

Rule 4.2A.3

Appendix 4D

Half-year report

Half-year ended 31 December 2011

Introduced 1/1/2003.

CARDNO LIMITED

ABN 70 108 112 303

1. The information contained in this report is for the half-year ended 31 December 2011 and the previous corresponding period 31 December 2010.

2. **Results for announcement to the market**

				\$'000
2.1	Revenue from ordinary activities	up/ down	2.1% to	445,526
2.2	Profit (loss) from ordinary activities after tax attributable to members	up/ down	13.9% to	36,120
2.3	Net profit (loss) for the period attributable to members	up/ down	13.9% to	36,120
2.4	Dividends (distributions)	Amount per security	Franked amount per security	
	Interim dividend	18 cents	12.6 cents	
	Previous corresponding period	17 cents	11.9 cents	
2.5	Record date for determining entitlements to the dividend		21 March 2012	

- 2.6 **Review of Results and Operations**

The Company recorded a profit after tax of \$36.1 million for the December 2011 half year, an increase of 13.9% over the previous corresponding period (pcp) profit of \$31.7 million. Basic earnings per share was 32.74 cents, a 5.6% increase on the pcp of 31.00 cents. EBITDA rose 12.3% to \$62.5 million compared to the pcp of \$55.7 million.

The record profit for this period follows seven consecutive years of record annual profits and earnings per share growth since listing on the ASX in 2004.

Revenue was \$445.5 million, which was 2.1% higher than the pcp of \$436.4 million. Operating cash flow was \$47.3 million, up 18.7% on the pcp of \$39.8 million.

The Company's balance sheet remains strong with a debt to equity ratio of 42.5% and cash of \$80.4 million at December 2011.

The record profit for the period is due to the strong performance from the US operations, improving conditions in Australia and the contribution from recent acquisitions, endorsing the Company's focus on high growth market sectors and strategic acquisitions.

+ See chapter 19 for defined terms.

During the December 2011 half year, Cardno acquired the following:

- Cardno Lane Piper, a 40 person environmental and geotechnical engineering firm based in Melbourne, Victoria.
- Cardno Geotech Solutions, a 22 person geotechnical engineering, environmental and construction material testing firm based in Newcastle, New South Wales.
- Cardno TEC, a 330 person consulting firm with specialist expertise in environmental management, asset management and marine infrastructure management headquartered in Charlottesville, Virginia, USA.
- Cardno HRP, a 62 person town planning consultancy, environmental planning and landscape architecture group based in Brisbane, Queensland.

The acquisitions are all earnings per share accretive in the 2012 financial year. On an annualised basis they would have contributed approximately \$54.3 million in revenue and \$9.0 million in EBITDA for the 2012 financial year.

The company continues to perform strongly and remains well positioned for further expansion through organic growth and strategic acquisitions.

Dividends

The Board has declared an increased interim dividend of 18.0 cents per share (17.0 cents pc) franked to 70% to be paid on 4 April 2012 to all shareholders registered on 21 March 2012.

Subsequent Events

On 4 February 2012 Cardno agreed to acquire 100% of ATC Associates Inc for US\$106 million. ATC is a major 1,600 person provider of environmental, building sciences, geotechnical and construction material testing and other consultancy services in the USA. It is expected that the acquisition will be completed on 29 February 2012.

On 6 February 2012 Cardno completed a \$45 million capital raising via a fully underwritten placement and announced a 1:9 fully underwritten renounceable rights issue to raise approximately \$67 million. The number of ordinary shares issued under the placement was 9.2 million and it is estimated that the number of ordinary shares to be issued under the rights issue will be approximately 13.8 million. The proceeds of the placement and rights issue will be used to fund, in part, the acquisition of ATC and to maintain Cardno's balance sheet strength and flexibility for future growth

3. Net tangible assets per security with the comparative figure for the previous corresponding period.

Current period	(15.44) cents
Previous corresponding period	27.26 cents

4. Control gained over entities having material effect

Entity	Completion Date	Effective Control Date
Lane Piper Pty Ltd	14 September 2011	1 September 2011
Geotech Solutions Pty Ltd	13 October 2011	1 October 2011
TEC, Inc	18 October 2011	1 October 2011
Humphreys Reynolds Perkins (HRP) Group	23 November 2011	1 November 2011

⁺ See chapter 19 for defined terms.

Loss of control of entities having material effect

N/A

5. Interim Dividends (distributions)

Date the dividend (distribution) is payable

4 April 2012

Amount per security

	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Interim dividend			
- Current year	18 cents	70%	N/A
- Previous year	17 cents	70%	N/A

6. Dividends or distribution reinvestment plans

The Dividend Reinvestment Plan (DRP) enables shareholders to reinvest all or part of their dividends into Cardno shares at a price determined by the volume weighted average price for the five days immediately preceding and including the dividend record date. Shares issued through the DRP are fully paid and rank equally with existing fully paid ordinary shares.

7. Details of aggregate share of profits (losses) of associates and joint venture entities

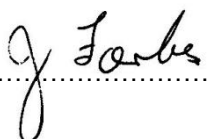
Not applicable.

8. Australian Accounting Standards are utilised when compiling the report.

9. The accounts have been subjected to independent review and are not subject to qualification.

Signed:

Jeffrey Ian Forbes
Company Secretary

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Date: 14/02/12

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