand the effect that acceptance will have on your ability to exercise the rights attaching to your Cardno Shares and the representations and warranties which you will be deemed to give Crescent by accepting the Crescent Offer.

In addition, if you accept the Crescent Offer, you will:

a. relinquish control of the 50% of your Cardno Shares to which the Offer relates to Crescent with no guarantee of receipt of the Offer consideration until the Offer becomes, or is declared, unconditional;

b. be prevented from selling the 50% of your Cardno Shares to which the Offer relates on ASX;

c. be prevented from accepting any higher takeover bid that may be made by a third party or any alternative transaction proposal that may be recommended by the Directors in respect of the 50% of your Cardno Shares to which the Offer relates; and

d. if you choose to sell the remaining 50% of your Cardno Shares (to which the Offer does not relate) on market, you will not receive payment until after the end of the Offer Period.

3.7 Payment of consideration

Crescent has set out in section 8.2(b) of the Bidder's Statement the timing of the payment of the consideration to holders of Cardno Shares who accept the Crescent Offer. In general terms, you will receive the consideration to which you are entitled under the Crescent Offer on or before the earlier of:

a. one month after the date of your acceptance or, if the Offer is subject to a defeating condition when you accept the Offer, within one month after the Offer becomes unconditional; and

b. 21 days after the end of the Offer Period.

3.8 Changes to the Crescent Offer

Crescent can vary the Crescent Offer at any time by:

a. waiving the Conditions to the Crescent Offer;

b. extending the Offer Period; or

c. increasing the consideration offered under the Crescent Offer.

If you accept the Crescent Offer and Crescent subsequently increases its Offer Price, you are entitled to receive the higher price but your ability to withdraw that acceptance to participate in the benefit of a superior offer (should one eventuate) is limited.

3.9 Crescent's intentions

There is no minimum acceptance condition to the Crescent Offer. Crescent has stated that if it obtains a sufficiently large shareholding as a result of acceptances of the Crescent Offer, or otherwise in accordance with the law, it is the intention of Crescent to drive a process of Board renewal and change.

In particular, as set out in section 3.2 of the Bidder's Statement, Crescent intends to:

a. seek to replace some or all of the Directors with nominees of Crescent;

b. encourage the Directors to, or if they are replaced, ensure that the new Cardno Board does, reduce or stop paying dividends to Shareholders; and

c. potentially alter the decision making and management reporting structure of Cardno given Crescent's North American focus.

4. PROFILE OF CARDNO

Section 4 contains more detailed information on Cardno's businesses, financial outlook and the management of Cardno.

4.1 Introduction

Cardno is an ASX-200 professional infrastructure company with a market capitalisation of about $501 million at 8 October 2015, being the last Trading Day before this Target's Statement was printed.

Cardno has specialist expertise in the development and improvement of physical and social infrastructure for communities worldwide. Cardno's team is comprised of leading professionals who plan, design, manage and deliver sustainable projects and community programs. The diverse skills and experience of Cardno's management allow Cardno to offer integrated services in ten market sectors, to clients both locally and across the globe. Cardno has a vision to be a world leader in the provision of professional services to improve the physical and social environment.

A list of Cardno's controlled entities as at 30 June 2015 can be found in its 2015 Annual Report.

4.2 Business overview

Cardno provides a range of professional services, including but not limited to feasibility, planning, environment, design, software, project management, materials testing, construction management, asset management, management consulting and development assistance. Cardno's market is by no means confined, spanning buildings, land, coastal and ocean, environment, emerging markets, management services, energy and resources, transportation, water and defence. Cardno's recent projects and notable operations principally comprise:

a. the provision of geotechnical engineering and construction materials testing services for the multi-billion dollar Australia Pacific Queensland Curtis and Gladstone LNG projects in Queensland, Australia;

b. the use of cutting-edge technology on a topographic survey in a remote citrus grove site in Florida, United States of America;

c. projects to restore the fragile Tahoe Basin ecosystem in Nevada and California, United States of America;

d. two highway widening projects in Florida, United States of America, involving the provision of a construction layout and replacement of bridges; and

e. the provision of fiscal agent services in locations such as Benin, Georgia, Ghana, Indonesia, Mali, Malawi and Moldova

4.3 Directors

The Directors of Cardno are set out below:

John Marlay – Chairman

John Marlay joined Cardno as a Non-Executive Director in November 2011 and was appointed Cardno Chairman in August 2012. He is also a Non-Executive Director of Incitec Pivot Limited (since 2006), Boral Limited (since 2009) and Independent Chairman of Flinders Ports Holdings Limited (since 2013). From 2002 to 2008, John held the position of Chief Executive Officer and Managing Director of Alumina Limited. John held various senior management roles with Pioneer International Limited and Hanson PLC from 1995 to 2002. Prior to that John also held executive management positions with James Hardie Ltd and Esso Australia Ltd. John is Chairman of the Nominations Committee and a member of the Remuneration Committee.

Richard Wankmuller – CEO and Managing Director

Richard Wankmuller joined Cardno as Chief Executive Officer and Managing Director in 2015. He has more than 30 years' experience in professional engineering services, implementing several successful growth and transformation strategies across international and domestic markets. Prior to joining Cardno, Richard was a Director of GHD Group Pty Limited and President of GHD Americas, where he helped grow the firm from 350 employees to about 4,000. From 2007 to 2010, he had global responsibility for Parsons' Water and Infrastructure business. During this time, Parsons moved their global market position from outside the top 20 to number eight. Prior to joining Parsons, he spent 17 years in senior executive roles at international infrastructure engineering company, MWH, working across the water, infrastructure, environment, construction, mining, and oil and gas industries. He was also a member of GHD's Board of Directors from 2013 to 2015, and served on MWH's parent company's Board of Directors (MWH Global Inc.) from 2002 to 2007.

Tonianne Dwyer – Non-Executive Director

Tonianne Dwyer became a Non-Executive Director of Cardno Limited in June 2012. She is also a Non-Executive Director of DEXUS Property Group and of DEXUS Wholesale Property Fund, a Non-Executive Director of Metcash Limited and a Non-Executive Director of Queensland Treasury Corporation. Tonianne's executive career has included roles as Executive Director and Head of Funds Management at Quintain Estates and Development (from 2003 to 2010), and Director of investment banking at Societe Generale/SG Cowen/Hambros Bank in London (from 1987 to 2003). Tonianne is a member of the Audit, Risk & Compliance Committee and the Nominations Committee.

Anthony Barnes – Non-Executive Director

Tony Barnes has been a Non-Executive Director of Cardno since 31 July 2008. He was formerly the Chief Financial Officer of Zinifex Limited, an international mining, exploration and development company. He also held the position of Chief Executive Officer of Zinifex Limited for a period. He played a key role in the successful IPO of Zinifex Limited in May 2004 and in its subsequent restructure, culminating in the merger with Oxiana Limited in July 2008 to form Oz Minerals Limited. Tony has extensive financial experience following a career which included more than 32 years with BHP, both within Australia and internationally. Tony is also a Director of the Victorian Rugby Union Inc, the Parent-Infant Research Institute and the Leo Cussen Centre for Law. Tony is Chairman of the Audit, Risk & Compliance Committee and a member of the Remuneration Committee.

Grant Murdoch – Non-Executive Director

Grant Murdoch became a Non-Executive Director of Cardno Limited in January 2013. Grant is a Chartered Accountant with over 38 years of experience as a partner in audit and corporate finance with international accounting firms. For eight years, up to his retirement from the practice in July 2011, he headed the Corporate Finance team for Ernst & Young in Queensland Australia. He is an independent Non-Executive Director of ALS Limited, OzForex Limited and QIC Limited, and is Chairman of the Board of Directors of The Endeavour Foundation and Senator of the University of Queensland. He is a Non-Executive Director of UQ Holdings and an Adjunct Professor of the BEL faculty at UQ. Grant is a Fellow of the Australian Institute of Company Directors and a Fellow of the Institute of Chartered Accountants in Australia. He has a Master of Commerce (Honours) from the University of Canterbury, New Zealand and is a Graduate of the Kellogg Advanced Executive Program at the North Western University, Chicago USA. Grant is a member of the Audit, Risk & Compliance Committee and Chairman of the Remuneration Committee.

Elizabeth Fessenden – Non-Executive Director

Elizabeth Fessenden joined Cardno as a Non-Executive Director on 1 June 2014. She is retired from a career with Alcoa where she last held the position of president of the worldwide flexible packaging business. Elizabeth's US-based Alcoa career also included positions in engineering management, marketing, smelting plant management, and executive development and staffing. Early in her career she held a Professional Engineering license. Following her retirement from Alcoa, she joined a private equity firm where she advised portfolio company executive teams and served on the Boards of several manufacturing companies. In May 2014, she completed her six year term as a Director of O'Brien & Gere, a consulting engineering firm in the US. She is currently an independent Non-Executive Director for Quarles Petroleum. Previously she was a Director for Polymer Group Inc. from 2008 to 2011 and a Trustee for Clarkson University from 1990 to 2012. As an experienced corporate and not-for-profit Board Director, she is cited for driving change and adding value in the area of operations, financials and strategic direction. Elizabeth is a member of the Remuneration Committee.

4.4 Financial information

Cardno's annual report was released to ASX on 18 August 2015 and contains Cardno's audited financial statements for the year ended 30 June 2015. Copies of Cardno's annual report can be found on the company's website at www.cardno.com.au. These reports also contain details of Cardno's accounting policies. Shareholders without internet access can obtain copies of these reports by contacting the Shareholder Information Line on 1300 362 398 (within Australia) or +61 2 8355 1004 (outside Australia) on weekdays between 9.00am and 5.00pm (Sydney time).

An update on Cardno's financial position and performance is set out in section 2 of this Target's Statement.

4.5 Publicly available information

Cardno is a company listed on ASX and is subject to periodic and continuous disclosure requirements of the Listing Rules and the Corporations Act. A substantial amount of information on Cardno is publicly available and may be accessed by referring to Cardno on www.asx.com.au.

A list of announcements made by Cardno to ASX between 1 July 2015 and 8 October 2015, the last Trading Day before this Target's Statement was printed, is set out in Annexure B. This information may be relevant to your assessment of the Crescent Offer. Copies of the announcements are available from ASX.

Further announcements about developments on the Crescent Offer will continue to be made available on Cardno's website at www.cardno.com.au after the date of this Target's Statement.

4.6 Further information

Further information about Cardno can be found on Cardno's website: www.cardno.com.au.

4.7 Issued capital

At the date of this Target's Statement, Cardno's issued capital comprised 169,180,169 Cardno Shares and 5,820,530 Performance Rights.

5. ABOUT CRESCENT

5.1 Disclaimer

The following information about Crescent has been prepared by Cardno using publicly available information, including information in the Bidder's Statement, and has not been independently verified. Accordingly, Cardno does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

The information on Crescent in this Target's Statement should not be considered comprehensive.

5.2 Overview of Crescent and its principal activities

Crescent has been incorporated specifically for the purpose of acquiring an interest in Cardno Shares, including those pursuant to the Offer. All shares in Crescent are currently held by entities comprising Crescent Capital Partners V, a fund advised by Crescent. Following the Offer, if successful, the Cardno Shares acquired by Crescent prior to and under the Offer, will be transferred in various proportions to be held directly by entities advised by Crescent (**Crescent Advised Funds**). All Crescent Advised Funds and Crescent are advised by Crescent Capital Partners Management Pty Limited ACN 108 571 820 (**Crescent Capital Partners**) and decision making in respect of the investment in Cardno by all such entities will be determined by Crescent Capital Partners. As set out in section 5.2 of the Bidder's Statement, the Crescent Advised Funds are contractually obliged to provide the funding required to pay the cash consideration as and when required by Crescent.

5.3 Further information

Crescent is a privately held company. Further information about Crescent can be found on Crescent's website: www.crescentcap.com.au.

6. YOUR CHOICES AS A CARDNO SHAREHOLDER

Your Directors unanimously recommend that you **REJECT** the Crescent Offer.

As a Cardno Shareholder, you can respond to the Crescent Offer in one of three ways.

6.1 REJECT the Offer and do not sell your Shares on market

If you reject the Crescent Offer and do not wish to sell your Shares on market, you should do nothing.

You should note that despite the fact that Crescent will not proceed to compulsory acquisition, Crescent may control Cardno. Further, Crescent may acquire significant influence over Cardno at ownership levels less than 50%. For example, if Crescent acquires a number of Cardno Shares under the Offer, such that it would have a relevant interest in 25.1% or more of Cardno Shares, Cardno will not be able to pass any resolutions requiring approval by 75% of its Shareholders without Crescent's support.

Your Directors recommend that you **REJECT** the offer.

6.2 Accept the Offer

The Directors unanimously recommend that you REJECT the Crescent Offer. However, if you choose to accept the Crescent Offer, you should follow the instructions in section 8.4 of the Bidder's Statement and on the acceptance form accompanying the Bidder's Statement.

If you accept the Offer and choose to sell the remaining 50% of your Cardno Shares on market, any purchaser of such Cardno Shares will not be able to accept the Offer in respect of 50% of those Cardno Shares and the settlement of any trading in the retained Cardno Shares not subject to the Crescent Offer will be deferred until after the end of the Offer Period.

Crescent has stated that the Offer remains open until 7.00pm (Sydney time) on 28 October 2015. Crescent may choose to extend the Offer Period.

6.3 Sell your Cardno Shares on market

During the Offer Period, you can still sell your Shares on market for cash if you have not already accepted the Crescent Offer for those Shares. If you choose to do so, the purchaser of those Cardno Shares may accept the Offer in respect of 50% of those Cardno Shares and settlement will occur on the normal T+3 basis.

The latest price for Cardno Shares may be obtained from the ASX website www.asx.com.au.

If you sell your Shares on market, you:

a. will lose the ability to accept the Crescent Offer and any higher offer in respect of those Shares (which may or may not eventuate);

b. will lose the opportunity to receive future returns from Cardno;

c. may be liable for capital gains tax on the sale (refer to section 8 for further details); and

d. may incur a brokerage charge.

7. DISADVANTAGES ASSOCIATED WITH REJECTING THE CRESCENT OFFER

Although your Directors unanimously recommend that you REJECT the Crescent Offer, there may be some disadvantages in doing so. A summary of some of those disadvantages is set out below.

This summary is not exhaustive and you should have regard to your own personal investment objectives and financial circumstances, and should consult your professional advisers, before deciding whether or not to accept the Crescent Offer.

7.1 The Offer Price represents a premium to recent Cardno Share trading prices

While your Directors recommend that you REJECT the Offer, the Offer Price nevertheless represents a premium to recent Cardno Share trading prices.

7.2 The Offer provides the opportunity for Shareholders to realise part of their investment in Cardno

Under the Crescent Offer, all Cardno Shareholders have an opportunity to realise 50% of their investment in Cardno for a certain cash consideration (subject to the Conditions being satisfied or waived).

7.3 A superior proposal may not arise

As at the date of this Target's Statement, the Crescent Offer represents the only offer for Cardno Shares. There is no guarantee that an alternative offer for Cardno Shares will be made, or that any alternative offer will be superior to the Crescent Offer.

7.4 Risks associated with continuing to hold Cardno Shares

While Cardno is in the process of implementing a number of clear measures to improve performance, there is no guarantee that this will result in improved shareholder returns in the near term or at all. If you reject the Crescent Offer and do not otherwise sell your shares on-market, you continue to be exposed to share price performance in respect of your entire shareholding in Cardno. Accepting the Crescent Offer reduces the risks associated with continuing to hold all of your Cardno Shares, including risks associated with Cardno's business as well as general industry and market risks.

8. TAX CONSEQUENCES

8.1 Introduction

The following is a general summary of the potential Australian income tax consequences generally applicable to a Shareholder who disposes of Cardno Shares under the Crescent Offer. This summary is based on the law and practice in effect on the date of this Target's Statement.

The following summary is not intended to be an authoritative or complete statement of the tax law applicable to the specific circumstances of every Shareholder.

In particular the summary is only applicable to Shareholders that are Australian residents for income tax purposes and hold their Cardno Shares on capital account for income tax purposes. **This summary does not apply to Shareholders that hold their Cardno Shares in the course of a business of trading or dealing in securities.**

All Shareholders are advised to seek independent professional advice about their particular circumstances and non-resident Shareholders should seek their own advice on the Australian and foreign tax consequences associated with any sale of Cardno Shares.

8.2 CGT consequences on the disposal of Cardno Shares

A Shareholder that accepts the Crescent Offer and whose Shares are subsequently transferred to Crescent, is taken to have disposed of those Cardno Shares for Australian capital gains tax (CGT) purposes. Shareholders make a capital gain equal to the amount by which the Crescent Offer consideration exceeds the cost base that the Shareholder has for the Cardno Shares sold. Subject to the availability of the CGT discount (see below) and any losses available to be offset against the capital gain, this amount is included in the Shareholder's taxable income.

A Shareholder will alternatively make a capital loss equal to the amount by which the reduced cost base of the Cardno Shares exceeds the consideration. A capital loss may be used to offset a capital gain made in the same income year or be carried forward to offset a capital gain made in a future income year, subject to the satisfaction of certain loss recoupment tests applicable to companies and trusts.

8.3 Cost base of Cardno Shares generally

The cost base of Cardno Shares would generally be equal to the amount the relevant Shareholder paid to acquire the Cardno Shares which includes certain incidental costs (such as brokerage) associated with the acquisition.

8.4 Cardno Shares acquired before 21 September 1999

Any Shareholder who acquired their Cardno Shares before 11.45am (legal time in the Australian Capital Territory) on 21 September 1999 and held them for at least 12 months before the transfer to Crescent under the Crescent Offer may index the cost base of their Cardno Shares to take account of inflation between the calendar quarter in which the Cardno Shares were acquired and the calendar quarter ended 30 September 1999.

If a Shareholder who is an individual, the trustee of a trust or a complying superannuation entity chooses to index the cost base of their Cardno Shares, then the CGT discount will not be available to them (see below). Note that the cost base of Cardno Shares cannot be indexed in working out the amount of any capital loss.

8.5 CGT discount

Any Shareholder who is an individual, the trustee of a trust or a complying superannuation entity may be entitled to claim the CGT discount in calculating any capital gain provided that:

a. the Cardno Shares were acquired at least 12 months before disposal to Crescent;

b. the Shareholder did not choose to index the cost base of their Cardno Shares (see above); and

c. the CGT discount is applied to the capital gain after any available capital losses are first offset against that capital gain.

A Shareholder who is an individual or the trustee of a trust may discount the capital gain by 50% and include 50% of the capital gain in the taxable income of that individual or trust.

A Shareholder that is a complying superannuation entity may discount the capital gain by $33^1/_3$% and include $66^2/_3$% of the capital gain in the taxable income of that complying superannuation entity.

The CGT discount is not available to a Shareholder that is a company.

8.6 Stamp duty and GST

Shareholders who dispose of their Cardno Shares under the Offer are not expected to incur any Australian stamp duty or be subject to GST on that disposal.

8.7 Obtain your own tax advice

Do not rely on the comments or the statements contained in this Target's Statement or the Bidder's Statement as advice about your own affairs. The tax laws are complex and there could be implications in addition to those generally described in this Target's Statement and the Bidder's Statement.

Accordingly, consult your own tax advisers for advice applicable to your individual needs and circumstances. To the extent permitted by law, Cardno does not accept any responsibility for tax implications for individual Shareholders.

9. DIRECTORS' INTERESTS

9.1 Directors' interests in Cardno Shares

At the date of this Target's Statement, the Directors had a relevant interest in the following Cardno Shares:

Director	Cardno Shares	% of Issued Capital
John Marlay	45,095	0.027%
Richard Wankmuller	250,000	0.148%
Tonianne Dwyer	12,000	0.007%
Anthony Barnes	6,218	0.004%
Grant Murdoch	43,638	0.026%
Elizabeth Fessenden	3,982	0.002%

Mr Wankmuller also holds 250,549 Performance Rights, the issue of which were approved by Shareholders at Cardno's annual general meeting on 23 September 2015.

Each Director intends to REJECT the Crescent Offer for the Shares they hold or control.

9.2 Directors' recent dealings in Cardno Shares

No Director has acquired or disposed of a relevant interest in any Cardno Shares in the four month period immediately preceding the date of this Target's Statement, except as follows:

Director	Date of change	Cardno Shares acquired	Cardno Shares disposed of	Nature of change
John Marlay	21 August 2015	15,000	Nil	On market trade
Richard Wankmuller	10 September 2015	8,354	Nil	On market trade
	8 September 2015	46,529	Nil	On market trade
	21 August 2015	195,117	Nil	On market trade
Anthony Barnes	2 October 2015	162	Nil	Shares issued pursuant to dividend reinvestment plan
Grant Murdoch	2 October 2015	24	Nil	Shares issued pursuant to dividend reinvestment plan

9.3 Directors' interests in Crescent

At the date of this Target's Statement, no Director had any interest in any securities of Crescent or in Crescent Capital Partners V, the sole shareholder of Crescent.

9.4 Benefits and agreements

As a result of the Crescent Offer, no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from the Board of Directors of Cardno or a related body corporate of Cardno.

There are no agreements made between a Director and another person in connection with, or conditional upon, the outcome of the Crescent Offer, other than in the Director's capacity as a holder of Cardno Shares. No Director has an interest in any contract entered into by Crescent.

10. ADDITIONAL INFORMATION

10.1 Consents

McCullough Robertson has given and has not before the date of this Target's Statement withdrawn its consent to be named in this Target's Statement as Cardno's legal adviser in the form and context in which it is named.

UBS AG, Australian Branch and Morgans Corporate Limited have given and have not before the date of this Target's Statement withdrawn their consent to be named in this Target's Statement as financial advisers of Cardno in the form and context in which they are named.

Lonergan Edwards & Associates Limited has given and has not before the date of this Target's Statement withdrawn its consent to be named in this Target's Statement as Independent Expert and to the inclusion of the Independent Expert's Report and statements said to be based on statements made in the Independent Expert's Report.

Each Director specified in section 4.3 has given and has not before the date of this Target's Statement withdrawn his or her consent and to the inclusion of statements made by him or her.

Each person named in this section as having given its consent to the inclusion of a statement or to being named in this Target's Statement:

a. does not make, or purport to make, any statement in this Target's Statement or any statement in this Target's Statement based on any statement by any of those parties, other than as specified in this section 10.1; and

b. to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement other than a reference to its name, and in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement or report included in this Target's Statement with the consent of that party as specified in section 10.1.

10.2 Publicly available information

This Target's Statement contains statements which are made in, or based on statements made in, documents lodged with ASIC or given to ASX by Crescent. As permitted by ASIC class order 13/521, the consent of Crescent is not required for the inclusion of those statements in this Target's Statement. Any Cardno Shareholder may obtain a copy of those documents free of charge during the Offer Period by contacting the Shareholder Information Line on 1300 362 398 (within Australia) or +61 2 8355 1004 (outside Australia) on weekdays between 9.00am and 5.00pm (Sydney time).

As permitted by ASIC class order 13/523, this Target's Statement may include or be accompanied by certain statements:

a. fairly representing a statement by an official person; or

b. from a public official document or published book, journal or comparable publication,

and the consent of the persons to whom those statements are attributed is not required to be included in this Target's Statement.

In addition, as permitted by ASIC Class Order 07/429, this Target's Statement contains share price trading data sourced from IRESS. IRESS has not consented to the use of its trading data.

10.3 Material litigation

As disclosed in Cardno's 2015 annual report, Cardno has commenced legal action against the previous owners of Cardno Caminosca S.A for breach of the sale and purchase agreement conditions including representations and warranties. Under the terms of the sale and purchase agreement this matter is before arbitrators in Florida, United States of America.

Further, in February 2015, Cardno advised Shareholders that it was investigating a series of transactions in Cardno Caminosca S.A in Ecuador. That investigation is ongoing and Cardno continues to cooperate with the relevant regulatory authorities.

Members of the Cardno Group are defendants (with others) in proceedings commenced after 30 June 2015 in relation to cost overruns on two infrastructure projects. While the damages claimed would be material if awarded against the relevant Cardno Group member, the claims are at an early stage, have not been sufficiently particularised and, in the normal course, Cardno would expect its exposure (if any) to be materially less then the damages claimed. Accordingly, it is too early for Cardno to properly assess the merits and possible exposure under the claims.

Other than as disclosed above, the Directors are not aware of any current material litigation involving Cardno.

10.4 No other material information

This Target's Statement is required to include all of the information that Cardno Shareholders and their professional advisers would reasonably require to make an informed assessment about whether to accept the Crescent Offer, but:

a. only to the extent to which it is reasonable for Cardno Shareholders and their professional advisers to expect to find this information in this Target's Statement; and

b. only if the information is known to any Director.

The Directors of Cardno are of the opinion that the information that Cardno Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

a. the Bidder's Statement (to the extent that the information is not inconsistent with or superseded by information in this Target's Statement);

b. Cardno's annual reports and releases to ASX, and documents lodged by Cardno with ASIC before the date of this Target's Statement; and

c. this Target's Statement, including the attached Independent Expert's Report.

11. APPROVAL OF TARGET'S STATEMENT

This Target's Statement has been approved by a resolution passed by the Directors on 9 October 2015.

Dated 13 October 2015

John Marlay
Chairman
Cardno Limited

12. DEFINITIONS AND INTERPRETATION

12.1 Definitions

In this Target's Statement:

Term	Definition
Announcement Date	means 14 September 2015.
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).
Bidder's Statement	means the bidder's statement dated 14 September 2015 which contains the Crescent Offer.
Cardno	means Cardno Limited ACN 108 112 303.
Cardno Group	means Cardno and its subsidiaries (as defined in the Corporations Act).
Cardno Group Member	means any entity that is a member of the Cardno Group.
CGT	means capital gains tax.
Conditions	means the conditions precedent to the Crescent Offer set out in section 8.7 of the Bidder's Statement.
Corporations Act	means Corporations Act 2001 (Cth).
Crescent	means Crescent Capital Investments Pty Limited ACN 604 704 298.
Crescent Advised Funds	has the meaning given in section 5.2 of this Target's Statement.
Crescent Capital Partners	has the meaning given in section 5.2 of this Target's Statement.
Crescent Offer or Offer	means the offer by Crescent to acquire 1 out of every 2 Cardno Shares, set out in section 8.1 of the Bidder's Statement.
Directors	means the Directors of Cardno.
EBITDA	means earnings before income tax, depreciation and amortisation.
FY15 Dividend Announcement	means the dividend announced by Cardno pursuant to an ASX announcement on 18 August 2015.
FY16	means the financial year ending 30 June 2016.
Government Agency	means a government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity whether foreign, federal, state, territorial or local.
Independent Expert	means Lonergan Edwards & Associates Limited.
Independent Expert's Report	means the report prepared by the Independent Expert as to whether the Crescent Offer is fair and reasonable included at Annexure A.

Term	Definition
Listing Rules	means the listing rules of ASX as amended or varied from time to time.
Marketable Parcel	means a holding of Cardno with a value of not less than $500 based on the "cum-Offer" ASX closing price of Cardno Shares on the date that the relevant acceptance of the Offer is received.
Offer Period	means the period during which the Offer will remain open for acceptance under section 8.3 of the Bidder's Statement.
Offer Price	means the consideration payable by Crescent under its Offer, being $3.15 cash per Cardno Share.
Performance Equity Plan	means Cardno's equity plan of that name as governed by the rules approved by Shareholders at the Annual General Meeting of Cardno from time to time.
Performance Rights	has the meaning given to that term in section 4.1 of the Bidder's Statement.
Prescribed Occurrences	has the meaning given to that term in section 8.7(a) of the Bidder's Statement, as summarised in section 3.4 of this Target's Statement.
Relevant Interest	has the meaning given to that term in section 608 and 609 Corporations Act.
S&P/ASX 200 Index	means the index which measures the performance of the largest 200 index-eligible stocks listed on the ASX by float-adjusted market capitalisation.
Shareholder	means a holder of one or more Shares.
Shares or Cardno Shares	means the fully paid ordinary shares in Cardno.
Strategic Review	means the strategic review announced by Cardno on 12 October 2015, details of which are set out in the announcement titled 'Strategic Review positions Cardno for profitable growth' released on that day.
Target's Statement	means this document, being Cardno's target's statement.
Trading Day	has the meaning given to it in the Listing Rules.

12.2 Interpretation

In this Target's Statement, unless the context otherwise requires:

a. headings are for convenience and do not affect the interpretation;

b. words or phrases defined in the Corporations Act have the same meaning in this Target's Statement, including the terms 'relevant interest' and 'voting power';

c. a reference to a section or schedule is a reference to a section of and a schedule to this Target's Statement and references to this document include any schedules;

d. a singular word includes the plural and vice versa;

e. if a word or phrase is defined, its other grammatical forms have a corresponding meaning;

f. a reference to a person includes a corporation, trust, partnership, unincorporated body, government and local authority or agency, or other entity whether or not it comprises a separate legal entity;

g. a reference to legislation or to a provision of legislation (including subordinate legislation) is to that legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it; and

h. a reference to '$' or 'dollar' is to Australian currency.

ANNEXURE A

Independent Expert's Report

LONERGAN EDWARDS & ASSOCIATES LIMITED

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AFS Licence No 246532
Level 7, 64 Castlereagh Street
Sydney NSW 2000 Australia
GPO Box 1640, Sydney NSW 2001

Telephone: [61 2] 8235 7500
www.lonerganedwards.com.au

The Directors
Cardno Limited
Level 11
515 St Paul's Terrace
Fortitude Valley QLD 4006

9 October 2015

Subject: Proportional takeover offer for Cardno

Dear Directors

Introduction

1 On 14 September 2015, Crescent Capital Investments Pty Limited (Crescent) announced an intention to make a proportional takeover offer for 50% of the ordinary shares[1] that it did not already own[2] in Cardno Limited (Cardno or the Company) at an offer price of A$3.15 cash per share (the Offer). The Bidder's Statement in respect of the Offer was also lodged on 14 September 2015.

2 The Offer values the total equity in Cardno at approximately A$522 million[3] and is subject to a number of conditions which are outlined in Section I.

3 Cardno is a professional infrastructure and environmental services company, with specialist expertise in the development and improvement of physical, environmental and social infrastructure for communities around the world. Cardno's professional personnel plan, design, manage and deliver sustainable projects and community programs. Service roles range from environmental scientists, engineering professionals and planners, to economists, emergency response personnel, large scale project managers, technical experts, industry specialists and designers of sustainable projects and community programs. The Company conducts its businesses globally, operating under two divisions, being the Americas and Asia Pacific.

4 Crescent is an entity owned and controlled by Crescent Fund V and managed and advised by Crescent Capital Partners, an advisory and management entity. Crescent Capital Partners works closely with management teams to identify and execute performance opportunities

1 Under the Offer, shareholders holding less than a marketable parcel of Cardno shares are likely to be able to dispose of 100% of their shareholding.

2 As at 14 September 2015 Crescent held a 17.83% interest in Cardno, and together with its associates held voting power in respect of 19.62% of Cardno shares.

3 The Offer values the proportion of the equity in Cardno that is subject to the Offer at approximately A$215 million.

Independent Expert's Report (Cont)

LONERGAN EDWARDS & ASSOCIATES LIMITED

within a business, whether that be through investing in systems and processes or growth strategies which can be organic or by acquisition.

5 While there is no statutory requirement for Cardno to obtain an independent expert's report (IER), the Directors of Cardno have requested that Lonergan Edwards & Associates Limited (LEA) prepare an IER stating whether, in LEA's opinion, the Offer is fair and reasonable.

6 LEA is independent of Cardno and Crescent and has no other involvement or interest in the outcome of the Offer, other than the preparation of this report.

Summary of opinion

7 LEA has concluded that the Offer is neither fair nor reasonable. We have arrived at this conclusion for the reasons set out below.

Valuation of Cardno

8 LEA has valued 100% of the shares in Cardno at between A$3.74 and A$4.13 per share, as summarised below:

Value of 100% of Cardno	Low US$m	High US$m	A$:US$ rate(1)	Low A$m	High A$m
Americas business	440.0	467.5	0.71	611.1	667.9
Asia Pacific business				400.0	425.0
Unallocated corporate costs				(24.0)	(25.5)
Total enterprise value				987.1	1,067.4
US denominated debt(2)	(301.9)	(301.9)	0.71	(419.3)	(431.3)
Cash and other assets(3)				102.0	102.0
Deferred consideration	(14.6)	(14.6)	0.71	(20.3)	(20.9)
Net debt				(337.6)	(350.2)
Equity value				649.5	717.2
Fully diluted shares on issue				173.7	173.7
Value per share (A$)				A$3.74	A$4.13

Note:
1 This is the mid-point of the A$:US$ exchange rate adopted for valuation purposes of US$0.70 to US$0.72.
2 As noted our assessed enterprise value of the Americas region comfortably exceeds the aggregate of the US$ denominated debt. This is consistent with the view of Cardno management that the Americas region businesses provide a natural hedge against the US$ indebtedness (in respect of which no foreign exchange hedge cover has been undertaken).
3 Includes US tax receivable and the assumed realisation of excess working capital.

Independent Expert's Report (Cont)

9 We have assessed the value of Cardno's business divisions as follows:

Value of Cardno's business divisions	Maintainable EBITDA[1] $m	EBITDA multiple x	Low $m	High $m
Americas business	US$55.0	8.0 – 8.5	US$440.0	US$467.5
Asia Pacific business	A$50.0	8.0 – 8.5	A$400.0	A$425.0
Unallocated corporate costs	A$3.0	8.0 – 8.5	A$24.0	A$25.5

Note:
1 EBITDA – earnings before interest, tax, depreciation and amortisation.

10 The EBITDA adopted for each of the regions reflects in particular:

(a) a conservative estimate of the identified annual cost savings (which have been announced by Cardno concurrently with the release of the Target Statement), in respect of which associated implementation steps are currently under way

(b) the current stage of the business cycle in a number of the market sectors in which Cardno provides its services and the related negative impact on current and projected short term earnings (we have allowed for the expected improvement in earnings over the medium / longer term in the EBITDA multiple adopted).

11 The EBITDA multiple range adopted reflects in particular:

(a) the established market position held by Cardno in the engineering services sector in the regions in which the company provides its services

(b) the diverse nature of operations across its businesses and services, geography, market sector and client type

(c) the relatively low risk nature of its operations (Cardno does not undertake engineering construction risk)

(d) the current subdued nature and/or cyclical lows of a number of the market sectors in which Cardno provides its services

(e) the potential to increase future earnings above those adopted for valuation purposes through achievement of identified cost savings (we have conservatively allowed for only a portion of these savings in the EBITDA adopted for valuation purposes).

Assessment of fairness

12 Pursuant to Australian Securities & Investments Commission (ASIC) Regulatory Guide 111 – *Content of expert reports* (RG 111), an offer is "fair" if:

"The value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer."

Independent Expert's Report (Cont)

13 This comparison is shown below:

Comparison of Offer consideration and Cardno share value	Low A$ per share	High A$ per share	Mid-point A$ per share
Value of Offer consideration	3.15	3.15	3.15
Value of 100% of shares in Cardno	3.74	4.13	3.94
Extent to which the Offer consideration exceeds (or is less than) the value of the shares in Cardno	(0.59)	(0.98)	(0.79)

14 As the consideration offered by Crescent of A$3.15 cash per share is less than our assessed value of the ordinary shares in Cardno on a 100% controlling interest basis, in our opinion, the Offer is not fair when assessed under the guidelines set out in RG 111.

15 However, as noted above, the Offer is proportional and restricted to 50% of the interest held by each shareholder in Cardno. Accordingly, notwithstanding that we have assessed the Offer as not fair based on the RG 111 guidelines, for the purpose of our report, we have also undertaken an assessment of fairness having regard to the proportional nature of the Offer.

16 In our opinion, when assessing the fairness of a proportional takeover offer, the weighted average consideration likely to be received by accepting the offer and selling the remaining shares not subject to the offer should be compared against the value of the target company shares on a controlling interest basis.

17 In the case of Cardno therefore, in assessing the consideration under the Offer, we have had regard to:

(a) the price of A$3.15 per share offered by Crescent for 50% of the shares in Cardno that it does not already own

(b) the likely listed market value of the shares in Cardno which will not be acquired under the Offer assuming the Offer is successful[4].

Value of Cardno shares retained following completion of the Offer

18 If the Offer is successful Crescent will control Cardno. As a result, in our opinion, it is unlikely that an alternative third party will make a takeover offer for Cardno in the short term. Consequently, it is appropriate to assess the value of the shares which will be retained by Cardno shareholders following completion of the Offer (assuming it is successful) on a minority interest or portfolio basis.

19 Whilst it is possible that under Crescent control a takeover offer for Cardno may occur sometime in the future, in our opinion, the value of the shares not acquired under the Offer should be based on the amount that they could be sold for immediately following completion of the Offer[5]. This is because a decision to hold Cardno shares beyond the short term is a

4 As noted in Section II, the Offer has no minimum acceptance condition. For the purpose of our assessment of the Offer, we assume Crescent is successful in increasing its shareholding interest in Cardno to in excess of 50%.

5 The Offer is structured such that a buyer of the remaining 50% interest in Cardno of a shareholder that has accepted the Offer is unable to accept the Offer in respect of the interest acquired.

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separate investment decision which should be made by shareholders having regard to their risk profile, liquidity preference, tax position and expectations as to value and future market conditions.

20 In assessing the portfolio value of Cardno shares subsequent to completion of the Offer, we have applied a discount of 25% to our controlling interest value of Cardno. The discount of 25% reflects:

(a) our opinion that it is appropriate to assess the value of Cardno following completion of the Offer on a minority interest or portfolio basis (i.e. excluding a premium for control)

(b) the fact that Cardno shareholders post completion of the Offer will be in the unique position of being minority shareholders in a company controlled by a large shareholder who has indicated it is not seeking to acquire 100% of the company

(c) the likely reduced marketability of Cardno shares following completion of the Offer due to:

(i) the implicit lower free float of Cardno shares post completion of the Offer (which is likely to discourage some institutional shareholders from holding Cardno shares)

(ii) possible index changes which may result in Cardno being deweighted and/or removed from the S&P / ASX 200 Index

(iii) Crescent's intention to suspend dividends and/or reduce the dividend payout ratio.

21 We have therefore calculated the minority interest or portfolio value of Cardno shares post completion of the Offer at A$2.80 to A$3.10 per share, as set out below:

Portfolio value of Cardno shares post completion of the Offer	Low A$ per share	High A$ per share
Controlling interest value	3.74	4.13
Minority interest discount	(0.94)	(1.03)
Portfolio value of Cardno shares post completion of Offer	2.80	3.10

Total consideration received under the Offer if remaining shares sold

22 Based on the above we estimate that a Cardno shareholder who accepts the Offer and (assuming that the Offer is successful) subsequently sells the balance of their shareholding on the Australian Securities Exchange (ASX) will receive, on average, A$2.98 to A$3.13 per share , calculated as follows:

Total consideration received per share (pre-tax)	Low A$ per share	High A$ per share
Offer price per share	3.15	3.15
Portfolio value of each remaining share	2.80	3.10
Consideration received for every 2 Cardno shares currently held	5.95	6.25
Total consideration received per share (pre-tax)	2.98	3.13

Independent Expert's Report (Cont)

Assessment of fairness allowing for proportional nature of the Offer

23 The weighted average consideration of A$2.98 to A$3.13 per share received from accepting the Offer and subsequently selling the remaining shares on market is substantially less than our assessed value of Cardno on a controlling interest basis (A$3.74 to A$4.13 per share). Accordingly, we are of the opinion that the Offer (incorporating an appropriate allowance for its proportional nature) is not fair.

Summary on fairness

24 We have therefore concluded that the Offer is not fair when assessed both:

(a) under the guidelines set out in RG 111

(b) incorporating an appropriate allowance for the proportional nature of the Offer.

Assessment of reasonableness

25 Pursuant to RG 111, an offer may be reasonable if, despite not being fair but after considering other significant factors, the expert is of the view that there are sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer.

26 In our opinion the Offer is also not reasonable. We are of this opinion primarily because:

(a) the Offer consideration of A$3.15 per share is significantly lower than our assessed valuation range for Cardno shares, when assessed under the guidelines set out in RG 111

(b) the weighted average consideration of A$2.98 to A$3.13 per share (which incorporates an appropriate allowance for the proportional nature of the Offer) is significantly lower than our assessed valuation range for Cardno shares

(c) post completion of the Offer, in our opinion, the value of Cardno shares will likely be negatively impacted by:

(i) Crescent's intention to suspend dividends and/or significantly reduce the dividend payout ratio

(ii) a likely stock market overhang from Cardno shareholders seeking to exit their investment in the Company

(iii) reduced investor interest in Cardno shares due to the reduced possibility of a full takeover of the Company.

General

27 In preparing this report we have considered the interests of Cardno shareholders as a whole. Accordingly, this report only contains general financial advice and does not consider the personal objectives, financial situations or requirements of individual shareholders.

28 The taxation consequences of accepting the Offer depend on the individual circumstances of each investor. Shareholders should read the taxation advice set out in the Bidder's Statement and Target's Statement and should consult their own professional adviser if in doubt as to the taxation consequences of the Offer.

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29 The ultimate decision whether to accept the Offer should be based on each shareholder's assessment of their own circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If shareholders are in doubt about the action they should take in relation to the Offer or matters dealt with in this report, shareholders should seek independent professional advice.

30 For our full opinion on the Offer, and the reasoning behind our opinion, we recommend that Cardno shareholders read the remainder of our report.

Yours faithfully

Craig Edwards Authorised Representative	Martin Holt Authorised Representative

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I Outline of the Offer

31 On 14 September 2015, Crescent announced an intention to make a proportional takeover offer for 50% of the ordinary shares[6] that it did not already own[7] in Cardno at an offer price of A$3.15 cash per share (the Offer). The Bidder's Statement in respect of the Offer was also lodged on 14 September 2015.

Conditions

32 The Offer is subject to a number of conditions, a summary of which is as follows:

(a) no "prescribed occurrence" in relation to Cardno, as set out at Section 8.7(a) of the Bidder's Statement

(b) there is no preliminary, or final order, or other action, investigation or application which either:

(i) prohibits, impedes or otherwise materially adversely impacts on the making of the Offer or the rights of Crescent; or

(ii) requires divestiture by Crescent of any Cardno shares or assets (other than orders by ASIC or the Takeovers Panel)

(c) no "material adverse change" in respect of Cardno (as set out in Section 8.7(c) of the Bidder's Statement)

(d) other than announced prior to 14 September 2015 (or within the parameters specified in the Bidder's Statement), no major capital expenditure, acquisitions or disposals

(e) between 14 September 2015 and the end of the offer period no new or amended financing arrangements are entered into by Cardno of an amount equal to or above A$50 million

(f) between 14 September 2015 and the end of the offer period, the S&P / ASX 200 Index does not close below 4,564 for two or more consecutive trading days

(g) between 14 September 2015 and the end of the offer period, Cardno does not enter into a merger implementation deed or other agreement or arrangement pursuant to which a party other than Crescent could acquire a relevant interest in 20% or more of Cardno shares.

33 Cardno shareholders should note in particular that the Offer is not subject to any minimum acceptance condition.

34 More detail on the above conditions is set out in Section 8 of the Bidder's Statement dated 14 September 2015.

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6 Under the Offer, shareholders holding less than a marketable parcel of Cardno shares are likely to be able to dispose of 100% of their shareholding.

7 As at 14 September 2015 Crescent held a 17.83% interest in Cardno, and together with its associates held voting power in respect of 19.62% of Cardno shares.

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II Scope of our report

Purpose

35 While there is no statutory requirement for Cardno to obtain an IER, the Directors of Cardno have requested that LEA prepare an IER stating whether, in LEA's opinion, the Offer is fair and reasonable.

36 This report has been prepared to assist the Directors of Cardno in making their recommendation to Cardno shareholders in relation to the Offer and to assist the shareholders of Cardno assess the merits of the Offer. The sole purpose of this report is to set out LEA's opinion as to whether the Offer is fair and reasonable. This report should not be used for any other purpose.

37 The ultimate decision whether to accept the Offer should be based on each shareholder's assessment of their own circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt about the Offer or matters dealt with in this report, shareholders should seek independent professional advice.

Basis of assessment

38 In preparing our report we have given due consideration to the Regulatory Guides issued by ASIC, particularly RG 111. We have also had specific regard to the proportional nature of the Offer.

39 RG 111 distinguishes "fair" from "reasonable" and considers:

(a) an offer to be "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer. A comparison must be made assuming 100% ownership of the target company

(b) an offer to be "reasonable" if it is fair. An offer may also be "reasonable" if, despite not being "fair", the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

40 Our report has therefore considered:

Fairness

(a) the market value of 100% of the shares in Cardno

(b) the value of the consideration offered i.e. A$3.15 cash per Cardno share

(c) the extent to which (a) and (b) differ (in order to assess whether the Offer is fair under RG 111)

(d) the proportional nature of the Offer

Reasonableness

(e) the extent to which a control premium is being paid to Cardno shareholders

(f) the listed market price of Cardno shares both prior and subsequent to the announcement of Crescent's intention to make the Offer

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(g) Crescent's current shareholding in Cardno and the potential for Crescent to control Cardno pursuant to the Offer

(h) the value of Cardno to an alternative offeror and the likelihood of an alternative offer emerging, either prior to the close of the Offer, or sometime in the future

(i) the likely market price of Cardno shares if the Offer is not successful

(j) other risks, advantages and disadvantages.

Limitations and reliance on information

41 Our opinions are based on the economic, sharemarket, financial and other conditions and expectations prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time and have been particularly volatile in recent times.

42 Our report is also based upon financial and other information provided by Cardno and its advisers. We understand the accounting and other financial information that was provided to us has been prepared in accordance with the Australian equivalents to International Financial Reporting Standards. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld.

43 The information provided was evaluated through analysis, enquiry and review to the extent considered appropriate for the purpose of forming an opinion on the Offer from the perspective of Cardno shareholders. However, we do not warrant that our enquiries have identified or verified all of the matters which an audit, extensive examination or "due diligence" investigation might disclose. Whilst LEA has made what it considers to be appropriate enquiries for the purpose of forming its opinion, "due diligence" of the type undertaken by companies and their advisers in relation to (for example) prospectuses or profit forecasts is beyond the scope of an IER.

44 Accordingly, this report and the opinions expressed therein should be considered more in the nature of an overall review of the anticipated commercial and financial implications of the proposed transaction, rather than a comprehensive audit or investigation of detailed matters.

45 An important part of the information base used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.

46 We in no way guarantee the achievability of budgets or forecasts of future profits. Budgets and forecasts are inherently uncertain. They are predictions of future events which cannot be assured and are necessarily based on assumptions of future events, many of which are beyond the control of management. Actual results may vary significantly from forecasts and budgets with consequential valuation impacts.

III Profile of Cardno

Overview

47 Cardno is a professional infrastructure and environmental services company, with specialist expertise in the development and improvement of physical, environmental and social infrastructure for communities around the world. Cardno's professional personnel plan, design, manage and deliver sustainable projects and community programs. Service roles range from environmental scientists, engineering professionals and planners, to economists, emergency response personnel, large scale project managers, technical experts, industry specialists and designers of sustainable projects and community programs. The Company conducts its businesses globally, operating under two divisions, being the Americas and Asia Pacific.

History

48 The predecessor to Cardno (Cardno & Davies) was founded in Brisbane Australia in 1945 by Mr Gerry Cardno and Mr Harold Davies, who recognised the potential growth in Australia post World War II. Cardno listed on the ASX on 20 May 2004 and since that date has grown significantly both organically and as a result of numerous acquisitions (Cardno has acquired 52 entities since listing on the ASX). The key milestones and acquisitions in the Company's history are shown below:

Cardno – history

Date	Key development
1945	• Commenced operations in Brisbane as Cardno & Davies
1999	• Became Cardno MBK after merging with McMillan Britton & Kell (a consulting engineering practice in NSW)
2001	• Acquired United States (US) based XP Software as well as two other firms
2004	• Listed on the ASX • Acquisition of Cardno Acil led to the development of the Emerging Markets business
2005	• Acquisition of UK based consultant Agrisystems
2007	• Acquisition of Australian materials testing and geotechnical business Bowler Geotechnical • Cardno entered the US engineering consulting services market with the acquisition of WRG Design
2008	• Acquisition of TBE
2010	• Enlarged US holdings by purchasing, ERI, ENTRIX and JF New
2011	• Expanded natural resources niche acquiring BEC and Roadtest
2013	• Acquisition of Haynes Whaley Associates, significantly developing Cardno's presence in structural engineering
2014	• Acquisition of PPI which expanded Cardno's presence in the oil and gas market

Current operations

49 Cardno operates from a Brisbane head office and employs approximately 8,100 staff. The Company has a history of expanding its capabilities and geographic footprint to support its clients and has developed a multi-sector and multi-disciplinary approach underpinned by a fully integrated service offering.

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50 Cardno's operations are geographically diverse. It is currently represented in the majority of states and territories in Australia, a large proportion of the states in the US and also has permanent offices in Angola, Belgium, Canada, Colombia, Ecuador, England, Germany, Indonesia, Italy, Kenya, Malaysia, New Zealand, Nigeria, Papua New Guinea, Peru, the Philippines, Singapore and the United Arab Emirates. A diagrammatic overview of Cardno's operations is set out below:

Cardno – operations

51 The Company's range of services cover every stage of the project lifecycle and include[8]:

(a) **environmental services –** Cardno is one of the world's leading environmental consultants, with expertise in natural systems assessment and management, environmental impact assessment and monitoring, agriculture development, climate change management, conservation and rehabilitation

(b) **construction management services –** Cardno offers specialist expertise in the field of construction materials testing for major infrastructure projects and provides commercially viable and environmentally sustainable construction projects

(c) **design services –** the Company is a leader in the engineering design of purposeful and functional structures, spaces and systems

(d) **planning services –** Cardno's planning specialists offer expertise in statutory planning, urban development, master planning and design, mapping and surveying and transportation planning to create sustainable places and systems

(e) **feasibility services –** Cardno provides technical and economic feasibility studies

(f) **development assistance services –** the Company partners with developing countries and aid agencies to deliver innovative solutions for sustainable development

8 Cardno will generally not pursue clients whose project delivery methods and payment terms require Cardno to accept an element of construction risk.

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(g) **software services –** Cardno offers software and technology solutions to aid engineers and planners in a variety of industries

(h) **asset management services –** the Company provides clients with experienced practitioners who expertly manage the full asset lifecycle to optimise returns on assets

(i) **project management services –** Cardno hires and deploys specialist project managers who focus on intelligent outcomes delivered across the entire project lifecycle

(j) **management consulting services –** Cardno's management consultants work with its clients to optimise their investment in physical, economic and social infrastructure projects worldwide.

52 Cardno's operations cover the following market sectors:

Cardno – market sectors	
Buildings	• Structural, electrical, mechanical and facilities management services • Plan, design, construction, materials testing and facilities management
Coastal and oceans	• Plan, design and monitor ports / harbours, marinas and breakwaters, subsea infrastructure and offshore oil and gas facilities
Emerging markets	• Working in partnership with developing countries to deliver solutions for sustainable development
Mining and energy	• Plan, permits, resource reserve analysis, exploration, production, electrical design systems, transportation, inspection and expediting for mining, oil and gas, electricity and hydropower projects
Water	• Water supply analysis, major flooding or water quantity investigation, water rights assessment and drought management issues • Plan, design and deliver water related infrastructure, including dams, reservoirs and wastewater conveyance
Land	• Plan, environmental, design and construction services for residential, commercial and industrial development
Environment	• Terrestrial and marine ecology, hazardous materials and contaminated land, waste management, remediation, environmental impact statements, water resource management and regulatory compliance
Management services	• Review, evaluate and implement systems, procedures and policies to help manage and safeguard assets
Transportation	• Assess, plan, construction design and management of transport infrastructure projects • Support for strategic road, highway, rail, sea and airport infrastructure
Defence	• Comprehensive services to assist clients address environmental and operational issues at installations and training facilities

Operating segments

53 Cardno historically reported three operating segments, being Americas, Australia and New Zealand and Emerging Markets. In the year to 30 June 2015 (FY15) Cardno restructured its reporting segments, forming two regions, being:

(a) **Asia Pacific region –** incorporating the Company's previous Australia and New Zealand region as well as components of the former Emerging Markets division (i.e. those that relate to the Asia Pacific)

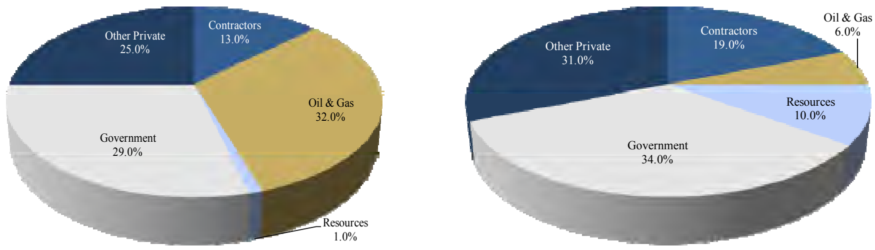
(b) **Americas region –** incorporating the Company's previous Americas region as well as components of the Emerging Markets division (i.e. those that relate to Europe, South and Central America, the Middle East and Africa) and the XP Solutions software business.

54 This new structure allows for improved integration of Cardno's engineering and social infrastructure teams, as well as an increased focus on expanding service offerings to clients throughout its emerging markets businesses.

55 A breakdown of FY15 revenue by market for the Americas and Asia Pacific segments is shown below:

Cardno – fee revenue by market in FY15

Americas region **Asia Pacific region**



56 Key markets for the Americas region are the Government and Oil and Gas sectors, while key markets for the Asia Pacific region are the Government and private operators. On a total company basis Cardno's exposure is to the Government (31% of revenue), other Private (27%), Oil and Gas (24%), Contractors (15%) and Resources (3%) sectors. The combined resources and energy (Oil and Gas) markets contributed 27% of FY15 revenue, reasonably consistent with historical performance[9].

57 Cardno undertakes thousands of projects annually, which can last from two to three months to several years. Historically, work in hand (or the pipeline) has represented 8 to 12 months of forward revenue visibility, however this has recently increased towards 10 to 12 months (which is in line with global benchmarks for large engineering consulting firms). A summary of Cardno's historical project pipeline for the five years to 30 June 2015, as well as at 31 August 2015 is set out below:

9 The resource and energy markets have historically contributed some 25% to 30% of Cardno's revenue.

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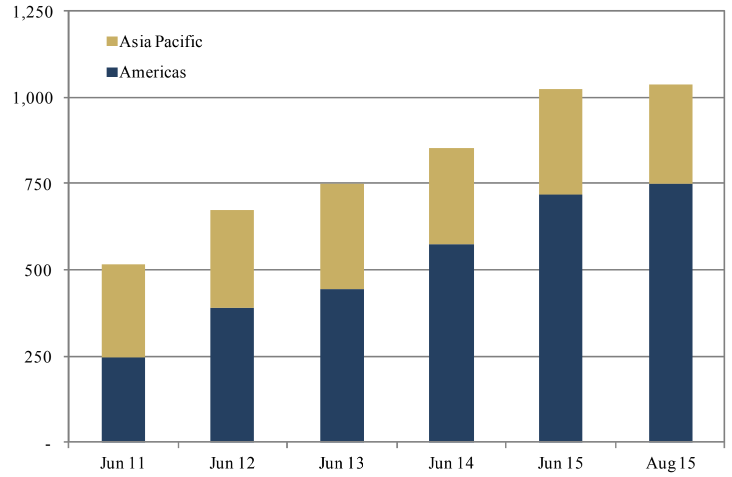
Cardno – pipeline
A$m



Asia Pacific region

58 Cardno's Asia Pacific operations are predominantly focused on the Australian market, with other significant markets in the region including New Zealand, Papua New Guinea, Indonesia and Malaysia. The Asia Pacific region provides consulting services in civil, structural, building services, environmental, traffic and transport, bridge, survey, subsurface utility, water engineering, geotechnical and land remediation, planning, landscape architecture and construction materials testing. Cardno's client base in Australia is highly varied across industries and sectors and the Company has long-standing relationships with most of its existing clients.

59 The International Development Assistance (IDA) business partners with sovereign governments, communities and private clients to create appropriate and sustainable solutions in developing economies. Cardno's specific areas of IDA expertise covers education, law, justice, post conflict work, finance and economics, community development, health, infrastructure and planning. IDA was previously part of the Emerging Markets division and the proportion of IDA work undertaken in the Asia Pacific segment primarily relates to that sourced from the Department of Foreign Affairs and Trade (DFAT).

Americas region

60 The Americas' operations are predominantly represented by the US business, but also include operations in Canada and Central / South America, Cardno's software business (XP Solutions), as well as the IDA division covering Central and South America, Europe, the Middle East and Africa. The IDA business generally services governments and its clients include the US Government's US AID program.

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61 The Americas region services private and public sector clients across the environmental, water, transportation, energy and resources, land, buildings and management services sectors. The Americas region focuses on three key disciplines, namely environmental consulting, engineering capabilities and social and economic infrastructure. Its range of services includes site planning, environmental permits, health and ecological risk assessment, remediation and quality assurance, civil design, subsurface utility engineering and construction management. Cardno also provides a full range of environmental and engineering services to all levels of the US Government (including the US military).

62 Cardno's client base in the Americas is highly varied and broadly represented in both the private and public sectors. A large number of the Company's clients are high quality companies (or governments), with strong credit ratings and low counterparty risk potential.

XP Solutions

63 XP Solutions is a global provider of sustainable drainage and flood hazard software for the civil engineering and environmental sectors. Whilst reported in the Americas region, it is based in the UK and has sales teams covering the Americas, Asia Pacific and Europe, augmented by distributors around the world. Its software solutions are used by government agencies, engineering companies and environmental management organisations to plan, design, simulate and manage the impact of human interaction with the natural world. The software provides clients with the tools required to promote safer communities, sustain ecosystems, optimise infrastructure investments and manage environmental impact.

Financial performance

64 The financial performance of Cardno for the four years ended 30 June 2015 (FY15), is set out below:

Cardno – statement of financial performance[1]

	FY12 Audited A\$m	FY13 Audited A\$m	FY14 Audited A\$m	FY15 Audited A\$m
Gross revenue	963.9	1,196.6	1,311.0	1,428.8
Fees from recoverable expenses	(250.6)	(306.0)	(343.0)	(404.3)
Net revenue	713.4	890.7	968.0	1,024.5
Underlying EBITDA	126.7	136.6	140.7	107.9
Depreciation	(12.0)	(17.0)	(19.8)	(22.6)
Underlying EBITA[2]	114.8	119.5	121.0	85.3
Amortisation of acquisition intangibles	(4.1)	(6.6)	(6.7)	(10.2)
EBIT	110.7	112.9	114.3	75.1
Significant items[3]	-	-	-	(224.0)
Net interest expense	(5.6)	(6.2)	(7.5)	(10.7)
Profit before tax	105.0	106.7	106.8	(159.6)
Income tax (expense) / benefit	(30.9)	(29.1)	(28.6)	14.5
Profit after tax	74.2	77.6	78.1	(145.2)
EBITDA margin on net revenue (%)	*17.8*	*15.3*	*14.5*	*10.5*
EBITA margin on net revenue (%)	*16.1*	*13.4*	*12.5*	*8.3*

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Note:
1 Rounding differences exist.
2 EBITA - earnings before interest, tax and amortisation.
3 Significant items relate to impairment of goodwill (A$177.9 million) and the write down and potential sale of Caminosca SA (A$46.2 million). There are a number of other less significant non-recurring items over the periods shown above, however these items are broadly offsetting in nature.

65 Movements in the A$:US$ exchange rate[10] over the above period have impacted Cardno's reported performance, particularly in FY15. Accordingly, it is relevant to consider the Americas segmental revenue and EBITDA restated in US$. This is shown below together with the Asia Pacific segment results:

Cardno – operating segments		FY12	FY13	FY14	FY15
Americas region					
Net revenue	US$m	488.2	516.8	560.5	569.7
EBITDA[(1)]	US$m	63.9	71.5	68.2	48.7
EBITDA margin	*%*	*17.6*	*14.6*	*13.2*	*8.7*
Asia Pacific region					
Net revenue	A$m	356.0	415.1	407.3	364.4
EBITDA	A$m	65.3	69.0	66.5	48.0
EBITDA margin	*%*	*18.3*	*16.6*	*16.3*	*13.2*

Note:
1 These are the US$ amounts that reconcile to the A$ reported EBITDA based on the A$:US$ exchange rates that prevailed in the respective periods.

Historical performance

66 Historically, the Asia Pacific region has derived higher EBITDA margins than the Americas region, reflecting that:

(a) over the period disclosed the Asia Pacific business was more focused on the higher margin resource and energy markets; and

(b) one particular business in the Americas division has historically generated lower margins given the nature of the business.

67 The reduction in reported EBITDA margins in the period up to FY15 reflects:

(a) the reduction in work in the resource and energy sectors (which were generally higher margin projects than other work)

(b) the generally increased level of competition in all engineering sectors (due to reduced activity levels), which has led to increasing price based competition (particularly in Asia Pacific)

10 Cardno's reported earnings are not materially sensitive to movements in the other currencies to which it has exposures.

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(c) the completion of the work undertaken in respect of the Gulf of Mexico oil spill (which largely completed by FY13) that was higher margin and involved a significant proportion of the Americas region workforce

(d) the downsizing of some of Cardno's operations.

68 Notwithstanding the above, Cardno's more recent results should be viewed in the context of the prevailing low commodity price environment (including oil and gas), which has impacted margins on resource and energy projects as companies compete for fewer available projects[11].

Results for year ended 30 June 2015 (FY15)

69 The key factors that impacted on the financial performance of Cardno in FY15 were:

(a) whilst net revenue increased 5.8% to A$1,025 million, underlying EBITDA (before impairment charges) decreased some 23.3% to A$107.9 million

(b) net revenue for the Americas region increased 1.6% and EBITDA decreased 28.6% in US$ terms, despite the full year contribution from the PPI business (acquired in March 2014) and Cardno Haynes Whaley (acquired in October 2013). This reflected:

(i) the wind down of several large projects

(ii) lower US Government expenditure

(iii) reductions in the level of work in the oil and gas industry generally following the fall in the oil price

(iv) higher costs associated with the normalisation of employee benefit plans and restructuring costs

(c) net revenue for Asia Pacific declined 10.5% and underlying EBITDA reduced 27.8%, primarily due to:

(i) the reduction in the level of work for higher margin resource projects and a slow-down in the level of work available for major liquid natural gas (LNG) projects

(ii) delays and cancellations of a number of publicly funded infrastructure projects (particularly in the transport sector) following the change in State Governments in Victoria and Queensland

(iii) the completion of a number of major projects, such as INPEX LNG, Legacy Way and the Gold Coast Light Rail projects.

70 Given the challenging market conditions, Cardno undertook a review of its overhead expenses during FY15, with a view to centralise shared services, streamline reporting structures and remove costs[12]. As a result the Company has identified cost savings of some A$20 million per annum, which it expects to fully realise by FY17.

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11 The resource and energy markets have historically contributed some 25% to 30% of Cardno's revenue.

12 Cardno had previously been pursuing an aggressive growth strategy (this strategy has since been reviewed and replaced) and is in the process of rightsizing the level of support staff to one more suitable to its current size.

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FY16 guidance

71 Cardno has not provided the market with earnings guidance for FY16. However, in the Target's Statement they provide commentary that states:

(a) the performance of the Americas business in early FY16 has been below expectations. This has been due to, inter-alia, delays in the start-up of new projects and continued uncertainty in the oil and gas industry (reflecting the low oil price), as well as a continuation of the impact of on-going integration activities

(b) conversely, the Asia Pacific business has performed in line with management expectations, and recent project and contract wins have continued to improve the level of work in hand

(c) taking into account the above, the Cardno Board has indicated that it expects FY16 earnings to be broadly in-line with consensus analyst forecasts (which were for EBITDA of around A$100 million as at 8 October 2015[13]).

Cash conversion ratio

72 The historical cash conversion ratio for Cardno (a comparison of un-geared pre-tax cash flow to EBITDA) is set out below:

Cardno – cash conversion ratio[1]	FY12 A$m	FY13 A$m	FY14 A$m	FY15 A$m
Reported operating cash flow	72.6	95.7	84.6	48.1
Income tax	28.9	32.9	27.3	23.9
Finance costs	5.9	6.1	9.5	7.0
Adjusted operating cash flow	107.5	134.7	121.4	78.9
Underlying EBITDA	126.7	136.6	140.7	107.9
Cash conversion ratio	84.8%	98.6%	86.3%	73.2%

Note:
1 Rounding differences exist.

73 While the cash conversion ratio has decreased in recent periods[14], Cardno has generally achieved a relatively high conversion ratio of earnings into cash, reflecting its professional services focus and the market position held by Cardno.

Financial position

74 The financial position of Cardno as at 30 June 2013, 2014 and 2015 is set out below:

13 Source: Bloomberg. Consensus broker forecasts are based on the average of nine broker forecasts.
14 The cash conversion ratio in 1HFY15 was significantly below a level considered acceptable by Cardno management.

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Cardno – statement of financial position[1]	30 Jun 13 Audited A$m	30 Jun 14 Audited A$m	30 Jun 15 Audited A$m
Debtors and prepayments	211.2	256.1	298.7
Work in progress	134.9	142.6	154.6
Creditors, accruals and provisions[2]	(246.2)	(242.6)	(245.4)
Net working capital	99.9	156.1	207.9
Plant and equipment	56.9	60.7	64.9
Intangible assets / goodwill	630.0	760.8	668.3
Trade and other receivables	0.6	0.6	-
Deferred tax assets	8.3	16.7	45.2
Provisions (non-current)	(12.8)	(12.9)	(10.3)
Other liabilities (non-current)	(1.0)	(1.9)	(2.6)
Total funds employed	782.0	980.1	973.2
Cash and cash equivalents[3]	90.6	85.9	84.8
Other financial assets	1.7	3.6	7.6
Interest bearing liabilities	(241.7)	(306.1)	(396.1)
Net cash / (borrowings)	(149.4)	(216.6)	(303.7)
Net assets attributable to Cardno shareholders	632.5	763.5	669.5

Note:
1 Rounding differences exist.
2 Includes deferred consideration.
3 Includes restricted cash relating to project advances.

Working capital

75 As noted above, the investment in working capital has increased significantly over the period, primarily reflecting an increase in trade debtors. Current outstandings (as a percentage of revenue) are well above industry benchmarks, to an extent that Cardno management has initiated a number of measures to seek to improve their client billings and collection cycles.

Intangible assets

76 An analysis of intangible assets is set out below:

Cardno – intangible assets[1]	30 Jun 13 A$m	30 Jun 14 A$m	30 Jun 15 A$m
Goodwill	617.7	728.1	640.7
Works contracts	3.6	2.6	0.3
Patents and trademarks	2.1	2.1	2.1
Software intangibles	0.8	4.0	3.9
Customer relationships	5.9	24.1	21.4
	630.0	760.8	668.3

Note:
1 Rounding differences exist.

Independent Expert's Report (Cont)

77 As highlighted above, the major component of Cardno's intangible assets is goodwill, which arose on the acquisition of various entities and businesses. The carrying value of goodwill is tested for impairment annually using the value in use method. As at 30 June 2015, pre-tax discount rates of 12.7% per annum and 12.3% per annum respectively were used to discount cash flows for the Americas and Asia Pacific cash generating units.

78 In FY15, Cardno impaired goodwill relating to the Americas cash generating unit by A$177.9 million due to projected earnings being below management's prior expectations[15]. An amount of A$46.2 million was also written off in relation to the Caminosca business, based in Ecuador, due to performance related issues.

Net debt

79 A summary of Cardno's net debt position (after removal of restricted cash) is shown below:

Cardno – net debt[1]	30 Jun 13 A$m	30 Jun 14 A$m	30 Jun 15 A$m
Cash at bank and on hand	(63.5)	(65.3)	(84.6)
Short term deposits	(27.1)	(20.6)	(0.1)
Other financial assets[2]	(1.7)	(3.6)	(7.6)
Removal of restricted cash (project advances) from cash	2.9	3.0	5.1
Short term borrowings	3.0	3.1	3.0
Long term borrowings	238.7	302.9	393.1
Adjusted net debt	152.4	219.6	308.8

Note:
1 Rounding differences exist.
2 Includes investments in non-related entities and interest rate swaps used for hedging.

80 In August 2014, Cardno issued a US$150 million fixed-rate note split into two tranches via a private placement in the US. The first tranche of US$50 million matures in August 2021, and the second tranche of US$100 million matures in August 2024. In addition, as of 30 September 2015, Cardno has bank loans of US$151.9 million.

81 As noted, the majority of debt is sourced and serviced in the US, which is naturally hedged by Cardno's US operations[16]. As at 30 June 2015, the weighted average interest rate on the term debt was 1.7% (including the impact of interest rate hedges taken out by Cardno).

82 Cardno's debt covenants with its lenders require its Leverage Ratio (calculated based on total debt less cash and cash equivalents) to be less than or equal to 3.0 times trailing EBITDA. The ratio is required to be calculated at six monthly intervals. As at 30 June 2015 the Leverage Ratio was 2.6 times EBITDA (an increase from 1.6 times EBITDA as at 30 June 2014).

15 Management attributed the projected lower earnings to patchy growth across the Americas region, the severe cold weather experienced in recent winters and the recent decline in oil prices.

16 For financial reporting purposes the debt liability is stated in A$.

Independent Expert's Report (Cont)

Share capital and performance

83 As at 2 October 2015, Cardno had 169.2 million fully paid ordinary shares on issue.

84 Cardno has a long term incentive program in the form of performance rights that vest subject to the achievement of specified performance benchmarks[17]. Currently there are 5.8 million performance rights on issue with varying expiry and vesting dates[18].

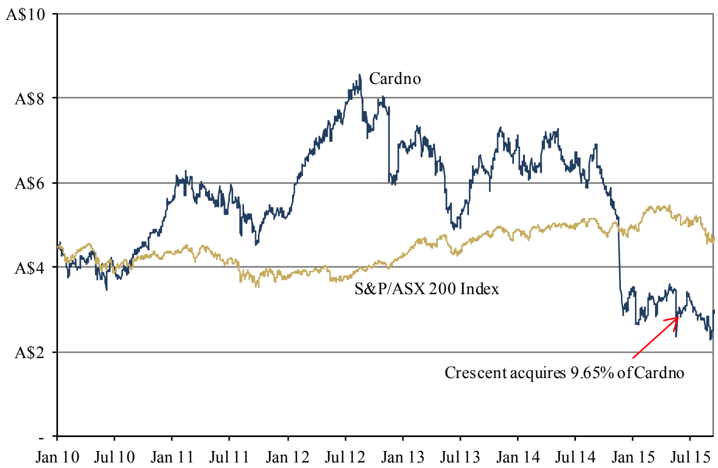
Significant shareholders

85 As at 29 September 2015, the significant shareholders in Cardno were Crescent with 19.7% of the Cardno shares on issue and Invesco Australia Limited with 8.5% of the shares on issue[19].

Share price performance

86 The following chart illustrates the movement in the share price of Cardno from 1 January 2010 to 11 September 2015[20]:

Cardno – share price history
1 January 2010 to 11 September 2015



Source: Bloomberg.

87 Cardno's operations are exposed to broad economic and commodity cycles which significantly impact on operating performance and its share price. Over the initial period to 2013 Cardno benefitted from generally robust industry conditions. However, as mentioned above, these conditions have since deteriorated, particularly in the resources and energy industry sectors.

17 Being relative Total Shareholder Return (TSR) and Earnings Per Share (EPS) growth. There are currently no performance options outstanding.
18 Of these 1.3 million performance rights will either not vest or expire on 1 November 2015.
19 Source: Bidder's Statement released 14 September 2015.
20 Being the last trading date prior to the announcement of the Offer.

Independent Expert's Report (Cont)

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88 On 21 November 2014, Cardno announced that profits in the six month period to 31 December 2014 were likely to be between A$27 million and A$31 million, which was below both Cardno's latest and previous corresponding half year periods. The projected profits were also lower than analyst consensus estimates at the time and resulted in a sharp selloff in Cardno shares.

89 On 22 May 2015, Cardno announced that it had become aware that a broker had approached shareholders to acquire a stake of up to 10% in the Company at A$2.60 per share for an unidentified party. On the same day approximately 16 million Cardno shares (9.65%) traded in a pre-market transaction at the price of A$2.60 per share, with Cardno noting that it had not had any communication with that party at that time[21].

Liquidity in Cardno shares

90 The liquidity in Cardno shares based on trading on the ASX over the 12 month period prior to 11 September 2015[22] is set out below:

Cardno – liquidity in shares

Period	Start date	End date	No of shares traded 000	WANOS[(1)] outstanding 000	Implied level of liquidity Period[(2)] %	Annual[(3)] %
1 month	12 Aug 15	11 Sep 15	11,758	165,634	7.1	85.2
3 months	12 Jun 15	11 Sep 15	33,728	165,634	20.4	81.5
6 months	12 Mar 15	11 Sep 15	110,055	165,478	66.5	133.0
1 year	12 Sep 14	11 Sep 15	212,503	164,844	128.9	128.9

Note:
1 Weighted average number of shares outstanding (WANOS) during relevant period.
2 Number of shares traded during the period divided by WANOS.
3 Implied annualised figure based upon implied level of liquidity for the period.

91 While the level of liquidity in Cardno has reduced in the one and three months period prior to the Offer[23] (as compared to the six month and one year periods), total share turnover in Cardno has been consistently high, indicating a relatively high level of market liquidity.

21 Cardno now understands that this other party was Crescent and/or its associated entities.
22 Being the trading date prior to the announcement of the Offer.
23 These trading periods are subsequent to the initial acquisition by Crescent of an interest in Cardno as announced on 22 May 2015.

Independent Expert's Report (Cont)

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IV Industry outlook

Overview

92 Engineering and construction contracting is a multi-faceted industry involving research, planning, design and development of engineering solutions for developing infrastructure (urban and industrial), processing resources (oil and gas and minerals), managing the environment (e.g. water and waste) and building construction for both government and private clients. Many businesses also combine their technical expertise with management skills to provide services in areas such as project management, risk management and asset management.

93 The typical project life cycle includes services to support conceptualisation and feasibility, design and build, operation and decommissioning and is depicted as follows:

Project life cycle

94 Cardno operates in the global engineering and environmental consulting sectors with a particular focus on the US and Australian markets. It also provides Government funded International Development Assistance (IDA) to developing economies. This section therefore focuses on the global, US and Australian construction, engineering and environmental consulting sectors.

Engineering construction industry

Global engineering construction

95 Macroeconomic factors including Gross Domestic Product (GDP) growth and population growth support on-going sustained demand for construction activity (and hence engineering and environmental consulting services), noting that the construction industry usually lags overall economic activity by one to two years.

96 Growth in the world's gross fixed capital formation (GFCF)[24], and particularly non-residential GFCF, directly stimulates demand for engineering services. GFCF typically includes the construction of complex structures such as roads, dams, railways, utility lines, power stations, commercial and industrial buildings, mines, ports and plant, machinery and equipment. The depreciable nature of such structures also provides engineering companies with recurring maintenance services and eventually replacement or remediation services.

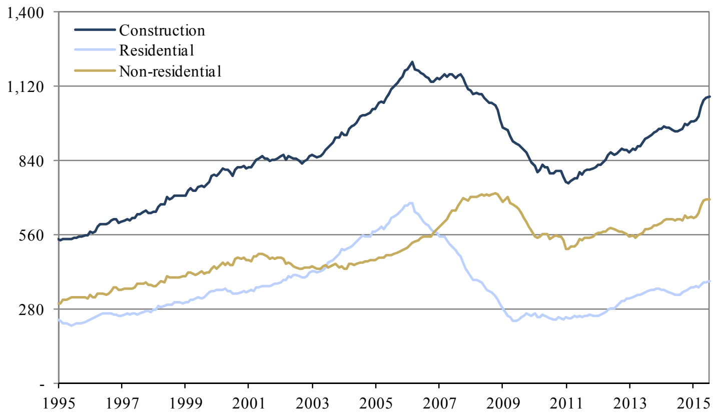
24 The term gross is used because the measure does not make any adjustments to deduct consumption of fixed capital (or depreciation).

Independent Expert's Report (Cont)

US engineering construction industry

97 US construction and residential building activity peaked in 2006 with non-residential building activity continuing to grow to around late 2009[25], as shown below.

Building and construction activity
US$bn



Source: US Census Bureau and Bloomberg.

98 Following the Global Financial Crisis (GFC), the respective construction, residential and non-residential sectors declined over a number of years until 2011 and have since been trending upwards. Key drivers of the US economy (and hence building and construction activity) in recent periods have been increased consumer confidence and declining unemployment rates (unemployment reached a seven year low of 5.1% in August 2015).

99 In the year to July 2015, residential building activity accelerated due to increased US consumer confidence[26]. Residential building growth is expected to be relatively strong in 2016 (growth of between 7% and 8%), although expectations are likely to be lower if the Federal Reserve decides to increase interest rates in the short term[27]. Non-residential building in recent periods was strong, primarily due to increasing office and hotel construction and higher industrial activity, which is expected to continue through 2015.

100 The chart below shows a number of potential indicators of residential and non-residential activity. They include:

(a) the Case-Shiller US National Home Price Index, which tracks the value of a single family house in the US (with a value of 100 in January 2000)

25 The US enacted a stimulus package in February 2009 in response to the downturn in the economy caused by the GFC.

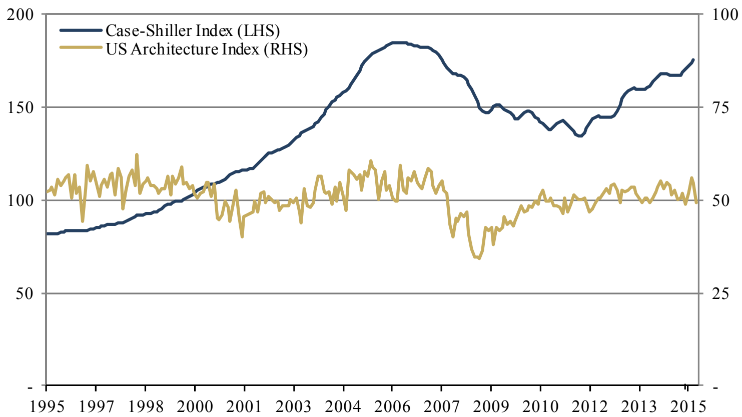
26 The recent softening economic confidence due to the volatility in the financial markets is not reflected in the above.

27 Source: Euler Hermes (a credit insurance company and Allianz subsidiary).

Independent Expert's Report (Cont)

(b) the US Architecture Work-On-The-Board Billings Index (US Architecture Index), which is an indicator of non-residential building activity whereby a value above 50 indicates an increase in activity[28].

US construction indices



Source: Bloomberg.

101 Post the GFC, US house prices have grown since 2012 due to increased demand for residential housing. As shown in the chart at paragraph 97 this has had a positive impact on the level of residential building activity.

102 Over the past three years, the US Architecture Index has generally shown moderate expansionary readings, however the index appears volatile[29]. Overall the US Architecture Index is indicating that current non-residential building construction levels are expected to be maintained (i.e. relatively little growth). Notwithstanding this, the American Society of Civil Engineers has highlighted that US infrastructure requires significant investment and maintenance for future economic growth, with a projected cumulative infrastructure funding gap of approximately US$1.1 trillion by 2020[30].

Australian engineering construction industry

103 The value of Australian construction activity reached A$207 billion for the year to 31 March 2015, with a majority of this represented by engineering construction (A$116 billion) and the remainder comprising residential (A$56 billion) and non-residential (A$35 billion) building activity, as shown below:

28 Survey participants are asked whether their billings increased, decreased or stayed the same in the most recent month. As an indicator of construction activity, there is a nine to 12 months lead time between the US Architecture Index and construction spending.

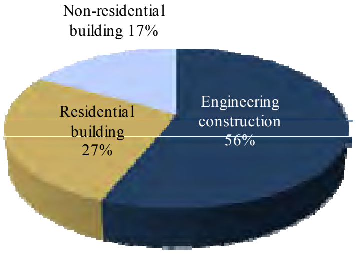
29 There was a sharp decline in August 2015 to just below 50.

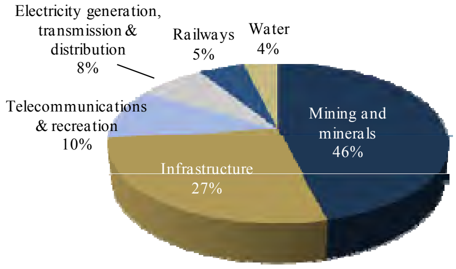
30 Source: American Society of Civil Engineers.

Independent Expert's Report (Cont)

Engineering construction (by sector)

Building & construction industry (A$207 bn) **Engineering construction by sector (A$116 bn)[1]**



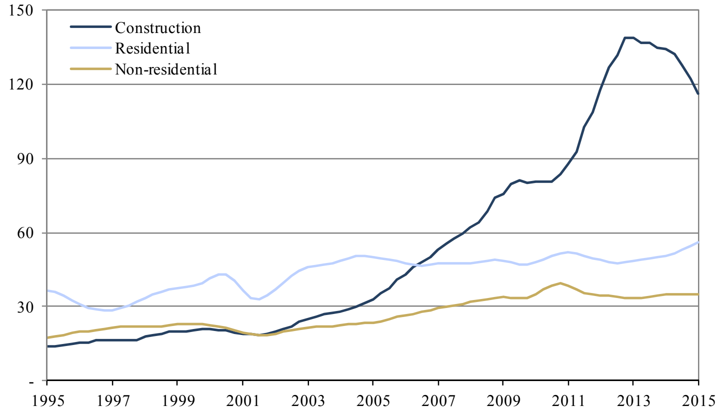


Note:
1 Gas and oil projects are included in mining. Mining and minerals expenditure is also shown in infrastructure, electricity and water categories above.
Source: Australian Bureau of Statistics (ABS).

104 Building and construction activity in mining (iron ore and coal), energy (most notably LNG) and infrastructure projects to support the export of these commodities peaked in early 2013. This has driven the Australian engineering construction sector to a compound annual growth rate (CAGR) of 11.6% over the 10 years to June 2015. This growth is illustrated in the chart below, which shows the relative outperformance of engineering construction compared to residential and non-residential building activity, over the past 20 years:

Building and construction activity

A$bn (rolling year ending 31 March)



Source: ABS.

Independent Expert's Report (Cont)

105 The high level of engineering construction activity was a major factor in the resilience of the Australian economy throughout the GFC[31]. While engineering construction growth stalled post 2008 as projects were put on hold, activity continued at a level more than double that recorded four years earlier. As commodity prices recovered (post 2008) and the availability of financing returned, investments previously halted were approved for development and industry growth resumed. However, following the peak in commodity prices in late 2012, there has been an increasing decline in the engineering and construction activity.

106 The outlook for engineering construction in the short term is underpinned by the current (yet reducing) investment pipeline of committed projects. However, the combined effects of the significant declines in iron ore, coal, base metals and oil prices, together with still relatively high project costs, have reduced the number of projects reaching the final investment stage. This has resulted in deteriorating conditions for mining related service companies.

107 While investment in mining and related infrastructure is expected to continue to decline, expenditure by Federal and State Governments on transport and other infrastructure initiatives is beginning to provide some offsetting revenue streams, noting in particular the increasing amount of work from NSW infrastructure projects.

108 Further, since November 2011, there have been several interest rate cuts by the Reserve Bank of Australia (RBA) in response to slowing economic growth. The resulting record low interest rates have created increased demand for residential housing, with dwelling prices across Australia increasing some 24% over the three years to September 2015[32]. This has provided an uplift in residential building activity (in Sydney, Melbourne and to a lesser extent Brisbane), with residential housing activity rising 15% in the three years to 31 March 2015[33] (this includes a significant number of multi-story unit buildings, which typically require engineering consulting services).

109 Australian engineering construction activity levels have mirrored the level of mining capital expenditure[34], which accelerated up to FY12, peaked in FY13 and decreased thereafter, as shown in the following chart[35]:

31 Due in part to the long lead times for project delivery and also the fact that some of the major mining companies continued to invest throughout this period.

32 Source: CoreLogic, Inc.

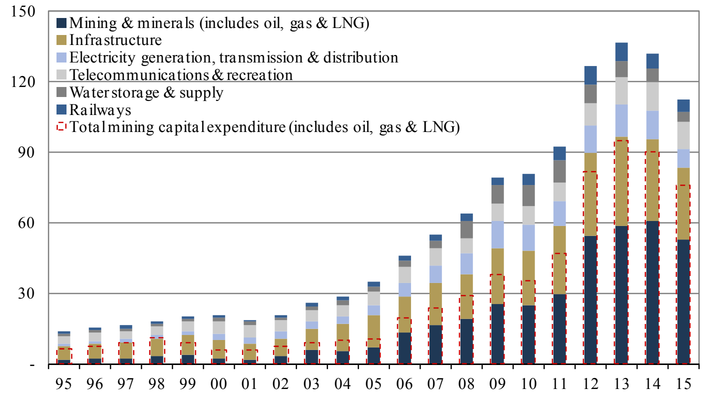
33 Source: ABS.

34 Total mining expenditure is not limited to just mining construction, but also includes various other infrastructure such as specialist transport, power connectivity and/or generation and water supply infrastructure.

35 Note the chart shows a breakdown of Australian engineering construction expenditure by sector compared to mining capital expenditure over the 20 years to FY15.

Independent Expert's Report (Cont)

Australian engineering construction
A$bn (years to 30 June)



Note:
1 Mining and minerals includes LNG and other energy projects.
2 Mining and minerals expenditure is also shown in infrastructure, electricity and water categories above.
Source: ABS.

110 Engineering services are critical to mine development and maintenance, production and transport. Engineers are employed in almost every aspect of the mining process, from preliminary surveys for feasibility studies and mine planning, EPCM, risk assessment and safety procedures, preparing production schedules, environmental scientific services, asset management and maintenance and decommissioning and rehabilitation.

Engineering consulting services

Global engineering consulting services

111 The principal driver of demand for engineering services is the level of investment into infrastructure and non-residential building construction. The industry is also heavily influenced by trends in downstream markets, particularly investment into equipment and processes in the manufacturing, energy and transportation markets. These downstream markets are also impacted by the level of general economic activity and therefore the performance of the wider economy will influence industry demand.

112 The global market for engineering services consists of work performed by consultant engineering firms, along with in-house services undertaken by construction contractors, manufacturers, government agencies and utility owners. The global industry is principally driven by trends in GFCF such as construction, manufacturing and mining developments, while technological developments and environmental services are an increasing part of the global industry drivers. The primary activities of the sector include strategic consulting, design services, feasibility studies, project delivery, asset management and maintenance (which can provide stable long term recurring revenue), research, process design, construction management and field engineering.

Independent Expert's Report (Cont)

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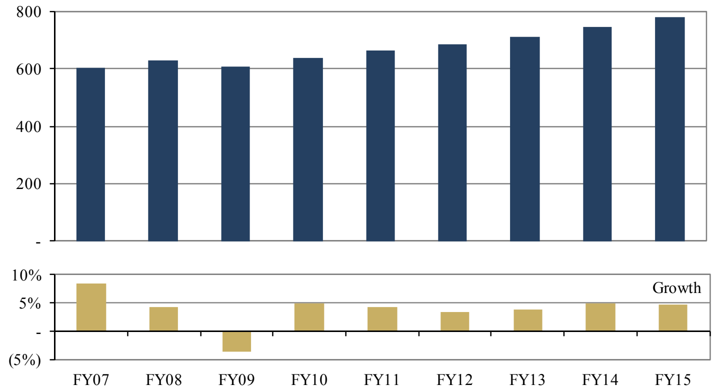
113 The global engineering consultancy sector is one of the largest professional services industries, with revenue of US$782.8 billion in FY15, an increase of 4.7% on the previous year[36].

Global engineering consultancy services revenue[(1)]
A$bn (years ending 30 June)



Note:
1 Expressed in inflation adjusted 2015 dollars.
Source: IBISWorld.

114 Growth in industry revenue has been underpinned by a growing middle class and the level of urbanisation in major economies such as China and India (and the associated increase in infrastructure and industrial construction). A combination of corporate pressure to implement environmentally friendly policies and more stringent environmental and human health regulations introduced by governments are also expected to continue to drive the demand for environmental consultancy services. Additionally, there has been a trend towards outsourcing of technical testing and measuring services previously undertaken in-house by public sector authorities and large-scale mining and manufacturing companies.

115 Although the industry has a low degree of concentration (the four largest companies contribute less than 5% of global industry revenue), there has been a trend toward consolidation through mergers or strategic alliances in response to larger scale, more complex projects and globalisation. Major companies operating in the global sector include AECOM Technology Corporation, Jacobs Engineering Group and Fluor Corporation (each of these companies derives significant revenues outside of their home markets).

US engineering consulting services

116 Engineering consulting services revenue in the US was US$223.9 billion in 2014, with growth averaging 4.3% since 2009[37].

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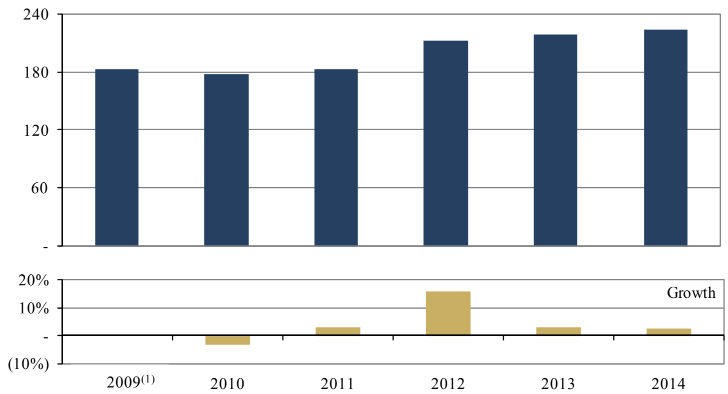
36 Source: IBISWorld (April 2015), *Global Engineering Services*.
37 Source: AnythingResearch (2015), *Report on Engineering Services*.

Independent Expert's Report (Cont)

US engineering market size
US$bn



Note:
1 Growth rate not available for 2009.
Source: AnythingResearch.

117 Revenue for the US engineering services industry has been somewhat volatile over the past five years, with relatively low growth aside from 2012 (which was the first year of growth in the construction residential and non-residential sectors since the GFC). The absence of large, long term projects during this period has also forced some firms to reduce their workforces.

118 The majority of environmental consultancy revenue in the US is derived from services to the private sector, with the largest clients in the construction, manufacturing and energy industries. In the public sector, consultants are primarily employed by Government departments such as the Department of Defence, the Department of Energy, the Environmental Protection Agency and the General Services Administration to provide remediation, consultation and pollution prevention assistance.

119 Demand for engineering and environmental services has also increased due to the general push toward environmental sustainability. Growth in environmental consulting services (in particular site remediation and environmental clean ups) can be attributed to more stringent laws being enforced to prevent and regulate pollution in the US, as well as responding to disasters such as the BP Deepwater Horizon oil spill and Hurricane Sandy.

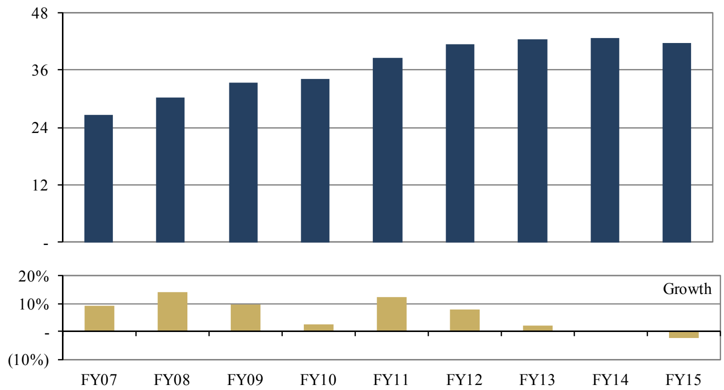
Australian engineering consulting services

120 IBISWorld estimates that engineering consulting services turnover in Australia was A$41.6 billion[38] in FY15, down 2.5% compared to the prior year[39]. In recent years, engineering consulting services in Australia benefited from the mining boom, with a CAGR over the last 10 years of 6.1%. Capital intensive projects created a stream of new engineering work to service the mining and gas extraction markets, and large public sector projects also contributed to industry growth. However, since FY13 revenue growth has significantly slowed as mining investment (and hence available work for engineers) has been wound back.

38 Source: IBISWorld (May 2015), *Engineering Consulting in Australia*.
39 In nominal terms.

Independent Expert's Report (Cont)

Australian engineering consultancy services revenue[1]
A$bn (years ended 30 June)



Note:
1 Expressed in nominal terms calculated using the implicit GDP price deflator from the ABS.
Source: IBISWorld, ABS and LEA analysis.

Level of competition

121 The Australian engineering consulting industry is fragmented (the four largest firms generate less than 15% of industry revenue) and is characterised by a large number of small firms (some 30,000 companies with total employment of 133,000 people) and high levels of competition. Competition has also increased through the entry of large scale global consultancy firms and the constant entry and exit of small scale regional consultants.

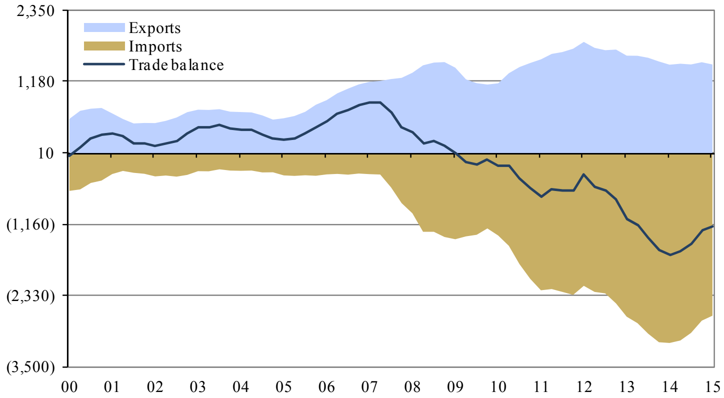
122 Competition is generally based on experience, technical expertise, established relationships with client organisations and reputation for quality, as well as competitive tendering. Smaller companies generally specialise in niche sectors, while larger operators have the ability to provide complete offerings and compete for larger projects.

Imports and exports

123 Up to 2007 exports of engineering services grew strongly while imports grew much slower. The result was a growing surplus in the balance of trade in engineering services. From 2007 to 2012, except for the GFC year 2008, exports of engineering services increased (and have generally been maintained at that level). The rise in imports of engineering services and resulting trade deficit reflects both a lack of the requisite skills (see below) and a shortage of engineering labour, which was primarily attributable to the high level of Australian energy and mining work in recent periods.

Independent Expert's Report (Cont)

Engineering services – trade balance[(1)]
A$m (rolling year ended 31 March)



Source: ABS.

124 With the exception of some of the larger companies, Australian engineering companies currently have limited experience and expertise in providing engineering services for certain aspects of LNG projects. As a result specialised LNG skills from overseas engineering companies have been imported to Australia. A prime example is Bechtel, a privately owned US company, whose Australian subsidiary secured the lead engineering services work for a substantial proportion of the LNG projects currently underway in Australia[40].

International development assistance (IDA)

125 Cardno's key clients in emerging markets are western governments that engage Cardno to develop and manage their foreign aid programs in developing economies. The programs facilitate health, education, legal, economic and political reform. Cardno's two largest clients in this area are the DFAT of Australia and United States Agency for International Development (USAID).

DFAT

126 Australia's official development assistance has increased over the 10 years to FY13 in absolute terms, as well as a percentage of gross national income. Australia's foreign aid budget peaked at some US$5.1 billion in FY13 and declined in FY14. This represented a decline in official development assistance in absolute terms, as well as a percentage to gross national income, and is representative of the Federal Government's current budget deficit position.

40 We understand that Bechtel outsources substantial portions of this work (e.g. pipeline work) to Australian based engineering firms.

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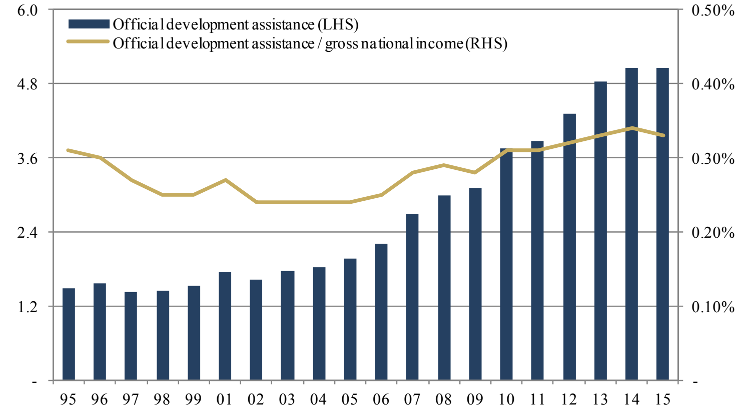
Australian official development assistance
US$bn (years to 30 June)

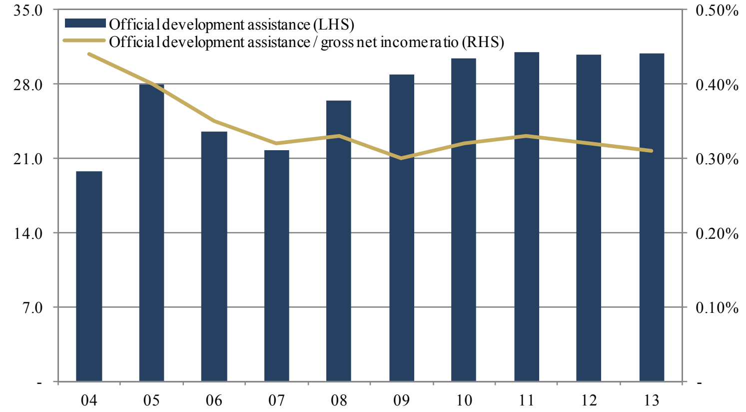


Source: DFAT.

USAID

127 According to OECD data, the US (through its USAID program) was the leading donor of official development assistance in 2013 (the latest available data), with a total spend of some US$30 billion:

US official development assistance
US$bn



Source: OECD.

128 While official development assistance in the US has generally been increasing since 2007, as a proportion of gross national income contributions it has been decreasing (similar to Australia, this is primarily due to fiscal deficits). In 2013 (the latest available information),

Independent Expert's Report (Cont)

the majority of US official development assistance (in the form of economic assistance) was directed to the Middle East, North Africa and to Sub-Saharan Africa[41].

Outlook

Global outlook

129 The global engineering services industry is expected to benefit from economic growth across Asia, the Middle East and South America over the next five years. In particular, a growing global population and expanding middle class combined with increased urbanisation is expected to increase demand for infrastructure (including power, energy, transportation and water) and benefit engineering firms that provide the technical, design and management services for such construction projects.

130 IBISWorld is forecasting global engineering consulting revenue to grow at an average annual rate of 3.4% for the five years to 2020. Steady revenue expansion is likely to be tempered by constraints in developed economies where large public debt, austerity programs and low population growth has the potential to impact demand for industry services related to infrastructure and residential construction projects[42].

US outlook

131 The US economy expanded above expectations in the second quarter of 2015 due to stronger consumer spending and construction levels. Current low levels of US unemployment also indicate potential growth in the coming periods. These and other economic indicators have contributed to the view that there is likely to be a rise in US interest rates before the end of 2015[43] (note that financial markets have priced in an interest rate increase[44]).

132 Residential demand is relatively strong at present, however, this could slow in response to any interest rate increases by the Federal Reserve. Non-residential construction in recent times has been related to increased investment in office and hotel construction, along with higher industrial activity, all of which are expected to continue in the short term.

133 The US Architecture Index is indicating that current non-residential building construction levels are expected to be maintained (i.e. relatively little growth over the short term). However, we note that the American Society of Civil Engineers has highlighted that US infrastructure requires a significant increase in investment and maintenance to support future economic growth.

Australian outlook

134 The level of investment in the mining and resources sector has been the major driver of engineering construction activity in Australia over recent years. As a result, industry performance is forecast to deteriorate over the short to medium term as projects complete. The decline in mining / resource investment is expected to primarily impact the mining

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41 Source: USAID.

42 Source: IBISWorld (April 2015), Global Engineering Services.

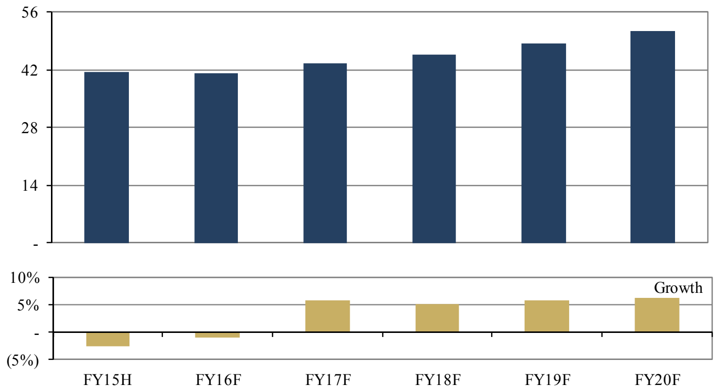
43 As at 1 October 2015 only five out of 77 analysts on Bloomberg have taken the view that interest rates will not increase by the end of 2015.

44 Based on Bloomberg's world interest rate implied probability, which is calculated by considering trading in US interest rate forwards.

focused states of Queensland and Western Australia, while NSW is expected to lead an upswing in non-resources work driven by a range of State Government transport infrastructure projects (including the A$11.5 billion WestConnex Motorway project and the A$9 billion North West Rail Link project). Driving this activity is an emphasis by the Federal and State Governments on asset recycling[45].

135 While FY15 (historical) and FY16 (forecast) revenue growth was negative and despite the headwinds of reducing resources investment, IBISWorld is forecasting average growth of 5.7% in engineering consulting revenue for the four years to FY20, due to improved conditions in the infrastructure market (particularly in transport) and increased investment in commercial and industrial building.

Australian engineering consultancy services revenue[(1)]
A$bn (years ending 30 June)



Note:
1 Expressed in nominal terms calculated using an annual inflation rate of 2.5%.
Source: IBISWorld, ABS and LEA analysis.

45 The current Commonwealth government was elected in September 2013 with a mandate to invest in infrastructure, particularly in the transport sector. It remains to be seen whether this will continue with the recent change in Prime Minister and the next federal election to be held in 2016.

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V Valuation approach

Valuation approaches

136 RG 111 outlines the appropriate methodologies that a valuer should consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

(a) the discounted cash flow (DCF) methodology

(b) the application of earnings multiples appropriate to the businesses or industries in which the company or its profit centres are engaged, to the estimated future maintainable earnings or cash flows of the company, added to the estimated realisable value of any surplus assets

(c) the amount that would be available for distribution to shareholders in an orderly realisation of assets

(d) the quoted price of listed securities, when there is a liquid and active market and allowing for the fact that the quoted market price may not reflect their value on a 100% controlling interest basis

(e) any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

137 Under the DCF methodology the value of the business is equal to the net present value (NPV) of the estimated future cash flows including a terminal value. In order to arrive at the NPV the future cash flows are discounted using a discount rate which reflects the risks associated with the cash flow stream.

138 Methodologies using capitalisation multiples of earnings or cash flows are commonly applied when valuing businesses where a future "maintainable" earnings stream can be established with a degree of confidence. Generally, this applies in circumstances where the business is relatively mature, has a proven track record and expectations of future profitability and has relatively steady growth prospects. Such a methodology is generally not applicable where a business is in start-up phase, has a finite life, or is likely to experience a significant change in growth prospects and risks in the future.

139 Capitalisation multiples can be applied to either estimates of future maintainable operating cash flow, earnings before interest, tax, depreciation and amortisation (EBITDA), earnings before interest, tax and amortisation (EBITA), earnings before interest and tax (EBIT) or net profit after tax. The appropriate multiple to be applied to such earnings is usually derived from stock market trading in shares in comparable companies which provide some guidance as to value and from precedent transactions within the industry. The multiples derived from these sources need to be reviewed in the context of the differing profiles and growth prospects between the company being valued and those considered comparable. When valuing controlling interests in a business an adjustment is also required to incorporate a premium for control. The earnings from any non-trading or surplus assets are excluded from the estimate of the maintainable earnings and the value of such assets is separately added to the value of the business in order to derive the total value of the company.

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140 An asset based methodology is applicable in circumstances where neither a capitalisation of earnings nor a DCF methodology is appropriate. It can also be applied where a business is no longer a going concern or where an orderly realisation of assets and distribution of the proceeds is proposed. Using this methodology, the value of the net assets of the company is adjusted for the time, cost and taxation consequences of realising the company's assets.

Methodology selected

141 The market value of Cardno has been assessed by aggregating the market value of the two regional business operations, together with the realisable value of surplus assets less net borrowings.

142 The value of the respective business operations has been made on the basis of market value as a going concern. The primary valuation methodology used is the capitalisation of future maintainable earnings approach (using EBITDA). Under this methodology, the value of the business is represented by its (normalised) underlying EBITDA capitalised at a rate (or EBITDA multiple) that reflects the risks and growth prospects inherent in those earnings.

143 In our opinion, the capitalisation of EBITDA method is the most appropriate methodology for valuing the Cardno businesses. This is because:

(a) despite the recent adverse market conditions that have negatively impacted on operating performance, Cardno's businesses operate in relatively mature industry sectors, have well established market positions and a demonstrated history of profitability, which over the medium to longer term is expected to continue

(b) we do not have long term cash flow projections which we regard as sufficiently robust to enable a DCF valuation to be undertaken[46]. Further, we note that it is difficult to reliably predict (on a year-by-year basis) the quantum and timing of any recovery in the key / various global market sectors in which Cardno provides its services

(c) transaction evidence in the engineering consultancy sector is generally expressed in terms of EBITDA (and EBIT) multiples

(d) the EBITDA (and EBIT) multiples for listed companies exposed to similar industry sectors as Cardno can be derived from publicly available information

(e) given the nature of Cardno's activities, in particular the generally low capital intensive nature of the business operations, in our view, a capitalisation of EBITDA approach is more appropriate than a capitalisation of EBIT approach.

144 In considering the market value of certain businesses in the Americas region we have also had regard to valuations implicit in third-party approaches for these businesses.

145 We have cross-checked our valuation of the equity in Cardno by considering the implied price earnings (PE) ratio and EBIT multiples and the pre-bid market price of Cardno shares adjusted for a premium for control.

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46 We note that Cardno has prepared cash flow projections for financial reporting / impairment testing purposes. However, the objective of impairment tests is to opine on whether the carrying values of assets are appropriate rather than to assess market value of 100% of the equity of the entity.

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VI Valuation of 100% of Cardno

Overview

146 As stated in Section V, the market value of Cardno has been assessed by aggregating the market value of the two regional business operations, together with the realisable value of surplus assets less net borrowings.

147 We have adopted the capitalisation of EBITDA method as our primary valuation method for each of the business operations. Under this methodology, the value of the business is represented by its (normalised) underlying EBITDA capitalised at a rate (or EBITDA multiple) that reflects the risks and growth prospects inherent in those earnings.

148 We have cross-checked our valuation of the equity in Cardno by considering the implied PE ratio and EBIT multiples and the pre-bid market price of Cardno shares adjusted for a premium for control.

Assessment of normalised EBITDA

149 In order to assess the appropriate level of EBITDA for valuation purposes we have had regard to the historical and forecast results of each business division, and have discussed each business division's financial performance, operating environment and prospects with Cardno management.

150 A summary of the revenue and underlying EBITDA (before impairment charges) for the Americas and Asia Pacific businesses is set out below:

Cardno – operating segments

		FY12	FY13	FY14	FY15
Americas region					
Net revenue[1]	US$m	488.2	516.8	560.5	569.7
EBITDA[1][2]	US$m	63.9	71.5	68.2	48.7
EBITDA margin	*%*	*17.6*	*14.6*	*13.2*	*8.7*
Asia Pacific region					
Net revenue	A$m	356.0	415.1	407.3	364.4
EBITDA[2]	A$m	65.3	69.0	66.5	48.0
EBITDA margin	*%*	*18.3*	*16.6*	*16.3*	*13.2*

Note:
1 These are the US$ amounts that reconcile to the A$ reported EBITDA based on the A$:US$ exchange rates that prevailed in the respective periods.
2 Before unallocated corporate costs.

151 The performance of the Americas business in early FY16 has been below expectations. This has been due to, inter-alia, delays in the start-up of new projects and continued uncertainty in the oil and gas industry (reflecting the low oil price), as well as a continuation of the impact of on-going integration activities.

152 Conversely, the Asia Pacific business has performed in line with management expectations, and recent project and contract wins have continued to improve the level of work in hand.

153 Cardno has also implemented a number of profitability improvement initiatives to improve performance in the Americas and is taking aggressive steps to reduce overheads. These steps include annualised cost reductions of over A$20 million and these actions are expected by Cardno management to deliver pre-tax cost savings (net of implementation costs) of A$10 million in FY16.

154 Taking into account the above, the Cardno Board has indicated that it expects FY16 earnings to be broadly in line with consensus analyst forecasts (which were for EBITDA of around A$100 million as at 8 October 2015[47]).

Corporate costs

155 Cardno's head office incurs a variety of corporate head office expenses including costs associated with being a publicly listed company (e.g. listing and share registry fees, shareholder communication costs etc), CEO and CFO (and other head office staff member) salaries, head office lease charges and general consultancy fees (these are referred to as "Corporate Charges"). Cardno's head office also operates a centralised IT and payroll infrastructure on behalf of its business divisions (these are referred to as "Shared Services").

156 The total costs incurred by Cardno's head office (before any reallocations) are approximately A$20.0 million per annum[48]. The majority of these costs are allocated to the Americas and Asia Pacific regional businesses and are reflected in the business results set out above. However, approximately A$3.0 million in annual corporate costs are not allocated to the business units. Accordingly, the capitalised value of these unallocated costs has been deducted from our assessed business values.

Conclusion on EBITDA

157 Having regard to the above, we have adopted the following level of EBITDA for valuation purposes:

(a) Americas region – US$55 million

(b) Asia Pacific region – A$50 million

(c) Unallocated corporate costs – A$3 million.

158 The EBITDA adopted for each of the regions reflects in particular:

(a) a conservative estimate of the identified annual cost savings (which have been announced by Cardno concurrently with the release of the Target Statement), in respect of which associated implementation steps are currently under way

(b) the current stage of the business cycle in a number of the market sectors in which Cardno provides its services and the related negative impact on current and projected short term earnings (we have allowed for the expected improvement in earnings over the medium / longer term in the EBITDA multiple adopted).

47 Source: Bloomberg. Consensus broker forecasts are based on the average of nine broker forecasts.

48 Before cost saving initiatives.

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EBITDA multiple

159 The selection of the appropriate EBITDA multiple to apply is a matter of judgement but normally involves consideration of a number of factors including, but not limited to:

- The stability and quality of earnings
- The quality of the management and the likely continuity of management
- The nature and size of the business
- The spread and financial standing of customers
- The financial structure of the company and gearing level
- The multiples attributed by share market investors to listed companies involved in similar activities or exposed to the same broad industry sectors
- The multiples that have been paid in recent acquisitions of businesses involved in similar activities or exposed to the same broad industry sectors
- The future prospects of the business including the growth potential of the industry in which it is engaged, strength of competitors, barriers to entry, etc
- The cyclical nature of the industry
- Expected changes in interest rates
- The asset backing of the underlying business of the company and the quality of the assets
- The extent to which a premium for control is appropriate
- Whether the assessment is consistent with historical and prospective earnings

160 We discuss below specific factors taken into consideration when assessing the appropriate EBITDA multiple range for each of Cardno's individual business divisions.

Listed company multiples

161 The EBITDA multiples of listed companies with comparable operations to Cardno and/or exposed to the same broad industry segments, as well as a number of international companies with similar operations (to Cardno's individual business divisions) are set out below:

Listed company multiples(1)

			EBITDA multiples	
Company(2)	Latest FY	EV A$m	Historical x	Forecast(3) x
Australian companies				
WorleyParsons	30 Jun 15	1,546	5.0	5.4
Monadelphous Group	30 Jun 15	590	2.4	3.0
Ausenco	31 Dec 14	60	nm	nm
Coffey International	30 Jun 15	43	4.5	4.5
International companies				
AECOM	30 Sep 14	5,570	nm	9.6
Amec Foster Wheeler	31 Dec 14	6,057	11.5	8.9
Jacobs Engineering Group	30 Sep 14	6,541	6.3	6.8
WSP Global	31 Dec 14	4,648	nm	12.2
Arcadis NV	31 Dec 14	3,066	10.8	9.3
Stantec	31 Dec 14	3,183	10.8	9.6
WS Atkins	31 Mar 15	3,049	9.8	9.4
Sweco AB	31 Dec 14	2,031	14.1	12.7
Tetra Tech	30 Sep 14	2,213	7.5	7.8
Keller Group	31 Dec 14	1,400	5.9	5.5
Akka Technologies	31 Dec 14	736	8.0	7.9

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Note:
1 Enterprise value (EV) and earnings multiples calculated as at 24 September 2015.
2 Brief descriptions of each company's activities are summarised in Appendix C.
3 Forecast earnings are based on Bloomberg broker average forecast (excluding outliers and outdated forecasts).
nm – not meaningful.
Source: Bloomberg, Reuters, latest full year statutory accounts, latest interim accounts, company announcements, LEA analysis.

162 In relation to the above, we note that:

(a) the above multiples are based on the listed market price of each company's shares (and therefore exclude a premium for control). Empirical evidence undertaken by LEA indicates that the average premium paid above the listed market price in successful takeovers in Australia ranges between 30% and 35% (assuming the pre-bid market price does not reflect any speculation of the takeover). This broadly translates to a premium of 20% to 25% at the EBITDA multiple or enterprise value level, although this varies depending on the level of debt funding employed in each company

(b) the EBITDA multiples for WorleyParsons, Monadelphous Group and Ausenco reflect their exposure to the oil and gas and/or mining sectors (which are experiencing a significant downturn due to, inter-alia, falling commodity prices)

(c) whilst Coffey is arguably the most comparable Australian listed company to Cardno, it is significantly smaller and derives much lower earnings margins than Cardno

(d) the majority of the overseas listed companies are larger and have more diverse operations than Cardno. Smaller companies generally trade on lower multiples than larger companies provided the outlook for earnings growth and the market sectors in which the businesses operate are similar.

Cardno implied trading multiples

163 We have also considered the one year forward EBITDA multiples for Cardno from 1 July 2012 to 11 September 2015 (i.e. the last trading day prior to the announcement of the Offer), which are shown below:

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One year forward EBITDA multiples (non-controlling interest)
1 July 2012 to 11 September 2015[1]

Source: Bloomberg and LEA analysis.

164 The above EBITDA multiples are based on the Cardno share price and therefore also exclude a premium for control.

Transaction evidence

165 As set out in Appendix D, there have been a number of transactions in the engineering consultancy sector in recent years.

Cardno acquisitions

166 Cardno acquired a number of the businesses which form part of its current operations. The cost of these acquisitions and the EBITDA multiples implied by those transactions with a total consideration of over A$20 million are set out below:

Cardno acquisitions by segment

Date[1]	Business acquired	EV A$m	EBITDA multiple[2] x	Business description
Mar 14	PPI Group	160.5	6.7H	Engineering services to the oil and gas sector
Dec 12	ChemRisk	33.2	5.3H	Human health and environmental risk consulting
Jul 12	Marshall Miller & Associates	30.2	5.6F	Environmental and energy consulting
Feb 12	ATC Associates	98.4	6.6F	Environmental consulting and services
Oct 11	TEC	48.6	6.9F	Environmental consulting
Jun 10	ENTRIX	128.3	6.3F	Environmental and natural resource consulting

Note:
1 Date of announcement.
2 H – Historical multiple. F – Forecast multiple.

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167 We note that the businesses acquired form component parts of the two business regions which comprise the overall Cardno group. We would expect the EBITDA multiple applied at the regional business level to exceed the implied multiple derived from individual business transactions.

Other engineering consultancy sector transactions

168 Other transactions in the engineering consultancy sector, and the related implied EBITDA and EBIT multiples (where available), are set out in Appendix D. A summary of the multiples implied by transactions over recent years are shown below:

Other engineering consultancy sector transactions (post 2012 onward)

Date[1]	Business acquired	EV[2] $m	EBITDA multiple Historical x	EBITDA multiple Forecast x	EBIT multiple Historical x	EBIT multiple Forecast x
Aug 15	MMM Group	C$425	8.9	na	na	na
Jun 15	Grontmij	€405	12.1	10.5	18.1	15.3
Sep 14	Parsons Brinckerhoff	US$1,243	10.6	na	na	na
Jul 14	Hyder Consulting	£283	12.0	11.8	14.9	14.9
Jul 14	URS Corporation	US$6,000	7.3	8.2	9.0	11.5
Jun 14	Kentz Corporation	US$1,698	13.6	8.7	14.7	9.3
Mar 14	Focus Group Holding	C$364	8.3	na	na	na
Mar 14	PPI Group	A$161	6.7	na	na	na
Feb 14	Foster Wheeler	US$3,047	11.7	9.6	13.8	12.0
Sep 13	SKM	A$1,250	6.5	7.1	7.3	8.2
Aug 13	National Technical Systems	US$338	13.7	10.9	20.2	14.6
Jun 13	Brinderson	US$150	6.3	na	na	na

Note:
1 Date of announcement.
2 Enterprise value on a 100% basis.
na – not available.

169 In relation to the transaction evidence it should be noted that:

(a) except where noted, the transactions relate to the acquisition of 100% of the businesses and therefore implicitly incorporate a premium for control

(b) none of the above businesses are directly comparable to the businesses owned by Cardno

(c) the companies acquired differ materially in terms of their size and nature of operations. Accordingly, in our view, the median or average multiples implied by these transactions are not necessarily representative of the multiples which should be applied to Cardno's businesses

(d) the transaction multiples are calculated based on the most recent actual earnings (historical multiples) or expected future earnings for the current year at the date of the transaction (forecast multiples). The multiples are therefore not necessarily reflective of the multiple which would be derived from an assessment of each target company's "maintainable" earnings.

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Conclusion on EBITDA multiple

170 Based on the above, we have adopted an EBITDA multiple of 8.0 to 8.5 for both the Americas and Asia Pacific regions. In considering the appropriate EBITDA multiple to apply for each region we have had regard to the nature, size, growth prospects and relative risks of the individual businesses within each region. In respect of each region the range adopted reflects an appropriate weighted average multiple.

171 The EBITDA multiple range adopted reflects in particular:

(a) the established market position held by Cardno in the engineering services sector in the regions in which the Company provides its services

(b) the diverse nature of operations across its businesses and services, geography, market sector and client type

(c) the relatively low risk nature of its operations (Cardno does not undertake engineering construction risk)

(d) the current subdued nature and/or cyclical lows of a number of the market sectors in which Cardno provides its services

(e) the potential to increase future earnings above those adopted for valuation purposes through achievement of identified cost savings (we have conservatively allowed for only a portion of these savings in the EBITDA adopted for valuation purposes).

Enterprise value

172 Given the above, we have assessed the value of Cardno's business divisions as follows:

Value of Cardno's business divisions

	Maintainable EBITDA $m	EBITDA multiple x	Low $m	High $m
Americas business	US$55.0	8.0 – 8.5	US$440.0	US$467.5
Asia Pacific business	A$50.0	8.0 – 8.5	A$400.0	A$425.0
Unallocated corporate costs	A$3.0	8.0 – 8.5	A$24.0	A$25.5

Deferred consideration

173 As at 30 September 2015 there was US$14.6 million in deferred consideration owed to the vendors of businesses acquired by Cardno, which was contracted to be settled within 12 months.

Net debt

174 In considering the level of net debt to adopt for valuation purposes we have had regard to:

(a) outstanding indebtedness as at 30 September 2015 (which reflects an allowance for the payment on 2 October 2015 of the final dividend for FY15)

(b) a US tax receivable of approximately A$17 million in relation to a prior period

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(c) the scope to reduce excess working capital closer to industry benchmarks (in respect of which management has recently commenced a series of initiatives).

Share capital outstanding

175 Cardno has 169.2 million fully paid ordinary shares on issue.

176 In addition there are 4.5 million performance share rights on issue[49], which will result in the issue of an equivalent number of new shares in Cardno if performance hurdles are achieved. However, in the event of a takeover or other control event Cardno's Board can waive the performance hurdle requirements and accelerate the vesting of those rights. Accordingly, when valuing 100% of the shares in Cardno, in our opinion, it is appropriate to assume that the additional shares in respect of the rights will be issued.

177 For valuation purposes therefore we have assumed 173.7 million fully diluted shares on issue.

Valuation summary

178 Based upon the above, the value of 100% of Cardno on a controlling interest basis is as follows:

Value of Cardno	Low US$m	High US$m	A$:US$ rate[1]	Low A$m	High A$m
Americas business	440.0	467.5	0.71	611.1	667.9
Asia Pacific business				400.0	425.0
Unallocated corporate costs				(24.0)	(25.5)
Total enterprise value				987.1	1,067.4
US denominated debt[2]	(301.9)	(301.9)	0.71	(419.3)	(431.3)
Cash and other assets[3]				102.0	102.0
Deferred consideration	(14.6)	(14.6)	0.71	(20.3)	(20.9)
Net debt				(337.6)	(350.2)
Equity value				649.5	717.2
Fully diluted shares on issue				173.7	173.7
Value per share (A$)				A$3.74	A$4.13

Note:
1 This is the mid-point of the A$:US$ exchange rate adopted for valuation purposes of US$0.70 to US$0.72.
2 As noted our assessed enterprise value of the Americas region comfortably exceeds the aggregate of the US$ denominated debt. This is consistent with the view of Cardno management that the Americas region businesses provide a natural hedge against the US$ indebtedness (in respect of which no foreign exchange hedge cover has been undertaken).
3 Includes US tax receivable and the assumed realisation of excess working capital.

49 This excludes 1.3 million performance rights which will either not vest or expire on 1 November 2015.

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Cross-check to implied EBIT multiple and PE ratios

179 The EBIT and profit after tax employed in our EBIT multiple and PE ratio cross-check is calculated below:

EBIT and profit after tax	
	A$m
EBITDA – Americas (US$55 million translated at A$ = US$0.71)	77.5
EBITDA – Asia Pacific	50.0
EBITDA – corporate	(3.0)
EBITDA – total	124.5
Depreciation[3]	(24.0)
EBIT	100.5
Net interest expense[1]	(13.8)
Earnings before tax	86.7
Notional tax (28%)[4]	(24.3)
Profit after tax	62.4
Fully diluted shares on issue (million)	173.7
Implied earnings per share (A$)	A$0.36

Note:

1 Calculation of interest on debt:

US dollar debt (US$301.9 million converted at A$ = US$0.71)	(425.2)
Cash and other assets	102.0
Deferred consideration (US$14.6 million converted at A$ = US$0.71)	(20.6)
Net debt	(343.8)
Interest rate[2]	4.0%
Annual interest expense	(13.8)

2 Whilst the prevailing interest rate on Cardno's US$ debt is less than 2% per annum, the interest rate is likely to increase in the event the debt needs to be refinanced (which could potentially occur in the event of a change in control such as that contemplated under the Offer).

3 Ignores amortisation of acquisition intangibles which are non-cash charges.

4 Effective tax rate.

180 The EBIT and PE multiples implied by our assessed value range are shown below:

Implied EBIT and PE ratio		
	Low	**High**
Enterprise value (A$m)	987.1	1,067.4
LEA assessed EBIT (A$m)	100.5	100.5
Implied EBIT multiple (x)	9.8	10.6
Equity value (A$m)	649.5	717.2
LEA assessed profit after tax (A$m)	62.4	62.4
PE ratio (x)	10.4	11.5

181 Based on our review of the implied EBIT and PE ratios for the listed comparable companies (refer Appendix C), the transaction multiples shown in Appendix D, together with our assessment of the characteristics of Cardno's businesses, we consider the cross-check multiples implied by our assessed valuation range to be reasonable, having regard in particular to the current high level of net debt (which is denominated in US dollars).

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Comparison with listed market price

182 Empirical evidence undertaken by LEA indicates that the average premium paid above the listed market price in successful takeovers in Australia ranges between 30% and 35% (assuming the pre-bid market price does not reflect any speculation of the takeover).

183 In the one month and two month periods[50] prior to the announcement of the Offer, the volume weighted average price (VWAP) of Cardno shares was A$2.58 and A$2.73 respectively. Adjusting these share prices for a 30% to 35% control premium would therefore result in a "theoretical" control value of A$3.35 to A$3.69 per share.

184 Our assessed valuation range is higher than these implied theoretical control values, indicating that in the more recent period prior to the announcement of the Offer share market investors have placed a lower value on Cardno than we consider appropriate. We consider this value difference is likely to be attributable to factors including:

(a) concurrent with the release of the Target Statement, Cardno has announced a number of business initiatives which are expected by management to significantly reduce the cost base of the business (and hence, other things being equal, materially increase earnings). In the absence of the Offer we would expect investors to react positively to the announcement of these initiatives

(b) analyst concerns as to both the current level of debt in Cardno and the denomination of the majority of this debt in US$. Recent currency movements have increased the level of outstanding debt in A$ terms, which coupled with an underlying deterioration in operating performance (EBITDA), have resulted in Cardno being close to the limit of a key borrowing covenant. This has caused analysts to suggest a need for an equity raising by Cardno, with resultant negative implications for its share price

(c) the combined benefits of the initiatives referred to above and the proceeds from the potential sale of some businesses are expected by Cardno management to enable the Company to comfortably comply with its debt covenant obligations

(d) the current negative investor sentiment generally to the engineering consultancy sector.

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50 We have had regard to the two months VWAP rather than the three months VWAP to minimise the effect of any appreciation in the Cardno share price reflecting potential corporate activity following the announcements on 22 May 2015.

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VII Evaluation of the Offer

Summary of opinion

185 LEA has concluded that the Offer is neither fair nor reasonable. We have formed this opinion for the following reasons.

Assessment of fairness

186 Pursuant to RG 111, an offer is "fair" if:

"The value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer."

187 This comparison is shown below:

Comparison of Offer consideration and Cardno share value	Low A$ per share	High A$ per share	Mid-point A$ per share
Value of Offer consideration	3.15	3.15	3.15
Value of 100% of shares in Cardno	3.74	4.13	3.94
Extent to which the Offer consideration exceeds (or is less than) the value of the shares in Cardno	(0.59)	(0.98)	(0.79)

188 As the consideration offered by Crescent of A$3.15 cash per share is less than our assessed value of the ordinary shares in Cardno on a 100% controlling interest basis, in our opinion, the Offer is not fair when assessed under the guidelines set out in RG 111.

189 However, as noted above, the Offer is proportional and restricted to 50% of the interest held by each shareholder in Cardno. Accordingly, notwithstanding that we have assessed the Offer as not fair based on the RG 111 guidelines, for the purpose of our report, we have also undertaken an assessment of fairness having regard to the proportional nature of the Offer.

190 In our opinion, when assessing the fairness of a proportional takeover offer, the weighted average consideration likely to be received by accepting the offer and selling the remaining shares not subject to the offer should be compared against the value of the target company shares on a controlling interest basis.

191 In the case of Cardno therefore, in assessing the consideration under the Offer, we have had regard to:

(a) the price of A$3.15 per share offered by Crescent for 50% of the shares in Cardno that it does not already own

(b) the likely listed market value of the shares in Cardno which will not be acquired under the Offer assuming the Offer is successful[51].

[51] As noted in Section II, the Offer has no minimum acceptance condition. For the purpose of our assessment of the Offer, we assume Crescent is successful in increasing its shareholding interest in Cardno to in excess of 50%.

Independent Expert's Report (Cont)

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Value of Cardno shares retained following completion of the Offer

192 If the Offer is successful Crescent will control Cardno. As a result, in our opinion, it is unlikely that an alternative third party will make a takeover offer for Cardno in the short term. Consequently, it is appropriate to assess the value of the shares which will be retained by Cardno shareholders following completion of the Offer (assuming it is successful) on a minority interest or portfolio basis.

193 Whilst it is possible that under Crescent control a takeover offer for Cardno may occur sometime in the future, in our opinion, the value of the shares not acquired under the Offer should be based on the amount that they could be sold for immediately following completion of the Offer[52]. This is because a decision to hold Cardno shares beyond the short term is a separate investment decision which should be made by shareholders having regard to their risk profile, liquidity preference, tax position and expectations as to value and future market conditions.

194 In assessing the portfolio value of Cardno shares subsequent to completion of the Offer, we have applied a discount of 25% to our controlling interest value of Cardno. The discount of 25% reflects:

(a) our opinion that it is appropriate to assess the value of Cardno following completion of the Offer on a minority interest or portfolio basis (i.e. excluding a premium for control)

(b) the fact that Cardno shareholders post completion of the Offer will be in the unique position of being minority shareholders in a company controlled by a large shareholder who has indicated it is not seeking to acquire 100% of the company

(c) the likely reduced marketability of Cardno shares following completion of the Offer due to:

(i) the implicit lower free float of Cardno shares post completion of the Offer (which is likely to discourage some institutional shareholders from holding Cardno shares)

(ii) possible index changes which may result in Cardno being deweighted and/or removed from the S&P / ASX 200 Index

(iii) Crescent's intention to suspend dividends and/or reduce the dividend payout ratio.

195 We have therefore calculated the minority interest or portfolio value of Cardno shares post completion of the Offer at A$2.80 to A$3.10 per share, as set out below:

Portfolio value of Cardno shares post completion of the Offer	Low A$ per share	High A$ per share
Controlling interest value	3.74	4.13
Minority interest discount	(0.94)	(1.03)
Portfolio value of Cardno shares post completion of Offer	2.80	3.10

52 The Offer is structured such that a buyer of the remaining 50% interest in Cardno of a shareholder that has accepted the Offer is unable to accept the Offer in respect of the interest acquired.

Independent Expert's Report (Cont)

Total consideration received under the Offer if remaining shares sold

196 Based on the above we estimate that a Cardno shareholder who accepts the Offer and (assuming that the Offer is successful) subsequently sells the balance of their shareholding on the ASX will receive, on average, A$2.98 to A$3.13 per share , calculated as follows:

Total consideration received per share (pre-tax)	Low A$ per share	High A$ per share
Offer price per share	3.15	3.15
Portfolio value of each remaining share	2.80	3.10
Consideration received for every 2 Cardno shares currently held	5.95	6.25
Total consideration received per share (pre-tax)	2.98	3.13

Assessment of fairness allowing for proportional nature of the Offer

197 The weighted average consideration of A$2.98 to A$3.13 per share received from accepting the Offer and subsequently selling the remaining shares on market is substantially less than our assessed value of Cardno on a controlling interest basis (A$3.74 to A$4.13 per share). Accordingly, we are of the opinion that the Offer (incorporating an appropriate allowance for its proportional nature) is not fair.

Summary on fairness

198 We have therefore concluded that the Offer is not fair when assessed both:

(a) under the guidelines set out in RG 111

(b) incorporating an appropriate allowance for the proportional nature of the Offer.

Assessment of reasonableness

199 Pursuant to RG 111, an offer may be reasonable if, despite not being fair but after considering other significant factors, the expert is of the view that there are sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer.

200 In our opinion the Offer is also not reasonable. We are of this opinion primarily because:

(a) the Offer consideration of A$3.15 per share is significantly lower than our assessed valuation range for Cardno shares, when assessed under the guidelines set out in RG 111

(b) the weighted average consideration of A$2.98 to A$3.13 per share (which incorporates an appropriate allowance for the proportional nature of the Offer) is significantly lower than our assessed valuation range for Cardno shares

(c) post completion of the Offer, in our opinion, the value of Cardno shares will likely be negatively impacted by:

(i) Crescent's intention to suspend dividends and/or significantly reduce the dividend payout ratio

Independent Expert's Report (Cont)

(ii) a likely stock market overhang from Cardno shareholders seeking to exit their investment in the Company

(iii) reduced investor interest in Cardno shares due to the reduced possibility of a full takeover of the Company.

201 In assessing whether the Offer is reasonable LEA has also considered:

(a) the extent to which a control premium is being paid to Cardno shareholders

(b) the listed market price of Cardno shares both prior and subsequent to the announcement of Crescent's intention to make the Offer

(c) Crescent's current shareholding in Cardno and the potential for Crescent to control Cardno pursuant to the Offer

(d) the value of Cardno to an alternative offeror and the likelihood of an alternative offer emerging, either prior to the close of the Offer, or sometime in the future

(e) the likely market price of Cardno shares if the Offer is not successful

(f) other risks, advantages and disadvantages.

202 These issues are discussed in detail below.

Extent to which a control premium is being paid

203 Research undertaken by LEA indicates that average premiums paid in successful takeovers in Australia generally range between 30% and 35% above the listed market price of the target company's shares three months prior to the announcement of the bid (assuming no speculation of the takeover is reflected in the pre-bid price). This premium reflects the fact that:

(a) the owner of 100% of the shares in a company obtains access to all the free cash flows of the company being acquired, which it would otherwise be unable to do as a minority shareholder

(b) the controlling shareholder can direct the disposal of surplus assets and the redeployment of the proceeds

(c) a controlling shareholder can control the appointment of directors, management policy and the strategic direction of the company

(d) a controlling shareholder is often able to increase the value of the entity being acquired through synergies and/or rationalisation savings.

204 We have calculated the premium implied by the Offer on two bases.

205 Firstly, we have calculated the premium implied by the Offer consideration of A$3.15 per share by reference to the market prices of Cardno shares up to 11 September 2015, being the last trading day prior to the announcement of Crescent's intention to make the Offer, as shown below:

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Implied offer premium relative to recent Cardno share prices	Cardno share price A$	Implied control premium %
Closing share price on 11 September 2015[1]	2.50	26.0
1 month VWAP[2] to 11 September 2015	2.58	22.1
2 months VWAP[2][3] to 11 September 2015	2.73	15.4
3 months VWAP[2] to 11 September 2015	2.89	9.0

Note:
1 Being the last day of trading prior to the announcement of Crescent's intention to make the Offer.
2 Volume weighted average price.
3 We have included the two months VWAP (in addition to the three months VWAP) due to the effect of any appreciation in the Cardno share price attributable to speculation of potential corporate activity following the announcements on 22 May 2015.

206 As indicated above, whilst the Offer consideration of A$3.15 per share represents a premium to the market prices of Cardno shares prior to the announcement on 14 September 2015 of the intention to make the Offer, the range of implied premium is below the average premiums paid in successful takeovers generally.

207 Secondly, we have calculated the implied premium by comparing the (mid-point of the) average consideration of A$3.06 per share likely to be received if a Cardno shareholder accepts the Offer and subsequently sells their remaining shares on market, with the listed market prices of Cardno shares prior to the announcement of the intention to make the Offer. In our opinion, this is the most appropriate commercial basis upon which to calculate the implied control premium given the proportional nature of the Offer.

208 As indicated below, the implied premium effectively received by Cardno shareholders on this basis is very low in comparison with observed premiums normally paid for control:

Implied control premium based on average consideration	Cardno share price A$	Implied control premium %
Closing share price on 11 September 2015[1]	2.50	22.4
1 month VWAP to 11 September 2015	2.58	18.6
2 months VWAP[2] to 11 September 2015	2.73	12.1
3 months VWAP to 11 September 2015	2.89	5.9

Note:
1 Being the last day of trading prior to the announcement of Crescent's intention to make the Offer
2 We have included the two months VWAP (in addition to the three months VWAP) due to the effect of any appreciation in the Cardno share price attributable to speculation of potential corporate activity following the announcements on 22 May 2015.

209 Thus, in our opinion, the Offer does not provide Cardno shareholders with a sufficient premium to compensate them for the fact that control of Cardno will pass to Crescent if the Offer is successful.

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Recent share prices subsequent to the announcement of the intention to make the Offer

210 Shareholders should note that Cardno shares have generally traded on the ASX in the range of A$2.81 to A$3.07 per share since the Offer was announced up to 7 October 2015.

211 This trading range is below the Offer consideration of A$3.15 per share indicating that share market investors in Cardno:

(a) have made allowance for the proportional nature of the Offer; and/or

(b) do not expect the Offer to be successful.

Crescent's current shareholding in Cardno

212 At the date of the announcement of its intention to make the Offer, Crescent held a 17.83% interest in the issued capital of Cardno[53]. This interest was initially acquired on 22 May 2015, with subsequent purchases (particularly on 15 July 2015) over the period June 2015 to August 2015[54].

213 Whilst Crescent could therefore prevent a competing bidder from proceeding to compulsory acquisition of Cardno, it does not control Cardno and, in our opinion, should pay an appropriate price consistent with our assessed value of 100% of the issued shares in Cardno in order to gain control.

214 As noted above neither the consideration of A$3.15 per share nor the weighted average consideration of A$2.98 to A$3.13 per share (which incorporates an appropriate allowance for the proportional nature of the Offer) provide Cardno shareholders with an appropriate premium to reflect the fact that control of Cardno will pass to Crescent if the Offer is successful.

215 Furthermore, as noted in Section II, the Offer has no minimum acceptance condition. It is possible therefore that pursuant to the Offer, Crescent could (by way of example):

(a) achieve a position of significant influence in Cardno without, in our opinion, paying a price commensurate with the increase in influence gained

(b) receive a modest level of acceptances under the Offer, sufficient to increase its interest in Cardno beyond 25% and thereby be in a position to prevent (if Crescent so desired) the passage of any resolutions that require approval by 75% of Cardno shareholders.

Crescent's intentions with respect to Cardno

216 If the Offer is successful, Crescent will hold in excess of 50% of the issued share capital of Cardno. In such circumstances Crescent will control Cardno, including factors such as future management decisions, the strategic direction of the business and future dividend policy.

217 Crescent's intentions with respect to Cardno (should the Offer be successful) are set out in Section 3 of the Bidder's Statement. In summary, Crescent's intention is to drive a process of

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53 In addition, Cardno together with its associates held voting power in respect of 19.62% of Cardno shares.

54 Details of the acquisitions of Cardno shares made by Crescent are set out in Section 4.3 of the Bidder's Statement.

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board change and renewal and to see the board take an engaged and active view in driving the strategic and operational performance of the business to rebuild shareholder value.

218 In particular Crescent intends to:

(a) seek to replace some or all of the existing directors with nominees of Crescent

(b) ensure that the new Cardno board reduces or stops paying dividends to shareholders

(c) potentially alter the decision making and management reporting structure of Cardno given the North American focus of the business.

219 With respect to Crescent's intentions regarding Cardno we note:

(a) Crescent is a private investment group and it has not indicated in its Bidder's Statement that it has relevant experience in operating engineering consulting businesses, including such businesses with significant global operations

(b) pursuant to the appointment of the new CEO in June 2015, Cardno has recently undertaken a company-wide strategic review of the type indicated by Crescent as proposed to be undertaken

(c) the future composition of the board proposed by Crescent would not appear to be consistent with ASX recommended corporate governance guidelines.

Likelihood of an alternative offer

220 We have been advised by the Directors of Cardno that no formal alternative offers have been received subsequent to Crescent's announcement of its intention to make the Offer on 14 September 2015.

221 Further, Crescent's existing 19.62% voting interest in Cardno may act as a deterrent to other bidders as they will be unable to acquire 100% of Cardno unless Crescent agrees to sell the shareholdings over which it exercises voting control.

Likely price of Cardno shares if the Offer is not successful

222 In our opinion, if the Offer lapses and no higher offer or alternative proposal emerges, it is likely (at least in the short term) that Cardno shares will trade at a discount to our valuation (consistent with the difference between the value of Cardno on a portfolio basis and the value on a 100% controlling interest basis).

Conclusion

223 Based upon the above we have concluded that the Offer is neither fair nor reasonable when assessed under either the RG 111 guidelines or on the basis of an appropriate commercial assessment.

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Appendix A

Financial Services Guide

Lonergan Edwards & Associates Limited

1 Lonergan Edwards & Associates Limited (ABN 53 095 445 560) (LEA) is a specialist valuation firm which provides valuation advice, valuation reports and independent expert's reports (IER) in relation to takeovers and mergers, commercial litigation, tax and stamp duty matters, assessments of economic loss, commercial and regulatory disputes.

2 LEA holds Australian Financial Services Licence No. 246532.

Financial Services Guide

3 The Corporations Act 2001 authorises LEA to provide this Financial Services Guide (FSG) in connection with its preparation of an IER to accompany the Target's Statement to be sent to Cardno shareholders in connection with the Offer.

4 This FSG is designed to assist retail clients in their use of any general financial product advice contained in the IER. This FSG contains information about LEA generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the IER, and if complaints against us ever arise how they will be dealt with.

Financial services we are licensed to provide

5 Our Australian Financial Services Licence allows us to provide a broad range of services to retail and wholesale clients, including providing financial product advice in relation to various financial products such as securities, derivatives, interests in managed investment schemes, superannuation products, debentures, stocks and bonds.

General financial product advice

6 The IER contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

7 You should consider your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Fees, commissions and other benefits we may receive

8 LEA charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity who engages LEA to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the entity who engages us. In the preparation of this IER, LEA is entitled to receive a fee estimated at A$200,000 plus GST.

9 Neither LEA nor its directors and officers receive any commissions or other benefits, except for the fees for services referred to above.

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Appendix A

10 All of our employees receive a salary. Our employees are eligible for bonuses based on overall performance and the firm's profitability, and do not receive any commissions or other benefits arising directly from services provided to our clients. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. Our directors do not receive any commissions or other benefits arising directly from services provided to our clients.

11 We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

Complaints

12 If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner.

13 If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Services Limited (FOS), an external complaints resolution service. You will not be charged for using the FOS service.

Contact details

14 LEA can be contacted by sending a letter to the following address:

Level 7
64 Castlereagh Street
Sydney NSW 2000
(or GPO Box 1640, Sydney NSW 2001)

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LONERGAN EDWARDS & ASSOCIATES LIMITED

Appendix B

Qualifications, declarations and consents

Qualifications

1 LEA is a licensed investment adviser under the Corporations Act. LEA's authorised representatives have extensive experience in the field of corporate finance, particularly in relation to the valuation of shares and businesses and have prepared more than 100 independent expert's reports to shareholders.

2 This report was prepared by Mr Craig Edwards and Mr Martin Holt, who are each authorised representatives of LEA. Mr Edwards and Mr Holt have over 18 years and 25 years experience respectively in the provision of valuation advice (and related advisory services).

Declarations

3 This report has been prepared at the request of the Directors of Cardno to accompany the Target's Statement to be sent to Cardno shareholders. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Offer is fair and reasonable to the shareholders of Cardno.

Interests

4 At the date of this report, neither LEA, Mr Edwards nor Mr Holt have any interest in the outcome of the Offer. With the exception of the fee shown in Appendix A, LEA will not receive any other benefits, either directly or indirectly, for or in connection with the preparation of this report.

5 We have considered the matters described in ASIC RG 112 – *Independence of experts*, and consider that there are no circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective independent assistance in this engagement.

Indemnification

6 As a condition of LEA's agreement to prepare this report, Cardno agrees to indemnify LEA in relation to any claim arising from or in connection with its reliance on information or documentation provided by or on behalf of Cardno which is false or misleading or omits material particulars or arising from any failure to supply relevant documents or information.

Consents

7 LEA consents to the inclusion of this report in the form and context in which it is included in Cardno's Target Statement.

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LONERGAN EDWARDS & ASSOCIATES LIMITED

Appendix C

Listed company multiples

1 The implied EBITDA (and EBITA) multiples for listed companies operating in the global engineering consulting sector are set out below:

Listed multiples summary[1]

	Most recent financial year	Market cap A$m	Enterprise value[2] A$m	Gearing %	EBITDA multiple Historical[3] x	EBITDA multiple Forecast[4] year 1 x	EBITDA multiple Forecast[4] year 2 x	EBITA multiple Historical[3] x	EBITA multiple Forecast[4] year 1 x	EBITA multiple Forecast[4] year 2 x	PE multiple Historical[3] x	PE multiple Forecast[4] year 1 x	PE multiple Forecast[4] year 2 x
Cardno	30 Jun 15	414	746	44.5%	7.1	7.5	7.1	9.3	9.5	8.9	8.6	9.4	8.7
Australian companies													
WorleyParsons	30 Jun 15	1,546	2,329	33.6%	5.0	5.4	5.2	6.2	6.7	6.6	7.7	8.6	8.3
Monadelphous Group	30 Jun 15	590	403	(46.3%)	2.4	3.0	3.4	2.8	3.5	4.0	5.6	7.3	8.3
Ausenco	31 Dec 14	60	114	47.7%	nm	nm	11.6	nm	nm	nm	nm	nm	10.7
Coffey International	30 Jun 15	43	107	58.4%	4.5	4.5	4.1	7.2	6.9	6.2	4.6	8.5	5.7
International companies													
AECOM	30 Sep 14	5,570	12,747	53.3%	nm	9.6	7.9	nm	11.7	9.3	10.2	8.3	8.3
Amec Foster Wheeler	31 Dec 14	6,057	8,305	26.8%	11.5	8.9	8.6	12.7	11.2	10.4	8.7	10.0	9.8
Jacobs Engineering Group	30 Sep 14	6,541	6,795	2.8%	6.3	6.8	6.1	7.3	7.7	7.2	12.0	11.7	11.2
WSP Global	31 Dec 14	4,648	5,656	17.9%	nm	12.2	10.2	nm	16.2	13.1	nm	20.3	16.8
Arcadis NV	31 Dec 14	3,066	4,051	24.1%	10.8	9.3	8.0	12.5	12.1	10.1	12.9	11.9	10.2
Stantec	31 Dec 14	3,183	3,408	6.6%	10.8	9.6	8.5	13.0	11.6	10.0	17.8	16.7	14.3
WS Atkins	31 Mar 15	3,049	3,392	10.1%	9.8	9.4	8.8	11.4	10.4	9.8	14.4	13.8	12.8
Sweco AB	31 Dec 14	2,031	2,300	11.6%	14.1	12.7	11.0	16.5	14.4	12.1	17.4	15.9	14.1
Tetra Tech	30 Sep 14	2,213	2,231	0.7%	7.5	7.8	7.3	8.6	8.6	7.8	14.9	15.0	13.5
Keller Group	31 Dec 14	1,400	1,830	23.1%	5.9	5.5	5.1	9.0	8.4	7.8	11.9	10.7	9.6
Akka Technologies	31 Dec 14	736	912	15.9%	8.0	7.9	6.2	9.6	8.9	6.9	12.5	14.5	10.5

Note:

1 Enterprise value and earnings multiples calculated as at 24 September 2015, except for Cardno which is calculated as at 11 September 2015, being the last trading date prior to the announcement of the Offer.

2 Enterprise value includes net debt (interest bearing liabilities less non-restricted cash), preference shares, net derivative liabilities, net pension liabilities, market capitalisation adjusted for material option dilution, share placements (for the purpose of reducing debt) and buybacks and excludes surplus assets.

3 Historical earnings is based on latest statutory full year accounts and excludes non-recurring items, significant write downs, realised investment gains or losses, restructuring charges.

4 Forecast earnings is based on Bloomberg broker average forecast (excluding outliers and outdated forecasts).

5 Gearing equals net debt (cash adjusted for the effect of share placements and buybacks, special dividends and option dilution) divided by enterprise value.

Source: Company announcements, Bloomberg and LEA analysis.

nm - not meaningful.

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LONERGAN EDWARDS & ASSOCIATES LIMITED

Appendix C

Australian company descriptions

WorleyParsons Limited

2 WorleyParsons is a global provider of professional services to the energy, minerals and metals and infrastructure and environmental industries. Its service capability covers the entire asset lifecycle from feasibility studies and design, to project management and maintenance services. The company's operations are centred on the North American hydrocarbons market, and also span Australia, Europe, the Middle East and Africa. WorleyParsons currently employs approximately 31,400 employees.

Monadelphous Group Limited

3 Monadelphous Group is an Australian based engineering construction company with complementary maintenance and industrial services. The company services a broad range of industries with core markets in the resource industry and a particular focus on iron ore, coal and mineral processing. Its services cover engineering and construction, maintenance, industrial and infrastructure. Monadelphous Group operates primarily in Australia but also has operations in Papua New Guinea.

Ausenco Limited

4 Ausenco is an Australian based diversified provider of engineering design, project management and operations solutions to the minerals and metals, process infrastructure and energy sectors. In addition, the company also provides environment and sustainability services. Ausenco currently operates from 31 offices located in Australia, Asia, Africa, Americas, and Middle East. The company's operations are largely focused on North and South America and it is heavily exposed to the mining sector.

Coffey International Limited

5 Coffey International provides professional engineering and project management consulting services in Australia, New Zealand, the UK, North America, South Africa, Brazil and the United Arab Emirates. The company provides environmental services and engineering consultancy to the mining, infrastructure and construction industries. It also offers consulting, training and outsourced services and management services for commercial, residential, tourism, and industrial projects.

International company descriptions

AECOM Technology Corporation

6 AECOM Technology is a US headquartered technical and management support services provider for both the private and public sectors. The company specialises in consulting, planning, designing and conducting construction and project management for a wide range of infrastructure projects. In addition, the company provides program and facilities management and maintenance, logistics, technical assistance and system integration services, primarily for the US government. The company's operations are predominantly focused on the Americas, with other significant operations in the Asia Pacific region.

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Appendix C

Amec Foster Wheeler Plc

7 Amec Foster Wheeler is headquartered in the UK and provides consultancy, engineering, project management, operations and construction services and specialised power and equipment services. The company is predominantly exposed to the oil and gas sector (over 50% of 2014 revenue), clean energy, mining and environment and infrastructure. The company has 40,000 employees operating in more than 50 countries, with operations predominantly focused in the Americas and Europe.

Jacobs Engineering Group Inc

8 Jacobs Engineering offers technical and construction services to both commercial and government clients, predominantly in the US. The company provides project and consulting services including engineering design, planning and environmental services. In addition, Jacobs Engineering offers construction and operations and maintenance services to the oil and gas, mining and minerals, pharmaceuticals and biotechnology sectors. The company has a worldwide network of over 250 offices.

WSP Global Inc

9 WSP Global is a Canadian-based engineering consulting company providing services to the construction, energy, environment, mining, municipal infrastructure, project management, telecommunications and transportation industries. Following the acquisition of Parsons Brinckerhoff in 2014, the company is now one of the world's leading engineering professional services firms, operating a network of more than 500 offices across 39 countries.

Arcadis NV

10 Arcadis is a Netherlands based provider of engineering and consultancy services. The company's services include planning, architectural and engineering design and infrastructure management services. In addition, Arcadis offers water and environmental services as well as building services to the utilities, mining, oil and gas, chemical and transportation industries. The company primarily services clients located in the US and Europe.

Stantec Inc

11 Canadian based Stantec provides a wide range of engineering and consulting services including planning, architecture and engineering design, environmental sciences, project management and economics services. The company predominantly operates in the North American market and offers transportation infrastructure services, municipal engineering, environmental planning and management and urban design. In addition, Stantec offers multidisciplinary engineering, procurement and construction management services.

WS Atkins Plc

12 WS Atkins is a UK-based engineering and project management consultancy services provider. The company provides infrastructure and urban planning, construction management and environmental consulting for public and private sectors in North American markets, and offers engineering, urban planning and design, and project management services for clients in Europe, the Middle East and Asia.

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Appendix C

Sweco AB

13 Sweco is a Swedish-based consulting engineering, environmental technology and architecture services provider for clients located predominantly in Europe. The company offers civil and structural as well as geotechnical engineering and consulting services in the energy, infrastructure, environment, transportation and resources sectors. It also provides services such as landscape architecture, interior design, master planning and building system services.

Tetra Tech Inc

14 Tetra Tech offers consulting, engineering, and program and construction management services for the water, energy, infrastructure, environmental and minerals sectors primarily in the US market. The company provides front end science, consulting and project management services as well as environmental and energy management consulting. Tetra Tech also specialises in engineering and architecture design services.

Keller Group Plc

15 Keller Group is a UK-based independent ground engineering contractor. The company delivers a range of services that include piling and earth retention, ground improvement, speciality grouting, post-tension concrete and installing anchors, soil nails and mini-piles. These services are provided to infrastructure, industrial, commercial, residential and environmental projects. The company has operations in Europe, the Americas, Australia, South Africa, Asia and the Middle East.

Akka Technologies Group

16 Akka Technologies is a leading European engineering technology consultant to major industrial and service sector clients, predominantly in the automotive and aeronautics industries. The company is involved in all stages of the product life cycle and provides systems engineering, mechanical engineering, process engineering, support engineering, embedded software and information systems services. The company mainly operates in France and Germany, while also having a presence in other parts of Europe, the US and Asia.

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LONERGAN EDWARDS & ASSOCIATES LIMITED

Appendix D

Transaction evidence

Summary of transaction multiples							
			EV[2]	EBITDA multiple		EBITA multiple	
			100%	Historical	Forecast	Historical	Forecast
Date[1]	**Target**	**Acquirer**	**m**	**x**	**x**	**x**	**x**
Aug 15	MMM Group	WSP Global	C$425[3]	8.9	na	na	na
Jun 15	Grontmij	Sweco AB	€405[3]	12.1	10.5	18.1	15.3
Sep 14	Parsons Brinckerhoff	WSP Global	US$1,243	10.6	na	na	na
Jul 14	Hyder Consulting	ARCADIS NV	£283	12.0	11.8	14.9	14.9
Jul 14	URS Corporation	AECOM	US$6,000	7.3	8.2	9.0	11.5
Jun 14	Kentz Corporation	SNC-Lavalin	US$1,698	13.6	8.7	14.7	9.3
Mar 14	Focus Group Holding	WSP Global	C$364	8.3	na	na	na
Mar 14	PPI Group	Cardno	A$161	6.7	na	na	na
Feb 14	Foster Wheeler	AMEC	US$3,047	11.7	9.6	13.8	12.0
Sep 13	SKM	Jacobs Engineering Group	A$1,250	6.5	7.1[4]	7.3	8.2[4]
Aug 13	National Technical Systems	Aurora Capital Group	US$338	13.7	10.9	20.2	14.6
Jun 13	Brinderson	Aegion	US$150	6.3	na	na	na
Dec 12	Michael Baker Corporation	Integrated Mission Solutions	US$290	11.1	8.8	14.9	11.1
Jul 12	The Shaw Group	CB&I	US$1,688	6.6	4.9	8.9	6.3
Jun 12	WSP Group	Genivar	£400	7.8	7.9	11.0	11.2
Feb 12	Flint Energy Services	URS Corporation	C$1,475	10.8	6.7	26.1	13.1
Sep 11	Halcrow Holdings	CH2M HILL Companies	£224	7.4	na	9.8	na
May 11	MACTEC	AMEC	US$280	na	na	8.8	na
May 11	Environmental Resources Management	Charterhouse Capital Partners	US$950	12.5	na	13.8	na
Dec 10	Aker Solutions P&C division	Jacobs Engineering Group	NOK4,050	8.3	na	8.8	na
Dec 10	PSN	John Wood Group	US$955	11.4	9.6	11.9	10.1
Aug 10	The PBSJ Corporation	WS Atkins	US$292	6.2	na	8.8	na
Jun 10	Scott Wilson Group	URS Corporation	£280	8.5	na	12.1	na
Jun 10	ENTRIX	Cardno	US$128	na	6.3	na	na
May 10	Ammtec	Campbell Brothers	A$152	11.9	7.3	14.2	8.3
Sep 09	Parsons Brinckerhoff	Balfour Beatty	US$549	10.5	na	13.3	na

Independent Expert's Report (Cont)

Appendix D

Note:
1 Date of announcement.
2 Enterprise value 100% basis.
3 Transaction still pending.
4 Forecast multiples based on future maintainable earnings provided in the IER for the transaction.
na – not available.
Source: LEA analysis using data from company announcements, broker reports and company annual reports. na – not available.

Independent Expert's Report (Cont)

LONERGAN EDWARDS & ASSOCIATES LIMITED

Appendix E

Glossary

Term	Meaning
ABS	Australian Bureau of Statistics
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
CAGR	Compound annual growth rate
Cardno or the Company	Cardno Limited
Crescent	Crescent Capital Investments Pty Limited
DCF	Discounted cash flow
DFAT	Department of Foreign Affairs and Trade
EBIT	Earnings before interest and tax
EBITA	Earnings before interest, tax and amortisation
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPS	Earnings per share
EV	Enterprise value
FOS	Financial Ombudsman Services Limited
FSG	Financial Services Guide
FY	Financial year
GDP	Gross Domestic Product
GFC	Global financial crisis
GFCF	Gross fixed capital formation
IDA	International Development Assistance
IER	Independent expert's report
LEA	Lonergan Edwards & Associates Limited
LNG	Liquid natural gas
NPV	Net present value
Offer	Crescent's proportional offer of A$3.15 cash per Cardno share for 50% of the Cardno shares that it does not already own
PE	Price earnings
RBA	Reserve Bank of Australia
RG 111	ASIC Regulatory Guideline 111 – *Content of expert reports*
TSR	Total Shareholder Return
US	United States
US Architecture Index	US Architecture Work-On-The-Board Billings Index
USAID	United States Agency for International Development
VWAP	Volume weighted average price
WANOS	Weighted average number of shares outstanding

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ANNEXURE B

Cardno announcements to ASX since 1 July 2015

Date	Announcement
8 October 2015	Presentation of Strategic Review – 12 October 2015
6 October 2015	Cardno Reaffirms Rejection of Proportional Offer
2 October 2015	Change in substantial holding - G Murdoch
2 October 2015	Change of Director's Interest Notice - A Barnes
2 October 2015	Appendix 3B
1 October 2015	Change of Director's Interest Notice - R Wankmuller
30 September 2015	Release of Shares from Escrow
29 September 2015	Appendix 3B
28 September 2015	Bidder's Statement - dispatch
24 September 2015	Final Director's Interest Notice - I Johnston
23 September 2015	ALL RESOLUTIONS APPROVED AT CARDNO AGM
23 September 2015	Results of Meeting
23 September 2015	2015 AGM CEO Presentation
23 September 2015	Chairman's Address to Shareholders
17 September 2015	Shareholder Briefing Cancellation
17 September 2015	Directors Response to Proportional Takeover Bid
16 September 2015	Update – Dividend/Distribution – CDD
16 September 2015	DRP Share Price
15 September 2015	Change of Director's Interest Notice – R Wankmuller
15 September 2015	Change in substantial holding
15 September 2015	Becoming a substantial holder
15 September 2015	Becoming a substantial holder
14 September 2015	Unsolicited Proportional Takeover Offer
14 September 2015	Becoming a substantial holder
14 September 2015	Change in substantial holding
14 September 2015	Bidder's Statement
14 September 2015	Intention to Make Takeover Bid
9 September 2015	Change of Director's Interest Notice – R Wankmuller
4 September 2015	Amendment to FY2015 Segment Results in 2015 Annual Report
1 September 2015	Executive Director Trevor Johnson Retires from Cardno Board
1 September 2015	Final Director's Interest Notice – T Johnson
27 August 2015	Release of Shares from Escrow
25 August 2015	Change of Director's Interest Notice – R Wankmuller
24 August 2015	Change of Director's Interest Notice – J Marlay
21 August 2015	Shareholder Briefing Invitation
21 August 2015	Annual General Meeting Proxy Form
21 August 2015	Notice of Annual General Meeting
18 August 2015	Dividend Reinvestment Plan (DRP) Plan Rules
18 August 2015	Appendix 4G
18 August 2015	2015 Full Year Results Presentation
18 August 2015	Results for FY15 – In line with earnings guidance
18 August 2015	Annual Report to Shareholders
18 August 2015	Dividend/Distribution – CDD
18 August 2015	Preliminary Final Report
29 July 2015	Chief Financial Officer Resignation
17 July 2015	Change in substantial holding

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Directors

Chairman: John Marlay

Managing Director and Chief Executive Officer:
Richard Wankmuller

NonExecutive Director: Tonianne Dwyer

NonExecutive Director: Anthony Barnes

Non-Executive Director: Grant Murdoch

Non-Executive Director: Elizabeth Fessenden

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70 YEARS of **shaping** the future
1945-2015