

PROSPECTUS

1 for 1.07 pro-rata accelerated non-renounceable entitlement offer of Cardno Limited ordinary shares at **an offer price of A\$0.40 per New Share.**

CARDNO LIMITED (ABN 70 108 112 303)

The retail component of this offer closes at 5.00pm (Sydney time) on Monday, 20 June 2016.

This document is not for release or distribution in the United States unless accompanied by a US Private Placement Memorandum and delivered by the company to eligible securityholders.

IMPORTANT NOTICE

This document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its contents, or are in doubt as to the course you should follow, you should consult your stockbroker, accountant or professional adviser.

UNITED STATES

This Prospectus does not constitute an offer of securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

CANADA

The New Shares have not been, nor will they be, qualified by a prospectus filed under Canadian securities laws. Accordingly, the offering of New Shares is only being made available on a private placement basis to residents of Canada who make the representations and warranties applicable to them as contained in the Master ECM Terms document, including that they are entitled under applicable provincial securities laws to acquire the New Shares without the benefit of a prospectus qualified under those securities laws, and that they are an "accredited investor" as defined in National Instrument 45-106 *Prospectus Exemptions* (NI 45-106).

Prospective Canadian-resident investors should refer to the Section entitled "Foreign Selling Restrictions – Canada" herein for additional information.

Underwriter to the
Entitlement Offer

CREDIT SUISSE 

Important Information

About this Prospectus

This Prospectus relates to the 1-for-1.07 entitlement offer (**Entitlement Offer**) of fully paid ordinary shares by Cardno Limited (**Cardno** or the **Company**). This Prospectus is dated 2 June 2016 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on the same date. Neither ASIC nor ASX take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares will be issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus. Shares issued pursuant to this Prospectus will be issued on the terms and conditions set out in this Prospectus.

The Company will apply to ASX for official quotation of the New Shares offered pursuant to this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the *Corporations Act*) and has been prepared in accordance with section 713 of the *Corporations Act*. It does not contain the same level of disclosure as an initial public offering prospectus. In preparing this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the *Corporations Act* and that certain matters may reasonably be expected to be known to investors and professional advisers whom investors may consult. Investors should therefore have regard to the other information disclosed to ASX in relation to the Company before deciding whether to invest.

Eligible Shareholders should read this Prospectus in its entirety and seek professional advice where necessary.

Defined words and expressions

Some words and expressions used in this Prospectus have defined meanings. These words and expressions are capitalised and are defined in the Glossary in Section 11 of this Prospectus.

Financial amounts and times

A reference to dollars, (\$) or cents in this Prospectus is a reference to Australian currency unless otherwise indicated. A reference to time in this Prospectus is a reference to the time in Sydney, Australia.

This Prospectus does not provide investment advice

The information provided in this Prospectus is not investment advice or financial product advice and has been prepared without taking into account your investment objectives, financial situation or particular needs (including financial and taxation issues). It is important that you read this Prospectus in full before deciding whether to invest in the New Shares and consider all of the risks that could affect the performance of New Shares or the Company. Risks identified in relation to investing in New Shares that you should consider include those described in Section 6. You should carefully consider these risks and your investment objectives, financial situation or particular needs (including financial and taxation issues) and seek independent professional advice from your stockbroker, accountant, solicitor, or other professional adviser before deciding whether to invest in New Shares.

The potential tax effects of the Entitlement Offer will vary between investors. A summary of the potential general tax implications for certain eligible retail investors resident in Australia and taking up their entitlements in the retail component of the Entitlement Offer is set out in Section 9. However, all investors should satisfy themselves of any possible tax consequences by consulting their own professional tax advisers.

Future performance and forward looking statements

Neither Cardno nor any other person warrants the future performance of New Shares or any return on any investment made by you under this Prospectus.

This Prospectus includes Forecast Financial Information based on an assessment of present economic and operating conditions and a number of general and specific assumptions set out in Section 5.12 regarding future event and actions that, as at the date of the Prospectus, Cardno expects to take place. The basis of preparation and presentation of the Forecast Financial Information are consistent with the basis of preparation and presentation of the Historical Financial Information.

This Prospectus contains forward looking statements that can be identified by words such as 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'plan', 'likely', 'intend', 'guidance', 'target', 'should',

'could', 'may' or similar expressions. The Forecast Financial Information is an example of forward looking statements. Other forward looking statements included in this Prospectus include statements regarding the outcome and effects of the Entitlement Offer and the use of proceeds, the continued implementation of Cardno's Strategic Review and statements regarding the industries and markets in which Cardno operates. These forward looking statements are based on Cardno's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of Cardno and its Directors, that could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Prospectus. Forward looking statements should be read in conjunction with, and are qualified by reference to, the risks outlined in Section 6, the general assumptions set out in Section 5.12.1, the specific assumptions set out in Section 5.12.2, the sensitivity analysis set out in Section 5.14 and the other information contained in this Prospectus.

Cardno cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on those forward looking statements. The Directors have no intention to update or revise the Forecast Financial Information or other forward looking statements following the issue of this Prospectus, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law. These risks include, but are not limited to, the risks outlined in Section 6.

Financial Information

Certain financial data included in the Prospectus are non-GAAP financial measures under Australian Accounting Standards or Regulation G under the U.S. Securities Exchange Act of 1934. These measures include Net Debt, fee revenue, EBITDA, EBITDA margin, EBIT, EBIT margin, operating cash flow, free cash flow, working capital and backlog. The disclosure of such non-GAAP financial measures in the manner included in this Prospectus may not be permissible in a registration statement under the US Securities Act. These non-GAAP financial measures do not have a standardized meaning prescribed by Australian Accounting Standards and therefore may not be comparable to similarly titled measures presented by other entities and should not be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Although Cardno believes these non-GAAP financial measures provide useful information to users in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-GAAP financial measures included in this Prospectus.

Disclaimer of representations

No person is authorised to provide any information or to make any representation in connection with the Entitlement Offer that is not contained in this Prospectus. Any information or representations not contained in this Prospectus may not be relied upon as having been authorised by Cardno, the Underwriter or any of their respective related bodies corporate in connection with the Entitlement Offer.

The Underwriter has not authorised, permitted or caused the issue, lodgement, submission, dispatch or provision of this Prospectus. The Underwriter does not make, or purport to make, any statement in this Prospectus, and there is no statement in this Prospectus that is based on any statement by the Underwriter. To the maximum extent permitted by law, the Underwriter expressly disclaims all liability in respect of, makes no representation regarding and takes no responsibility for any part of this Prospectus.

Restrictions applicable to foreign Shareholders

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law. If you are a Shareholder in any jurisdiction outside Australia or New Zealand and you come into possession of this Prospectus, then you should observe any such restrictions. See Section 10.13 Foreign Selling Restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer or invitation to potential investors to whom it would not be lawful to make such an offer or invitation.

No action has been taken to register or qualify the Entitlement Offer or the New Shares, or other permit a public offering of the New Shares, in any jurisdiction other than Australia and New Zealand. The Entitlement Offer is not being extended to any Shareholder outside Australia and New Zealand, other than to Eligible Institutional Shareholders and certain other Institutional Investors as part of the Institutional Entitlement Offer and the shortfall bookbuilds.

Concurrently with the Entitlement Offer, the Company is conducting each of the US Private Placement and the US Employee Private Placement. Neither the Underwriter nor any of its affiliates is acting as an

underwriter, offer manager or placement agent in connection with any offer or sales of New Shares in the United States.

This Prospectus may not be released or distributed in the United States, unless it is attached to, or constitutes part of, the US Private Placement Memorandum or the US Employee Private Placement Memorandum, as applicable. No action has been taken to register or qualify the New Shares or otherwise permit a public offering of the New Shares in any jurisdiction other than Australia and New Zealand. In particular, this Prospectus does not constitute an offer of securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered, sold or resold in the United States, except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This Prospectus is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Application for New Shares

An application for New Shares by Eligible Retail Shareholders will only be accepted by following the instructions on the Entitlement and Acceptance Form accompanying this Prospectus as described in Section 3.1.1 of this Prospectus. An application for Additional New Shares will only be accepted by completing the relevant section of the Entitlement and Acceptance Form or by making payment for the appropriate monies via BPAY® as described in Section 3.1.2 of this Prospectus.

Privacy

Please read the privacy statement located under Section 10.10. It is important you understand that by submitting an Entitlement and Acceptance Form in or accompanying this Prospectus, you consent to the matters outlined in that statement.

Enquiries

If you would like more information or have any questions in relation to the Entitlement Offer, please contact your stockbroker, accountant, solicitor, or other professional adviser, or call the Cardno Entitlement Offer Information Line on 1300 784 103 (within Australia) or +61 3 9415 4137 (outside Australia).

Table of Contents

SUMMARY OF THE ENTITLEMENT OFFER AND KEY DATES	5
LETTER FROM THE CHAIRMAN	7
1 INVESTMENT OVERVIEW	9
2 DETAILS OF THE ENTITLEMENT OFFER	16
3 ACTIONS REQUIRED BY ELIGIBLE RETAIL SHAREHOLDERS	20
4 OVERVIEW OF CARDNO	25
5 FINANCIAL INFORMATION	28
6 RISK FACTORS	47
7 KEY PEOPLE, INTERESTS AND BENEFITS	52
8 INVESTIGATING ACCOUNTANT'S REPORT	55
9 AUSTRALIAN TAXATION IMPLICATIONS	72
10 ADDITIONAL INFORMATION	74
11 GLOSSARY	86
CORPORATE DIRECTORY	89

Summary of the Entitlement Offer and key dates

Key Entitlement Offer statistics

Entitlement Offer Ratio	1 New Share for every 1.07 Shares held at the Record Date
Offer Price	\$0.40 per New Share
Number of New Shares offered under the Entitlement Offer	Approximately 231 million
Total number of Shares on issue at completion of the Entitlement Offer	Approximately 479 million
Entitlement Offer proceeds (before expenses)	Approximately \$92.5 million

Summary of key dates

Institutional Entitlement Offer opens	Thursday, 2 June 2016
Institutional Bookbuild and Institutional Entitlement Offer closes (12:00pm, Sydney time)	Friday, 3 June 2016
Results of Institutional Entitlement Offer announced and trading on ASX resumes (by 10:00am, Sydney time)	Monday, 6 June 2016
Record Date for Entitlement Offer (7:00pm, Sydney time)	Monday, 6 June 2016
Despatch of Prospectus and Retail Entitlement Offer opens	Wednesday, 8 June 2016
Institutional Entitlement Offer settlement	Tuesday, 14 June 2016
Issue and quotation of New Shares under the Institutional Entitlement Offer	Wednesday, 15 June 2016
Close of Retail Entitlement Offer	Monday, 20 June 2016
Retail Entitlement Offer settlement	Friday, 24 June 2016
Issue of New Shares under the Retail Entitlement Offer	Monday, 27 June 2016
Quotation of securities issued under Retail Entitlement Offer	Tuesday, 28 June 2016
Holding statements sent to retail holders	Thursday, 30 June 2016

The timetable above is indicative only and may be subject to change. Cardno reserves the right to amend any or all of these dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Cardno reserves the right to extend the closing date of the Retail Entitlement Offer, to accept late applications under the Retail Entitlement Offer (either generally or in particular cases) and to withdraw the Retail Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the issue date of New Shares.

The commencement of quotation of New Shares is subject to confirmation from ASX.

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted. Eligible Retail Shareholders wishing to participate in the Retail Entitlement Offer are encouraged to submit their Entitlement and Acceptance Form as soon as possible after the Retail Entitlement Offer opens.

What you should do?

This Prospectus contains important information in relation to the Entitlement Offer. You should read all of this Prospectus carefully, including Section 6 which identifies the key risks associated with an investment in Cardno and Section 9 which contains a general summary of the Australian tax implications associated with the Retail Entitlement Offer for Eligible Retail Shareholders. It is also important for you to read carefully and understand the information on Cardno and the Entitlement Offer made publicly

available, including the information lodged by Cardno with ASX as part of its continuous disclosure obligations, prior to deciding whether to take up all or part of your Entitlement or do nothing in respect of your Entitlement, or to invest in the New Shares. In particular, please refer to the other announcements made available at www.cardno.com (including announcements which may be made by Cardno after publication of this Prospectus).

If you are in doubt as to the course of action you should follow, you should consult your broker, legal, financial or other professional adviser before making an investment decision.

Letter from the Chairman

2 June 2016

Dear Shareholder

On behalf of the Board, I invite you to participate in a fully underwritten 1 for 1.07 pro-rata accelerated non-renounceable entitlement offer (**Entitlement Offer**) at an Entitlement Offer price of \$0.40 per new Cardno share (**Offer Price**) to raise approximately \$92.5 million.

The full proceeds from the Entitlement Offer will be used to reduce Cardno's debt and lower the leverage ratio. Cardno forecasts net debt as at 30 June 2016, post completion of the Entitlement Offer, to be approximately \$91 million¹, and expects to be in compliance with its debt covenants² at 30 June 2016.

The Company's operations remain profitable and operating cash flow generation is positive, the Company has sufficient liquidity and it does not require additional capital to fund its operations. This capital raising is to ensure that the business is in compliance with its debt covenants and can focus on building a strong engineering and environmental professional services business and not on short term covenant issues.

Although Cardno is currently challenged in some of the markets that it operates in, primarily in the Americas, and is dealing with a number of historically self-inflicted operational difficulties, the Company is making progress towards resolving these issues and is beginning to look to the future. The next stage of the Company's journey will see the focus move to growth (primarily organic) and a reinvestment into key markets and business practice areas where we believe Cardno can achieve growth and higher operating margins.

Over the past 6 months Cardno has significantly strengthened the Board, made a number of other key hires and improved its capital structure. Last month the Company announced the early repayment of the Company's USD \$150 million US Private Placement debt facility and the permanent reduction of its bi-lateral bank debt facility by USD \$109.3 million. The Entitlement Offer represents a further important step towards an improved balance sheet. The new Board's directive to see the Company move to a lower level of debt and a debt structure more flexible and consistent with the Company's operations positions the business to begin to regain its focus towards organic growth.

Entitlement Offer

The Entitlement Offer is being conducted by way of a pro rata accelerated non-renounceable entitlement offer. New Shares will rank equally with Existing Shares in all respects. The Entitlement Offer comprises an Institutional component (**Institutional Entitlement Offer**) and a retail component (**Retail Entitlement Offer**) with a retail over-subscription facility.

Under this Prospectus, Eligible Shareholders are invited to subscribe for 1 new Cardno share for every 1.07 existing Cardno shares at the Offer Price of \$0.40 per New Share. The shareholding of Eligible Retail Shareholders for the purposes of participating in the Retail Entitlement Offer will be determined by the number of Shares held at 7:00pm (Sydney time) on the Record Date of Monday, 6 June 2016.

The Entitlement Offer is fully underwritten. In addition to taking up its pro-rata entitlements, our largest shareholder Crescent has committed to sub-underwrite the retail component of the Entitlement Offer for up to 30.5 million shares above its pro-rata entitlement of 95.8 million shares. As a result, Crescent's relevant interest in Cardno could increase to a maximum of 47.8%³.

Approximately 231 million new Cardno shares will be issued under the Entitlement Offer. New shares will rank equally with existing shares in all respects from the date of quotation.

¹ Assumed exchange rate of AUD:0.715 USD.

² Cardno has a covenant in its debt facilities which requires it to have a net debt / EBITDA ratio of below 3.0x. For the purposes of the covenant calculation, net debt is calculated as the aggregate of all interest bearing liabilities less cash equivalents, translated into AUD at the average exchange rate for the preceding twelve months. EBITDA is calculated as the consolidated profit before tax, calculated after adding back finance costs, depreciation and amortisation. It excludes EBITDA from any subsidiary acquired or disposed of in the preceding twelve months as well as any significant items, equity accounted profits and losses, and unrealised gains and losses on revaluation of assets.

³ Including shares held by a custodian for FSS Trustee Corporation, an associate of Crescent, Crescent's voting power in Cardno could increase up to 49.5%.

This Prospectus relates to the Entitlement Offer.

Eligible shareholders can choose to take up all, part or none of their Entitlements. In addition, eligible retail shareholders may also apply for additional new Cardno shares in excess of their Entitlement through the retail over-subscription facility, capped at 25% of their Entitlement. Applications for additional new Cardno shares in the retail over-subscription facility will be scaled back pro-rata to the extent that applications exceed the retail shortfall.

The Institutional Entitlement Offer will open on Thursday, 2 June 2016 and close at 12.00pm (Sydney time) on Friday, 3 June 2016. The Retail Entitlement Offer will open on Wednesday, 8 June 2016, and close at 5:00pm (Sydney time) on Monday, 20 June 2016. If you are an eligible retail shareholder wishing to take up your Entitlement including if you wish to participate in the over-subscription facility, you need to ensure that you have completed your application before this time in the manner described in Section 3.1 of this Prospectus.

Further Information

Please carefully read this Prospectus in its entirety and consult your broker, legal, financial or other professional adviser before making your investment decision. In particular, you should read and consider the Risk Factors in Section 6 of this Prospectus, which contains a summary of some of the key risks associated with an investment in Cardno.

If you have any questions in respect of the Entitlement Offer, please call the Cardno Entitlement Offer Line on 1300 784 103 within Australia or +61 3 9415 4137 outside Australia from 8:30am to 5:00pm (Sydney time) Monday to Friday.

On behalf of the Cardno Board, I encourage you to participate in the Entitlement Offer and thank you for your continued support.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Alscher', with a horizontal line underneath.

Michael Alscher

Chairman

Cardno Limited

1 Investment Overview

1.1 Eligible Institutional Shareholders

You are eligible to participate in the Institutional Entitlement Offer if you are an Eligible Institutional Shareholder.

An Eligible Institutional Shareholder under this Prospectus is any person who is a Shareholder at the Record Date who is an institutional investor who the Underwriter determines may receive an offer on behalf of the Company under the Institutional Entitlement Offer provided that:

- (a) if any such Shareholder is in the United States, it is only an Eligible Institutional Shareholder if it is an Approved U.S. Shareholder; and
- (b) if any such Shareholder is outside the United States, it is only an Eligible Institutional Shareholder if its buy order is originated outside the United States and constitutes an “offshore transaction” within the meaning of Regulation S.

1.2 Eligible Retail Shareholders

1.2.1 Am I eligible to participate in the Retail Entitlement Offer?

You are eligible to participate in the Retail Entitlement Offer if you are an Eligible Retail Shareholder.

An Eligible Retail Shareholder under this Prospectus is any person who is a Shareholder at the Record Date who:

- (a) has a registered address in Australia or New Zealand;
- (b) is not an Eligible Institutional Shareholder; and
- (c) is not in the United States and is not acting for the account or benefit of a person in the United States.

If you are a Shareholder on the Record Date who is not an Eligible Retail Shareholder, Eligible Institutional Shareholder or Ineligible Institutional Shareholder, then you are an Ineligible Retail Shareholder.

1.2.2 What are the options available to Eligible Retail Shareholders?

Option	Key considerations
If you wish to take up all or part of your Entitlement	<p>If you wish to take up all or part of your Entitlement, please either:</p> <ul style="list-style-type: none">• complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies; or• pay your Application Monies via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form, <p>in each case, so that payment is received by no later than 5:00pm (Sydney time) Monday, 20 June 2016.</p> <p>If you take up and pay for all or part of your Entitlement before the close of the Retail Entitlement Offer, it is expected that you will be issued New Shares on Monday, 27 June 2016. Cardno’s decision on the number of New Shares to be issued to you will be final.</p> <p>Cardno also reserves the right (in its absolute discretion) to reduce the number of New Shares issued to a shareholder if Cardno believes their claims to be overstated or if they or their nominees fail to provide information to substantiate their claims to Cardno’s satisfaction (see Section 2.9).</p>
If you wish to take up all of your Entitlement and apply for Additional New Shares	<p>If you wish to take up all of your Entitlement and apply for Additional New Shares, please either:</p> <ul style="list-style-type: none">• complete and return the personalised Entitlement and Acceptance Form (indicating the number of New Shares and Additional New Shares you wish to take up) with the requisite Application Monies; or• pay your Application Monies via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form,

	<p>in each case, so that payment is received by no later than 5:00pm (Sydney time) on Monday, 20 June 2016.</p> <p>Additional New Shares will only be available to the extent that there are Entitlements under the Retail Entitlement Offer which are not taken up by other Eligible Retail Shareholders.</p>
<p>If you wish to do nothing, in which case your Entitlement will lapse and you will receive no value for those lapsed Entitlements</p>	<p>If you take no action you will not be allocated New Shares and your Entitlement will lapse. Your Entitlement to participate in the Retail Entitlement Offer is non-renounceable and will not be tradeable or otherwise transferable. Shareholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements they do not take up.</p> <p>Eligible Retail Shareholders who do not participate fully in the Retail Entitlement Offer will have their percentage holding in Cardno reduced.</p>

1.3 Key risks associated with an investment in Cardno

There are risks involved with investing in New Shares and in Cardno. Many of these risks are outside of the control of Cardno and its Board. These risks include those described in Section 6 and other matters referred to in this Prospectus. Before making any investment decision, you should read the entire Prospectus and carefully consider these risk factors.

1.3.1 Risks associated with Cardno

Risk	Summary of risk	Section
Professional negligence	A successful claim for professional negligence against Cardno may adversely affect Cardno's reputation, increase future insurance premium costs and, to the extent the claim is not insured or indemnity is refused by the insurer, may cause material financial loss.	Section 6.2.1
Reputation	Any event that damages Cardno's reputation in one part of its businesses, may adversely affect the reputation of other Cardno businesses by virtue of the common use of the name 'Cardno'.	Section 6.2.2
Dependence upon key personnel	Cardno depends on the talent and experience of its management and staff. It is essential that appropriately skilled management personnel and staff be available in sufficient numbers to support Cardno's consulting engineering and other professional services and to maintain the diversity of Cardno's business.	Section 6.2.3
Oil & Gas, Mining, Engineering & Construction industry	A number of Cardno's clients are involved in the oil and gas, mining and construction industry and these industries can be cyclical in the volume of business undertaken.	Section 6.2.4
Development assistance industry	Cardno provides services to clients in the development assistance industry including developed country government bilateral aid organisations, multilateral aid agencies and aid banks and developing country governments. Any substantial reduction in expenditure on overseas aid by governments could have a material adverse effect on Cardno's development assistance business.	Section 6.2.5
Foreign operations	<p>There are certain risks inherent in doing business internationally, such as unexpected changes in regulatory requirements, tariffs, customs, duties and other trade barriers, difficulties in staffing and managing foreign operations, longer payment cycles, problems in collecting accounts receivable, political instability, bribery and corruption, expropriation, nationalisation and war. There may also be fluctuations in currency exchange rates, foreign exchange controls which restrict or prohibit repatriation of funds, technology export and import restrictions or prohibitions and delays from customers, brokers or government agencies.</p> <p>In some countries, Cardno may need to enter a joint venture or other strategic relationship with one or more third parties in order to successfully conduct its operations, and may be required by law to hold only a minority interest in any operating entity.</p>	Section 6.2.6
Currency risk	Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. Cardno operates internationally and is exposed to foreign exchange risk arising from the currency exposure to the Australian dollar. Cardno's debt is predominantly in USD, while the mix of AUD and USD earnings varies over time.	Section 6.2.7

International hostilities and disasters	Cardno's performance and the ability of its clients to commission work may be affected by global tensions or the commencement of military action in the overseas markets in which it operates. In addition, the risk of terrorist activity may reduce work opportunities or make it unsafe for Cardno to continue operations in a particular country. The occurrence of natural disasters can also prevent planned work from taking place.	Section 6.2.8
Contract delays	Where Cardno wins a contract, commencement of the contract and provision of services can be delayed past the expected commencement date. In addition, Cardno's provision of services under existing contracts can also be impacted by the customer requesting to delay or reduce the level of services provided or adverse weather conditions. Cardno is also a party to a number of contracts where Cardno's ability to perform its obligations and commence earning revenue is dependent on customers or other third parties performing their own contractual arrangements in a timely manner. Any delay in the commencement or performance of services under a contract for any reason may result in a delay in Cardno receiving revenue or may cause Cardno to incur additional costs, and therefore could have an adverse impact on Cardno's financial performance, including its ability to achieve management's forecasts for the business or to comply with the financial covenants in its debt facilities.	Section 6.2.9
Funding risk	Cardno's ability to continue its current operations and effectively implement future business plans may depend on its ability to raise additional funds. In addition, a component of Cardno's existing debt arrangements contains a change of control provision which, if triggered, could require the repayment of some of the amounts owing under the debt facilities.	Section 6.2.10
Debt covenants	Cardno's debt facilities are subject to covenants based around certain financial ratios. Delay or cancellation of certain cash receipts expected by Cardno, a material deterioration in working capital performance or a material change in the AUD/USD exchange rate could cause Cardno to not comply with its financial covenants.	Section 6.2.11
Asset impairment	Depending on Cardno's financial performance in the future, there is a risk that the carrying value of Cardno's assets is required to be further written down or impaired. Should such a charge be required in the future, this may negatively impact Cardno's reported financial performance and position.	Section 6.2.12
Changes to financial systems and reporting	Cardno has recently taken and continues to take material steps to improve its financial reporting systems, including implementing material changes to its senior finance and accounting staff, conducting a significant review of its accounting policies and practices and investing in improvements of its accounting systems. As this process continues, historical deficiencies may be discovered and these may have a material impact on Cardno's financial position.	Section 6.2.13
Litigation involving Caminosca	In December 2015 a claim was filed and served on Cardno Caminosca S.A. in Ecuador alleging cost overruns relating to design and project management work performed by Cardno Caminosca S.A during the period from 2008 to 2013. While the damages claimed would be material if awarded against Cardno Caminosca S.A, the claim is at a preliminary stage and has not been sufficiently particularised. Cardno Caminosca S.A has filed an initial response and will defend the claim strenuously as it considers the claim baseless and not grounded in law or fact. As disclosed in Cardno's 2015 annual report and Cardno's target statement released to ASX on 13 October 2015, 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. In February 2015, Cardno advised shareholders it was investigating a series of transactions in Cardno Caminosca S.A These investigations are ongoing and Cardno continues to cooperate with the relevant regulatory authorities. There is potential that a penalty or sanction could be imposed on Cardno at the conclusion of the investigation by a regulatory authority.	Section 6.2.14

	These proceedings will continue to require funding and have the potential to impact Cardno's financial position.	
Other litigation	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, while progressing, are at a preliminary stage with both claims not having been sufficiently particularised. In the normal course, Cardno would expect its exposure (if any) to all three claims to be materially less than 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.	Section 6.2.15
Restructuring Initiatives and Costs	Cardno is continuing to pursue its Strategic Review initiatives to facilitate organic growth which may involve restructuring initiatives, including reviewing staffing levels. Any costs incurred in such restructuring may have a material impact on the financial position of Cardno in the short term. To respond to the changes in the market place for the Company's services and the impact that they have had and continue to have, the Company is in the process of re-aligning its operations and reviewing its management structure 'so as to optimise its cost structure and improve its overall efficiency.	Section 6.2.16

1.3.2 General risks

Risk	Summary of risk	Section
Investment risks	Factors affecting the price at which the Shares are traded on ASX could include domestic and international economic conditions. In addition, the prices of a listed entity's securities are affected by factors that might be unrelated to its operating performance, such as general market sentiment.	Section 6.3.1
Interest rate fluctuations	Changes in interest rates will affect borrowings which bear interest at floating rates. Any increase in interest rates will affect Cardno's costs of servicing these borrowings which may adversely affect its financial position.	Section 6.3.2
Macro-economic risks	Cardno's operational and financial performance is affected by the Australian and international economies and, in particular, the construction market within those economies. General and business conditions, inflation, interest rates, monetary and fiscal policy, political circumstances and currency exchange rates are all matters which may affect Cardno's operating and financial performance.	Section 6.3.3
Taxation risks	A change to the current taxation regime in Australia or overseas may affect Cardno and its shareholders.	Section 6.3.4
Accounting standards	Australian accounting standards are set by the Australian Accounting Standards Board (AASB) and are outside Cardno's control. Changes to accounting standards issued by AASB could materially adversely affect the financial performance and position reported in Cardno's financial statements.	Section 6.3.5
Regulation	Unfavourable changes to the regulatory environment for professional services firms either in Australia or in overseas markets in which Cardno operates may affect Cardno's profitability or prospects.	Section 6.3.6
Workplace health and safety	Cardno's employees are at risk of workplace accidents and incidents. In the event that a Cardno employee is injured in the course of their employment, Cardno may be liable for penalties or damages.	Section 6.3.7
Force majeure events	Events may occur within or outside Cardno's key markets that could impact upon the global economies and the operations of Cardno. The events include, but are not limited to, acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the demand for Cardno's services and its ability to conduct business.	Section 6.3.8

1.3.3 Risks associated with the Entitlement Offer

Risk	Summary of risk	Section
Inability to complete the Entitlement Offer	The Company has entered into an Underwriting Agreement with an underwriter who has agreed to fully underwrite the Entitlement Offer, subject to certain terms and conditions. The Underwriting Agreement is	Section 6.4.1

	<p>summarised in Section 10.4. If certain terms and conditions are not satisfied or certain events occur, the underwriter may terminate the Underwriting Agreement. If the Underwriting Agreement is terminated and the Entitlement Offer does not proceed or does not raise the appropriate amount of funds then the Company may not comply with its debt covenants at 30 June 2016 (see “Debt covenants” risk under the General risks section). There is no guarantee that alternative funding could be sourced, either at all or on satisfactory terms and conditions. Termination of the Underwriting Agreement could materially adversely affect the Company’s business and financial position, including Cardno’s ability to comply with its debt covenants at 30 June 2016.</p>	
--	--	--

1.4 Key details of the Entitlement Offer

Question	Answer	Section
What is the Entitlement Offer?	<p>Under the Entitlement Offer, Eligible Shareholders are being offered the opportunity to purchase 1 New Shares for every 1.07 Existing Shares at the Offer Price of A\$0.40 per New Share. Eligible Retail Shareholders' shareholding will be determined by the Shares they hold as at 7.00pm (Sydney time) on Monday, 6 June 2016 (the Record Date).</p> <p>The Entitlement Offer is comprised of the following components:</p> <ul style="list-style-type: none"> • Institutional Entitlement Offer – Eligible Institutional Shareholders will be given the opportunity to take up all or part of their Entitlement. Entitlements under the Institutional Entitlement Offer are non-renounceable. • Institutional Shortfall Bookbuild – Institutional Entitlements not taken up and Entitlements of ineligible institutional shareholders will be sold through a bookbuild process on Friday, 3 June 2016 (Institutional Shortfall Bookbuild). • Retail Entitlement Offer – Eligible Retail Shareholders will be allotted Entitlements under the Retail Entitlement Offer which can be taken up in whole or in part. Retail Entitlements are also non-renounceable. In addition, Cardno is offering a Retail Over Subscription Facility pursuant to which certain Eligible Retail Shareholders have the opportunity to apply for Additional New Shares in excess of their Entitlement. Allocations of Additional New Shares will be capped at 25% of each Eligible Retail Shareholder's Entitlement and will only be made out of any available retail shortfall. The Company and the Underwriter also reserve the right to allocate a lesser number of Additional New Shares than that applied for. <p>Concurrently with the Entitlement Offer, Cardno is conducting the US Private Placement and the US Employee Private Placement,</p> <p>You should read this Prospectus carefully before making any decisions in relation to your Entitlement. The Entitlement Offer is fully underwritten.</p>	Section 2.3
How much will be raised through the Entitlement Offer?	Approximately \$92.5 million.	Section 2.2
What is the purpose of the Entitlement Offer and the use of proceeds?	Cardno is seeking to raise approximately \$92.5 million from the Entitlement Offer. The net proceeds from the Entitlement Offer will be used to reduce debt and lower the Company's leverage ratio.	Section 2.2
Is the Entitlement Offer underwritten?	Yes.	Section 10.4 and 10.5
What are the tax implications of investing in New Shares	The tax implications of investing in New Shares will vary depending on the specific circumstances of individual investors. Investors should obtain their own professional advice as to the particular taxation treatment which will apply to them.	Section 9
What is my Entitlement?	Each Eligible Shareholder is entitled to subscribe for 1 New Shares for every 1.07 existing shares. The Entitlement of Eligible Retail Shareholders will be determined by the number of existing shares held by them as at the Record Date as set out in the personalised Entitlement and Acceptance Form which accompanies this Prospectus	Entitlement and Acceptance Form; Section 2.5
How can Eligible Retail Shareholders apply?	<p>There are two ways you can apply for your Entitlement if you are an Eligible Retail Shareholder:</p> <ul style="list-style-type: none"> • Submit your completed Entitlement and Acceptance Form together with a cheque, bank draft or money order with the requisite Application Monies; or • Pay your Application Monies via BPAY® 	Section 3.1 and 3.3

	in each case, so that payment is received by no later than 5:00pm (Sydney time) on Monday, 20 June 2016.	
Can Eligible Retail Shareholders apply for additional New Shares above their Entitlement?	<p>Yes. Eligible Retail Shareholders may, in addition to taking up their Entitlements in full, apply for Additional New Shares in excess of their Entitlements.</p> <p>Additional New Shares will only be available where there is a shortfall between applications received from Eligible Shareholders and the number of New Shares proposed to be issued under the Entitlement Offer. Allocations of Additional New Shares will be capped at 25% of each Eligible Retail Shareholder's Entitlement and will only be made out of any available retail shortfall. Additional New Shares will be issued at the Offer Price of \$0.40 per New Share.</p>	Section 3.4
What happens if I choose to do nothing?	<p>If you take no action you will not be allocated New Shares and your Entitlement will lapse.</p> <p>Your Entitlement to participate in the Entitlement Offer is non-renounceable and will not be tradeable or otherwise transferable. Shareholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements they do not take up.</p>	Section 3.1
What is the impact of the Entitlement Offer on Crescent's shareholding?	Following the Entitlement Offer and depending on the take-up rate of the Entitlement Offer, Crescent will own between 41.4% and 47.8% ⁴ of the total Shares on issue.	Section 7.2
What are the rights and liabilities attaching to New Shares under the Entitlement Offer?	<p>The New Shares to be issued pursuant to this Prospectus will rank equally in all respects with existing Shares in Cardno.</p> <p>Full details of the rights attaching to Cardno's Shares are set out in its Constitution, a copy of which can be inspected at Cardno's registered office.</p>	Section 10.6
What happens if I am not an Eligible Shareholder?	<p>You will not be entitled to subscribe for New Shares under the Entitlement Offer.</p> <p>Cardno has appointed a nominee (Nominee) for ineligible shareholders and will issue the Nominee with rights to subscribe for the New Shares which would otherwise have been available for subscription by ineligible shareholders had they been eligible to participate in the Entitlement Offer. Those rights will be offered for sale by the Nominee to selected institutional investors and net proceeds from the sale of those rights, if any, will be distributed to ineligible shareholders on a pro-rata basis.</p>	Section 3.2
What is my Entitlement if I become a shareholder after the Record Date?	You have no Entitlement to subscribe for New Shares under the Entitlement Offer.	Section 11 (Definition of an Eligible Shareholder)

1.5 Further information

Question	Answer	Section
How can further information be obtained?	<p>If you would like further information you can:</p> <ul style="list-style-type: none"> contact your stockbroker, solicitor, accountant or other professional adviser; or call the Cardno Entitlement Offer Information Line on 1300 784 103 (within Australia) or +61 3 9415 4137 (outside Australia) at any time between 8.30am and 5.00pm (Sydney time) Monday to Friday during the Entitlement Offer Period. 	Section 3.7

⁴ Including shares held by a custodian for FSS Trustee Corporation, an associate of Crescent, Crescent's voting power in Cardno could increase up to 49.5%.

2 Details of the Entitlement Offer

2.1 Entitlement Offer

This Prospectus invites Eligible Shareholders to participate in a pro-rata non-renounceable entitlement issue of up to approximately 231 million New Shares on the basis of 1 New Share for every 1.07 Shares held at 5.00pm (Sydney time) on the Record Date at an issue price of \$0.40 per New Share, for the purpose of raising up to approximately \$92.5 million less expenses of the Entitlement Offer.

As at the date of this Prospectus, the Company has 247,616,873 Shares on issue.

All of the New Shares offered under this Prospectus will rank equally with the Shares on issue as at the date of this Prospectus. Please refer to Section 10.6 of this Prospectus for further information regarding the rights and liabilities attaching to the Shares.

2.2 Purpose of the Entitlement Offer and use of proceeds

Cardno is seeking to raise approximately \$92.5 million from the Entitlement Offer. The net proceeds from the Entitlement Offer will be used to reduce debt and lower the Company's leverage ratio.

2.3 Overview of the Entitlement Offer

Under the Entitlement Offer, Eligible Shareholders are being offered the opportunity to purchase 1 New Shares for every 1.07 Existing Shares at the Offer Price of \$0.40 per New Share. The Entitlement of Eligible Retail Shareholders will be determined by the number of existing shares held by them at 7.00pm (Sydney time) on the Record Date, Monday, 6 June 2016.

The Entitlement Offer is comprised of the following components:

- **Institutional Entitlement Offer** – Eligible Institutional Shareholders will be given the opportunity to take up all or part of their Entitlement. Entitlements under the Institutional Entitlement Offer are non-renounceable.
- **Institutional Shortfall Bookbuild** – Institutional Entitlements not taken up and Entitlements of ineligible institutional shareholders will be sold through a bookbuild process on Friday, 3 June 2016 (**Institutional Shortfall Bookbuild**).
- **Retail Entitlement Offer** – Eligible Retail Shareholders will be allotted Entitlements under the Retail Entitlement Offer which can be taken up in whole or in part. Retail Entitlements are also non-renounceable. In addition, Cardno is offering a Retail Over Subscription Facility pursuant to which certain Eligible Retail Shareholders have the opportunity to apply for Additional New Shares in excess of their Entitlement. Allocations of Additional New Shares will be capped at 25% of each Eligible Retail Shareholder's Entitlement and will only be made out of any available retail shortfall. The Company and the Underwriter also reserve the right to allocate a lesser number of Additional New Shares than that applied for.

Concurrently with the Entitlement Offer, the Company is conducting a US Private Placement and the US Employee Private Placement.

You should read this Prospectus carefully before making any decisions in relation to your Entitlement. The Entitlement Offer is fully underwritten. Further details on the Retail Entitlement Offer is set out below.

2.4 The Retail Entitlement Offer

Under the Retail Entitlement Offer, Eligible Retail Shareholders are invited to apply for 1 New Shares for every 1.07 Existing Shares held as at the Record Date at the Offer Price of \$0.40 per New Share.

In addition, Cardno is offering a Retail Over Subscription Facility pursuant to which Eligible Retail Shareholders have the opportunity to apply for Additional New Shares in excess of their Entitlement. Allocations of Additional New Shares will be capped at 25% of each Eligible Retail

Shareholder's Entitlement and will only be made out of any available retail shortfall. Cardno and the Underwriter also reserves the right to allocate a lesser number of Additional New Shares than that applied for.

The offer ratio and Offer Price under the Retail Entitlement Offer are the same as for the Institutional Entitlement Offer.

The Retail Entitlement Offer opens on Wednesday, 8 June 2016 and will close at 5.00pm (Sydney time) on Monday, 20 June 2016 (the **Retail Closing Date**).

2.5 Your Entitlement under the Retail Entitlement Offer

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 1 New Share for every 1.07 Existing Shares you held as at the Record Date. If the result is not a whole number, your Entitlement will be rounded up to the nearest whole number of New Shares.

If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have a separate Entitlement for each separate holding. New Shares issued under the Retail Entitlement Offer will be fully paid and from allotment rank equally in all respects with Existing Shares and will be entitled to dividends on the same basis as Existing Shares. The rights and liabilities attaching to the New Shares are set out in the Constitution, which can be inspected at Cardno's registered office (see also Section 10.6).

2.5.1 Allotment of New Shares under the Retail Entitlement Offer

New Shares under the Retail Entitlement Offer will be allotted on the allotment date (expected to be Monday, 27 June 2016). No certificates will be issued in respect of New Shares. Following allotment, Shareholders will be sent a holding statement which sets out the number of New Shares allotted to them. Applicants may contact the Share Registry after the allotment date on 1300 784 103 (within Australia) or +61 3 9415 4137 (outside Australia) to seek confirmation of their allocation.

2.5.2 Foreign shareholders

The distribution of this Prospectus and Entitlement and Acceptance Form in jurisdictions outside Australia and New Zealand may be restricted by law. If you are a Shareholder in any jurisdiction outside Australia or New Zealand and you come into possession of this Prospectus, then you should observe any such restrictions. See Section 10.13 Foreign Selling Restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus does not constitute an offer or invitation to potential investors to whom it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the New Shares or otherwise permit a public offering of the New Shares in any jurisdiction other than Australia and to existing shareholders in New Zealand. In particular, the New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States, and may not be offered, sold or resold in the United States, except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

Nominees, trustees and custodians must not apply on behalf of any beneficial holder that would not itself be an Eligible Retail Shareholder. See Section 2.11.

Cardno reserves the right to reject any application which it believes comes from a person who is not an Eligible Retail Shareholder.

2.6 ASX quotation and trading of New Shares

Within seven days after the date of this Prospectus, Cardno will apply to ASX for the New Shares to be quoted on ASX. While Cardno is not aware of any reason why quotation would be denied, there is no assurance that the application will be granted. If ASX does not grant quotation of the New Shares, Cardno will refund all Application Monies in accordance with the Corporations Act and without payment of interest.

The fact that ASX may grant quotation of the New Shares is not to be taken as an indication of the merits of Cardno or the New Shares issued under the Entitlement Offer. Subject to

approval being granted, it is expected that normal trading of New Shares allotted under the Retail Entitlement Offer will commence on Tuesday, 28 June 2016.

Holding statements are expected to be despatched by the Share Registry to Eligible Retail Shareholders on Thursday, 30 June 2016. It is the responsibility of each Applicant to confirm their holding before trading in New Shares. Any Applicant who sells New Shares before receiving confirmation of their holding in the form of their holding statement will do so at their own risk. Cardno and the Underwriter disclaim all liability whether in negligence or otherwise (and to the maximum extent permitted by law) to persons who trade New Shares before receiving their holding statement from the Share Registry, whether on the basis of confirmation of the allocation provided by Cardno, the Share Registry or the Underwriter.

2.7 CHES and issuer sponsored holdings

New Shares will participate from the date of commencement of quotation in CHES. New Shares must be held in uncertificated form (i.e. no share certificate will be issued) on the CHES subregister normally under sponsorship of a participant (usually a broker) or on the issuer-sponsored subregister. Arrangements can be made at any subsequent time, through your controlling participant, to convert your holding from the issuer-sponsored subregister to the CHES subregister or vice versa.

2.8 Application Monies and interest

Application Monies received from an Applicant will, until New Shares in respect of the Application Monies are issued, be held by Cardno in a trust account. If you are allotted less than the number of New Shares you applied for, you will be sent a refund cheque for the relevant amount of Application Monies (without interest) not applied towards the issue of New Shares, as soon as practicable after the Allotment Date. Any balance of Application Monies that is remaining as a result of rounding will be refunded to you except where the amount is less than \$2.00, in which instance it will be retained by Cardno or donated to charity.

Cardno reserves the right to withdraw or vary all or part of the Entitlement Offer at any time, subject to applicable laws, in which case Cardno will refund Application Monies in relation to Entitlements or New Shares not already issued in accordance with the Corporations Act and without payment of interest. In circumstances where allotment under the Institutional Entitlement Offer has occurred, Cardno may only be able to withdraw the Entitlement Offer with respect to New Shares to be issued under the Retail Entitlement Offer.

To the fullest extent permitted by law, each Applicant agrees that such Application Monies shall not bear or earn interest for the Applicant, irrespective of whether or not all or any New Shares applied for by the Applicant are issued to the Applicant, and that any interest earned on Application Monies held by Cardno shall be the property of Cardno.

2.9 Reconciliation, top-up shares and the rights of Cardno and the Underwriter

The Entitlement Offer is a complex process and in some instances investors may believe that they will own more or fewer Shares than they ultimately did on the Record Date. This may result in a need for reconciliation.

If reconciliation is required, it is possible that Cardno may need to issue a small quantity of additional New Shares (**Top-Up Shares**) to ensure all Eligible Shareholders receive their full Entitlement. The price at which the Top-Up Shares would be issued is not known but would not be lower than the Offer Price (of \$0.40 per Share).

Any Top-Up Shares will be issued under this Prospectus and accordingly (without limiting other provisions of this Prospectus permitting variation of dates or acceptance of late applications) the offers in this Prospectus remain open for acceptance in respect of such Shares until the date of issue of any Top-Up Shares.

Cardno also reserves the right to reduce the size of an Entitlement or number of New Shares allocated to Eligible Institutional Shareholders or Eligible Retail Shareholders, or persons claiming to be Eligible Institutional Shareholders or Eligible Retail Shareholders or other applicable investors, if Cardno believes in its complete discretion that their claims to Entitlements are overstated or if they or their nominees fail to provide information requested to substantiate their claims. In that case, Cardno may, in its discretion, require the relevant

Shareholder to transfer oversubscribed New Shares to the Underwriter at the Offer Price per New Share. If necessary, the relevant Shareholder may need to transfer Existing Shares held by them or to purchase additional Shares on-market to meet this obligation. The relevant Shareholder will bear any and all losses caused by subscribing for New Shares in excess of their Entitlement and any actions they are required to take in this regard.

Investors who sell Entitlements to which they are not entitled, or who do not hold sufficient Entitlements at the time required to deliver those Entitlements, may be required by Cardno to otherwise acquire Entitlements or Shares to satisfy these obligations.

By applying under the Entitlement Offer, those doing so irrevocably acknowledge and agree to do the above as required by Cardno in its absolute discretion. Those applying acknowledge that there is no time limit on the ability of Cardno or the Underwriter to require any of the actions set out above.

2.10 Disclaimer

Cardno reserves the right to determine whether a retail Shareholder is an Eligible Retail Shareholder or an Ineligible Retail Shareholder. Cardno and the Underwriter disclaim all liability (to the maximum extent permitted by law) in respect of the determination as to whether a Shareholder is an Eligible Retail Shareholder or an Ineligible Retail Shareholder and also disclaim all liability (to the maximum extent permitted by law) in respect of the determination as to whether or not a person is an Institutional Investor or an Eligible Institutional Shareholder.

2.11 Notice to nominees and custodians

If Cardno believes you hold Shares as a nominee or custodian you will have received, or will shortly receive, a letter in respect of the Entitlement Offer. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to, and they must not sell or transfer Entitlements in respect of or purport to accept the Retail Entitlement Offer in respect of, Eligible Institutional Shareholders who were invited to participate in the Institutional Entitlement Offer (whether they accepted their Entitlement or not) and Ineligible Institutional Shareholders.

Persons acting as nominees for other persons may not take up Entitlements on behalf of, or send any documents relating to the Retail Entitlement Offer to, any person in the United States or other jurisdiction outside Australia or New Zealand except to beneficial shareholders who are institutional or professional investors in the countries (excluding the United States) listed in, and to the extent permitted under, Section 10.13 (Foreign Selling Restrictions).

Cardno is not required to determine whether or not any registered holder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of Existing Shares or Entitlements. Where any person is acting as a nominee or custodian for a foreign person, that person, in dealing with its beneficiary, will need to assess whether indirect participation in the Entitlement Offer by the beneficiary, including following acquisition of Entitlements on ASX or otherwise, complies with applicable foreign laws. Cardno is not able to advise on foreign laws.

3 Actions required by Eligible Retail Shareholders

3.1 Options available to you

If you are an Eligible Retail Shareholder, you may take either of the following actions.

- a) Take up all or part of your Entitlement (see Section 3.1.1);
- b) Take up all of your Entitlement and apply for Additional New Shares (see Section 3.1.2); or
- c) Do nothing, in which case your Entitlement will lapse and you will receive no value for those lapsed Entitlements (see Section 3.1.3).

The Retail Entitlement Offer is an offer to Eligible Retail Shareholders only (as defined in Section 11).

3.1.1 If you wish to take up all or part of your Entitlement

If you wish to take up all or part of your Entitlement, please either:

- complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies; or
- pay your Application Monies via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form,

in each case, so that payment is received by no later than 5:00pm (Sydney time) Monday, 20 June 2016.

If you take up and pay for all or part of your Entitlement before the close of the Retail Entitlement Offer, it is expected that you will be issued New Shares on Monday, 27 June 2016. Cardno's decision on the number of New Shares to be issued to you will be final.

Cardno also reserves the right (in its absolute discretion) to reduce the number of New Shares issued if Cardno believes their claims to be overstated or if they or their nominees fail to provide information to substantiate their claims to Cardno's satisfaction (see Section 2.9).

3.1.2 If you wish to take up all of your Entitlement and apply for Additional New Shares

If you wish to take up all of your Entitlement and apply for Additional New Shares, please either:

- complete and return the personalised Entitlement and Acceptance Form (indicating the number of New Shares and Additional New Shares you wish to take up) with the requisite Application Monies; or
- pay your Application Monies via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form,

in each case, so that payment is received by no later than 5:00pm (Sydney time) on Monday, 20 June 2016.

Additional New Shares will only be available to the extent that there are Entitlements under the Retail Entitlement Offer which are not taken up by other Eligible Retail Shareholders.

3.1.3 If you wish to do nothing, in which case your Entitlement will lapse and you will receive no value for those lapsed Entitlements

If you take no action you will not be allocated New Shares and your Entitlement will lapse. Your Entitlement to participate in the Retail Entitlement Offer is non-renounceable and will not be tradeable or otherwise transferable. Shareholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements they do not take up.

Eligible Retail Shareholders who do not participate fully in the Retail Entitlement Offer will have their percentage holding in Cardno reduced.

3.2 Ineligible Retail Shareholders

Ineligible Retail Shareholders are not entitled to participate in the Retail Entitlement Offer.

Cardno has appointed a nominee (**Nominee**) for ineligible shareholders and will issue the Nominee with rights to subscribe for the New Shares which would otherwise have been available for subscription by ineligible shareholders had they been eligible to participate in the Entitlement Offer. Those rights will be offered for sale by the Nominee to selected institutional investors (which may include Eligible Institutional Shareholders). Net proceeds from the sale of those rights, if any (calculated per New Share as the price at which the rights are sold less the Offer Price of \$0.40 and net of expenses), will be distributed to ineligible shareholders on a pro-rata basis.

3.3 Payment

You can pay in the following ways:

- by BPAY®; or
- by cheque or bank draft.

Cash payments will not be accepted. Receipts for payment will not be issued.

Cardno will treat you as applying for as many New Shares as your payment will pay for in full up to your Entitlement.

Any Application Monies received for more than your final allocation of New Shares will be refunded as soon as practicable after the close of the Retail Entitlement Offer. No interest will be paid to applicants on any Application Monies received or refunded.

3.3.1 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the personalised Entitlement and Acceptance Form. You can only make payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

If you are paying by BPAY®, please make sure you use the specific Biller Code and your unique Customer Reference Number (CRN) on your personalised Entitlement and Acceptance Form. If you have multiple holdings and consequently receive more than one personalised Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings only use the CRN specific to that holding. If you do not use the correct CRN specific to that holding your application will not be recognised as valid.

Please note that should you choose to pay by BPAY®:

- you do not need to submit your personalised Entitlement and Acceptance Form but are taken to make the declarations, representations and warranties on that Entitlement and Acceptance Form and in Section 3.6; and
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the Cardno Share Registry by no later than 5:00pm (Sydney time) on Monday, 20 June 2016. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration in the timing of when you make payment.

3.3.2 Payment by cheque or bank draft

For payment by cheque or bank draft, you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by a cheque or bank draft in Australian currency for the amount of the Application Monies, payable to "Cardno Entitlement Offer" and crossed "Not Negotiable".

Your cheque or bank draft must be:

- for an amount equal to \$0.40 multiplied by the number of New Shares that you are applying for; and

- in Australian currency drawn on an Australian branch of a financial institution. Payment cannot be made in New Zealand dollars. New Zealand resident Shareholders must arrange for payment to be made in Australian dollars.

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

3.4 Retail over subscription facility

Eligible Retail Shareholders (other than directors and related parties of Cardno) may, in addition to taking up their Entitlements in full, apply for Additional New Shares in excess of their Entitlements.

Additional New Shares will only be available where there is a shortfall between applications received from Eligible Shareholders and the number of New Shares proposed to be issued under the Entitlement Offer. Allocations of Additional New Shares will be capped at 25% of each Eligible Retail Shareholder's Entitlement and will only be made out of any available retail shortfall. Additional New Shares will be issued at the Offer Price of \$0.40 per New Share.

The allocation policy for Additional New Shares subscribed for pursuant to the Retail Over Subscription Facility will be as follows:

- Eligible Shareholders who have applied for Additional New Shares through the Retail Over Subscription Facility will receive the Additional New Shares they have applied for unless there is an over subscription for Additional New Shares through the Retail Over Subscription Facility, in which case Eligible Shareholders will receive Additional New Shares on a pro-rata basis having regard to their holdings as at the Record Date; and
- if any shortfall remains after the allocation to Eligible Shareholders as provided above, the resulting shortfall will be met by the Underwriter and its sub-underwriters (as allocated in the Underwriter's discretion), subject to the terms and conditions of the underwriting and sub-underwriting arrangements.

Eligible Shareholders who apply for Additional New Shares may be allocated a lesser number of Additional New Shares than applied for, or may be allocated no Additional New Shares at all, in which case excess application money will be refunded without interest. Refund amounts, if any (and where that amount is greater than \$1.00), will be paid in Australian dollars. You will be paid by cheque sent by ordinary post to your address as recorded on the share register (the registered address of the first named in the case of joint holders). Alternatively you will be paid by direct deposit where the Share Registry holds bank account details for the purposes of remitting your dividend in respect of your shareholding.

If you wish to subscribe for Additional New Shares in addition to your Entitlement then you should nominate the maximum number of Additional New Shares you wish to subscribe for on the Entitlement and Acceptance Form and make payment for your full Entitlement plus the Additional New Shares (at \$0.40 per New Share).

If your payment is being made by BPAY®:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to make each of the statements and representations on that form; and
- if your payment exceeds the amount payable for your full Entitlement, you are taken to have accepted your Entitlement in full and to have applied for such number of Additional New Shares which is covered in full by your application money.

If you apply for Additional New Shares under the Retail Over Subscription Facility and your application is successful (in whole or in part) your Additional New Shares will be issued at the same time as other New Shares are issued under the Entitlement Offer.

3.5 Mail

To participate in the Retail Entitlement Offer, your payment must be received no later than the close of the Retail Entitlement Offer, being 5:00pm (Sydney time) on Monday, 20 June 2016. If you make payment via cheque, or bank draft, you should mail your completed personalised Entitlement and Acceptance Form together with Application Monies to:

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

Personalised Entitlement and Acceptance Forms and Application Monies will not be accepted at Cardno's registered or corporate offices, or other offices of the Cardno Share Registry.

3.6 Representations by acceptance

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will be deemed to have represented to Cardno that you are an Eligible Retail Shareholder and:

- acknowledge that you have read and understand this Prospectus and your personalised Entitlement and Acceptance Form in their entirety;
- agree to be bound by the terms of the Retail Entitlement Offer, the provisions of this Prospectus, and Cardno's Constitution;
- authorise Cardno to register you as the holder(s) of New Shares allotted to you;
- declare that all details and statements in the personalised Entitlement and Acceptance Form are complete and accurate;
- declare you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the personalised Entitlement and Acceptance Form;
- acknowledge that once Cardno receives your personalised Entitlement and Acceptance Form or any payment of Application Monies via BPAY®, you may not withdraw your application or funds provided except as allowed by law;
- agree to apply for and be issued up to the number of New Shares specified in the personalised Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY®, at the Offer Price per New Share;
- authorise Cardno, the Underwriter, the Cardno Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Cardno Share Registry upon using the contact details set out in your personalised Entitlement and Acceptance Form;
- declare that you were the registered holder(s) at the Record Date of the Shares indicated on the personalised Entitlement and Acceptance Form as being held by you on the Record Date;
- acknowledge that the information contained in this Prospectus and your personalised Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- acknowledge the statement of risks included in Section 6 of this Prospectus, and that investments in Cardno are subject to risk;
- acknowledge that none of Cardno, the Underwriter, or their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of Cardno, nor do they guarantee the repayment of capital;
- agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and of your holding of Shares on the Record Date;

- authorise Cardno to correct any errors in your personalised Entitlement and Acceptance Form or other form provided by you;
- represent and warrant (for the benefit of Cardno, the Underwriter and their respective related bodies corporate and affiliates) that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, are not an Ineligible Retail Shareholder and are otherwise eligible to participate in the Retail Entitlement Offer;
- represent and warrant that the law of any place does not prohibit you from being given this Prospectus and the personalised Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares and that you are otherwise eligible to participate in the Retail Entitlement Offer;
- represent and warrant that you are not in the United States and you are not acting for the account or benefit of a person in the United States;
- you understand and acknowledge that the New Shares have not been, nor will be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States. Accordingly, the Entitlements under the Retail Entitlement Offer may not be taken up by, and the New Shares to be offered or sold in the Retail Entitlement Offer may not be offered or sold to persons in the United States or persons who are acting for the account or benefit of a person in the United States, except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws;
- represent and warrant that you are subscribing for or purchasing New Shares outside the United States in an “offshore transaction” (as defined in Rule 902(h) under the US Securities Act) in reliance on Regulation S under the US Securities Act;
- declare that if in the future you decide to sell or otherwise transfer any New Shares, you will only do so in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act, including in a standard (regular way) brokered transaction on the ASX, where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States, in accordance with Regulation S under the US Securities Act;
- represent and warrant that you have not and will not send this Prospectus, the Entitlement and Acceptance Form or any other materials relating to the Retail Entitlement Offer to any person in the United States or any other country outside Australia and New Zealand; and
- declare that if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia or New Zealand and is not in the United States and is not acting for the account or benefit of a person in the United States, and you have not sent this Prospectus, the Entitlement and Acceptance Form or any information relating to the Entitlement Offer to any such person.

3.7 Enquiries

If you have not received or you have lost your personalised Entitlement and Acceptance Form, or have any questions, please contact the Cardno Entitlement Offer Information Line on 1300 784 103 (within Australia) or +61 3 9415 4137 (outside Australia). The Cardno Entitlement Offer Information Line will be open from 8:30am to 5:00pm (Sydney time), Monday to Friday. If you have any further questions, you should contact your stockbroker, accountant or other professional adviser.

4 Overview of Cardno

4.1 Introduction

Cardno is a professional infrastructure and environmental services company, with specialist expertise in the development and improvement of physical and social infrastructure for communities around the world. Cardno's team includes professionals who plan, design, manage and deliver sustainable projects and community programs.

Cardno provides services across ten key market sectors, including buildings, land, management services, energy and resources, coastal and ocean, environment, emerging markets, transportation, water and defence.

Cardno is headquartered in Brisbane, Queensland, Australia and has more than 200 offices globally working on projects in more than 100 countries.

4.2 History

Cardno was formed as an engineering practice in Brisbane in 1945. It was listed on the Australian Securities Exchange in May 2004. Over its 70 years of operations, Cardno has grown organically, as well as via mergers and acquisitions, undertaking more than 50 acquisitions to create a global business.

4.3 Business segments

Cardno's businesses are categorised into two segments, largely based on the regions in which it operates, including:

- **Americas:** provides consulting engineering, planning, surveying, landscape architecture, environmental services and software sales globally. It also manages aid projects on behalf of unilateral and multilateral government agencies and private clients in that region.
- **Asia Pacific:** provides consulting engineering, planning, surveying, landscape architecture, environmental services, electrical engineering, geotechnical services as well as managing aid projects on behalf of unilateral and multilateral government agencies and private clients in that region.

4.4 Board of Directors

Cardno's Board is comprised as follows:

Name/Role	Description
Michael Alscher <i>Chairman</i>	<p>Michael Alscher joined as a Non-Executive Director of Cardno Limited in November 2015. He then became Chairman in January 2016.</p> <p>He is the Managing Partner and founder of Crescent Capital Partners, a leading Australian based private equity firm with \$1.5 billion in funds under management, specialising in high growth companies and certain industries such as healthcare and the services sector across multiple disciplines.</p> <p>Prior to founding Crescent in 2000, Michael was a strategy consultant at Bain International and the LEK Partnership as well as holding several senior operating roles.</p> <p>Michael is currently a Non-Executive Director of ClearView Limited and Metro Performance Class Limited. He is also the Non-Executive Chair of Australian Clinical Labs and National Dental Care.</p> <p>Michael holds a Bachelor of Commerce (Finance & Mathematics) from the University of New South Wales.</p>
Richard Wankmuller <i>Chief Executive Officer and Managing Director</i>	<p>Richard joined Cardno as CEO and Managing Director in 2015.</p> <p>He has more than 30 years' experience in professional engineering services, implementing several successful growth and transformation strategies across international and domestic markets.</p> <p>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.</p> <p>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.</p>

	<p>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.</p> <p>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.</p>
<p>Neville Buch <i>Non-Executive Director</i></p>	<p>Neville Buch became a Non-Executive Director of Cardno Limited in November 2015. He is a Partner of Crescent Capital Partners where he heads Crescent's Operating Improvement Practice. He brings expertise in operational management and strategic planning.</p> <p>Prior to joining Crescent in 2009, Neville was the Chief Executive Officer of Wormald Australia and a Senior Executive of Tyco, where he was the Global Deputy Chairman of the Fire and Safety Division. He spent twelve years in senior management with Tyco, both in Australia and overseas and has significant experience in the United States, Europe and Asia.</p> <p>Neville is the Non-Executive Chair of GroundProbe, PrimePanels NZ, Steel-Line Garage Doors and Nude By Nature.</p> <p>Neville holds a Bachelor of Science in Electronic Engineering (Hons Computer Design) and a Masters of Business Administration from the University of Witwatersrand, South Africa.</p>
<p>Steven Sherman <i>Non-Executive Director</i></p>	<p>Steven Sherman joined Cardno Limited as a Non-Executive Director in January 2016. He is a Chartered Accountant with more than 30 years' experience in corporate restructuring and insolvency. His experience ranges from advising on and facilitating restructuring and turnaround strategies, to the re-engineering of entire businesses.</p> <p>Steven is the National Managing Partner of Ferrier Hodgson based in Sydney. He practices in the area of financial and operational restructuring and provides professional advice to financiers and lending syndicates, as well as company boards and executives.</p> <p>Steven has a Bachelor of Commerce from the University of New South Wales. He is a Fellow of the Institute of Chartered Accountants, a member of the Australian Institute of Company Directors and the Australian Restructuring and Turnaround Association.</p>
<p>Jeffrey Forbes <i>Non-Executive Director</i></p>	<p>Jeffrey Forbes is an experienced Finance Executive and Company Director with over 30 years' merger and acquisition, equity and capital markets and project development experience. He has significant expertise in the financing and development of resource projects in both Australia and in the Asia-Pacific region.</p> <p>Jeffrey previously worked at Cardno as CFO and Company Secretary before leaving to commence non-executive director roles. He has spent time as a member of the remuneration and audit and risk committees of both listed and unlisted companies in a variety of sectors.</p> <p>Prior to first joining Cardno in 2006, Jeff was the CFO, Company Secretary and Executive Director at Highlands Pacific Limited, a PNG-based mining and exploration company. He has significant experience in capital raisings and during his career has worked for a number of major companies including Rio Tinto, BHP and CSR.</p> <p>Jeffrey holds a Bachelor of Commerce from the University of Newcastle and is a Graduate of the Australian Institute of Company Directors.</p>
<p>Gary Jandegian <i>Non-Executive Director</i></p>	<p>Gary Jandegian became a Non-Executive Director of Cardno Limited in March 2016. He has more than 35 years' experience in a range of executive and leadership roles in the engineering and construction industry.</p> <p>Gary spent 24 years at leading engineering, design and construction firm, URS Corporation, where he led the company's Infrastructure and Environment Division for more than a decade. This generated annual revenues approaching US\$4 billion with more than 20,000 employees across almost 50 countries.</p> <p>Gary was a key member of the URS executive management and risk management committees and worked across investor relations, mergers and acquisitions and change management. He was also responsible for an Executive Account Management sales model resulting in several multi-hundred million dollar accounts in the energy sector which was fundamental to URS's growth strategy.</p> <p>He has served as a member of the Environment & Energy Committee, U.S. Chamber of Commerce, the Silicon Valley COO Roundtable and the Industry Leaders Council, American Society of Civil Engineers, Washington DC.</p>
<p>Robert Prieto <i>Non-Executive Director</i></p>	<p>Robert Prieto became a Non-Executive Director of Cardno Limited in March 2016. He has more than 40 years' experience in the engineering, construction and infrastructure industries.</p> <p>Robert worked for 11 years as Senior Vice President at Fluor Corporation, a multinational engineering and construction firm, where he was executive sponsor for multiple national and international transportation programs and advised C-suite and "giga" project teams on programs totalling US\$50 billion.</p> <p>Prior to this, he spent more than 20 years with professional services firm Parsons Brinckerhoff, where he worked in a range of executive positions focusing on corporate development and management, before spending six years as Chairman. During this time he was responsible for strategy and growth programs achieving 17.2 per cent year-on-year revenue growth and expansion from 12 to 125 offices globally.</p>

	Robert is active with a number of infrastructure and engineering industry councils, including the World Economic Forum and as a Presidential Appointee to the Asia-Pacific Economic Cooperation (APEC) Business Advisory Council.
Nathaniel Thomson <i>Non-Executive Director</i>	<p>Nathaniel joined as a Non-Executive Director of Cardno Limited in May 2016.</p> <p>Nathaniel holds a Bachelor of Laws and a Bachelor of Finance from the University of Western Australia.</p> <p>Nathaniel is a partner of Crescent Capital Partners and has more than 15 years of experience in strategy, investment and business management.</p> <p>Nathaniel is currently a director of ASX listed ClearView Ltd and National Home Doctor Service Pty Ltd and has previously been a director of NZX listed Metro Performance Glass Ltd, ASX listed Cover-More Ltd and ASX listed LifeHealthcare Ltd.</p> <p>Prior to joining Crescent Capital Partners, Nathaniel worked at McKinsey & Co.</p>

4.5 Senior Management Team

Cardno's key executives are as follows:

Name/Role	Description
Richard Wankmuller <i>Chief Executive Officer and Managing Director</i>	See profile in Section 4.4 above.
Peter Barker <i>Chief Financial Officer</i>	<p>Peter joined Cardno in March 2016. Prior to Cardno, Peter held senior financial management positions with global and Australian multinational corporations including Cisco Systems, BHP Billiton and ASX100 company Computershare Ltd, where he was CFO.</p> <p>Peter holds a Bachelor of Commerce from the University of Queensland, is a Fellow of CPA Australia, a member of the Australian Institute of Company Directors and a graduate of the Wharton (University of Pennsylvania) school's Advanced Management Program.</p>

5 Financial Information

5.1 Overview

This Section 5 contains the following financial information:

- Historical financial information of Cardno, being the consolidated:
 - Statutory historical results of Cardno for the financial year ended 30 June 2015 (“**FY15**”);
 - Statutory historical cash flow information of Cardno for FY15; and
 - Statutory balance sheet of Cardno as at 31 December 2015, (together the “**Statutory Historical Financial Information**”);
- Pro forma historical financial information of Cardno, being the consolidated:
 - Pro forma historical results of Cardno for FY15;
 - Statutory historical cash flow information of Cardno for FY15; and
 - Statutory balance sheet of Cardno as at 31 December 2015, (together the “**Pro forma Historical Financial Information**”);
- Forecast financial information of Cardno, being the consolidated:
 - Statutory and pro forma forecast results of Cardno for the financial year ending 30 June 2016 (“**FY16**”); and
 - Statutory and pro forma cash flow information of Cardno for FY16, (together the “**Forecast Financial Information**”).

The Pro forma Historical Financial Information and the Forecast Financial Information together form the “**Financial Information**”.

The Financial Information has been reviewed and reported on by KPMG Transaction Services, whose Investigating Accountant’s Reports are contained in Section 8.

Also summarised in this Section 5 are:

- the basis of preparation and presentation of the Financial Information (see Section 5.2);
- summary of key statutory and pro forma operating and financial metrics (Section 5.4);
- details of net debt and a summary of Cardno’s banking facilities (see Section 5.10);
- information regarding Cardno’s contractual obligations, commitments and contingent liabilities as at 31 December 2015 (see Section 5.11);
- the Directors’ best estimate assumptions underlying the Forecast Financial Information (see Section 5.12);
- management discussion and analysis of the Forecast Financial Information (see Section 5.13); and
- an analysis of the key sensitivities in respect of the Forecast Financial Information (see Section 5.14).

All amounts disclosed in the tables are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest \$100,000. Any discrepancies between totals and sums and components in tables, figures and diagrams contained in this Prospectus are due to rounding.

5.2 Basis of preparation and presentation of information

5.2.1 Overview and preparation

The Financial Information in this Prospectus has been prepared in accordance with the measurement and recognition principles of Australian Accounting Standards (AAS) adopted by the Australian Accounting Standards Board (AASB), which are consistent with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Cardno's accounting policies.

Cardno's significant accounting policies are described in its Annual Report for FY15 which is available at www.cardno.com.

The Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures, statements or comparative information required by AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

In addition to the Financial Information, Section 5.4 describes certain non-IFRS financial measures that Cardno uses to manage and report on its business that are not defined under or recognised by AAS or IFRS.

The Directors are responsible for the preparation and presentation of the Financial Information.

5.2.2 Preparation of the Statutory Historical Financial Information

The Statutory Historical Financial Information has been extracted from Cardno's general purpose statutory consolidated financial statements for FY15 and its interim financial report for the half year ended 31 December 2015.

Cardno's general purpose statutory consolidated financial statements for FY13, FY14 and FY15 were audited by KPMG in accordance with Australian Auditing Standards. KPMG has issued unqualified audit opinions in respect of these financial statements for the periods covered by the financial statements. Cardno's interim financial report for the half year ended 31 December 2015 was prepared in accordance with AASB 134, *Interim Financial Reporting*, and was reviewed by KPMG in accordance with Australian Auditing Standards on Review Engagements ASRE 2410, *Review of a Financial Report Performed by the Independent Auditor of the entity*, and KPMG issued an unqualified review report with respect to these financial statements.

Cardno's statutory consolidated financial statements for FY13, FY14 and FY15 and interim financial report for the half year ended 31 December 2015 are available at www.cardno.com.

5.2.3 Preparation of the Pro forma Historical Financial Information

The Pro forma Historical Financial Information for FY15 is derived from the audited general purpose statutory consolidated financial statements of Cardno for the year ended 30 June 2015 and the reviewed interim financial report of Cardno for the half year ended 31 December 2015, adjusted for certain pro forma offer and/or other adjustments.

Refer to Section 5.5 for a reconciliation between the statutory historical results and the pro forma historical results of Cardno for FY15. Refer to Section 5.8 for a reconciliation between the statutory historical cash flow information and the pro forma historical cash flow information of Cardno for FY15. Refer to Section 5.9 for a reconciliation between the statutory historical balance sheet and the pro forma historical balance sheet of Cardno as at 31 December 2015.

Investors should note that past results do not guarantee future performance.

5.2.4 Change in accounting policy and revised methodology for impairment testing

On 23 May 2016, Cardno announced to the ASX the results of its review of asset carrying values in light of factors impacting its financial performance. The announcement outlined that the impairment testing determined a total impairment charge of A\$274.5 million pre-tax (A\$237.0 million net of tax) was required to write down the carrying value of goodwill and other intangible assets which will be recorded as at 30 June 2016. This impairment charge has been adjusted in full as part of the Pro forma Historical Balance Sheet as at 31 December 2015.

The impairment testing process for FY16 incorporates a change in accounting approach from prior years for the treatment of group overheads and corporate costs in the impairment testing. These costs are now allocated to the Group's individual CGUs for impairment testing, whereas previously these costs were not allocated to CGUs but included in an overall Cardno Group impairment test. This change in approach was made following review of the Group's

impairment testing process associated with the recent changes to the finance team and board of directors and interaction with ASIC.

In performing the impairment testing for FY16, Cardno has also treated the Cardno PPI business as a separate CGU from the Americas on the basis it is now being managed and monitored as a standalone business.

Under the requirements of Australian Accounting Standards, a change of this nature requires retrospective application. As a result, Cardno has also restated its FY15 comparative information in the Pro forma Historical Financial Results as if the revised approach for group costs had always been applied.

In this regard, Cardno has also undertaken impairment testing for the FY15 period based on the revised methodology and determined that a A\$120.2 million (pre-tax) impairment charge will be recognised as a pro forma adjustment to the FY15 results. The balance of A\$154.3 million (pre-tax) from management's FY16 impairment testing (i.e. A\$274.5 million less A\$120.2 million) will be recognised in the Group's income statement for FY16.

Cardno's announcement can be found on its website at www.cardno.com.

5.2.5 Preparation of Forecast Financial Information

The Forecast Financial Information has been prepared by the Directors with due care and attention, and having regard to an assessment of present economic and operating conditions, and based on a number of best estimate general and specific assumptions regarding future events and actions. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur. The Forecast Financial Information has been reviewed by KPMG Transaction Services but has not been audited. Investors should note the scope and limitations of the Investigating Accountant's Report (refer to Section 8).

The Directors believe the best estimate assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus. However, this information is not fact and investors are cautioned not to place undue reliance on the Forecast Financial Information.

Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information, and that this may have a materially positive or negative effect on Cardno's actual financial performance or financial position. Accordingly, none of Cardno, the Directors, Cardno's management, or any other person can give investors any assurance that the outcomes discussed in the Forecast Financial Information will arise.

Investors are advised to review the Forecast Financial Information in conjunction with the general and specific assumptions set out in Section 5.12, the sensitivity analysis set out in Section 5.14, the risk factors set out in Section 6 and the other information set out in this Prospectus.

The Directors have no intention to update or revise the Forecast Financial Information or other forward looking statements following the issue of this Prospectus, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

The Forecast Financial Information is presented on both a statutory and pro forma basis. The statutory forecast consolidated income statements have been prepared on a basis consistent with how Cardno's statutory financial statements are expected to be prepared for future financial periods.

The pro forma forecast consolidated income statement for FY15 and FY16, which is set out in Section 5.3, differs from the statutory forecast consolidated income statement as the pro forma forecast consolidated income statement excludes the results of the ATC and ECS businesses which were disposed of during FY16. See Section 5.5 for the reconciliation between the statutory and pro forma forecast financial information.

The statutory forecast consolidated income statement for FY16 is the best estimate of the financial performance that the Directors expect to report in Cardno's general purpose audited statutory consolidated financial report for FY16.

The basis of preparation and presentation of the Forecast Financial Information, to the extent relevant, is consistent with the basis of preparation of the Historical Financial Information.

5.2.6 Explanation of certain non-IFRS financial measures

To assist in the evaluation of the performance of the business Cardno uses certain measures to report on the business that are not recognised under AAS or IFRS. These measures are collectively referred in this Section 5 and under Regulatory Guide 230 Disclosing Non-IFRS Financial Information published by ASIC as “non-IFRS financial measures”. The principal non-IFRS financial measures that are referred to in this Prospectus are as follows:

- **Fee revenue** is total revenue net of third party recoverable expenses;
- **EBITDA** is earnings before interest (net finance costs), taxation, depreciation and amortisation. Management uses EBITDA to evaluate the operating performance of the business without the non-cash impact of depreciation, amortisation and before interest and taxation. The company also calculates EBITDA margin, which is EBITDA expressed as a percentage of total revenue. EBITDA can be useful to help understand the cash generation potential of the business. EBITDA and EBITDA margin should not be considered as an alternative to measures of cash flow under IFRS and investors should not consider EBITDA in isolation from, or as a substitute for, an analysis of the results of Cardno’s operations;
- **EBIT** is earnings before interest (net finance costs) and taxation;
- **Operating cash flow** is EBITDA after the removal of non-cash items in EBITDA (e.g. share-based payment expenses) and changes in working capital. Cardno uses operating cash flow as a measure to indicate the level of operating cash flow generated from EBITDA;
- **Free cash flow** is operating cash flow less capital expenditure. Cardno uses free cash flow as a measure of the net cash it generates before tax, interest and other investing cash flows; and
- **Working capital** is trade and other receivables, work in progress and other current assets less trade and other payables, provisions and other current liabilities.

Although the Directors believe that these measures provide useful information about Cardno’s financial performance, they should be considered as supplements to the consolidated statement of profit or loss measures that have been presented in accordance with the AAS and IFRS and not as a replacement for them. Because these non-IFRS financial measures are not based on AAS or IFRS, they do not have standard definitions, and the way Cardno calculates these measures may differ from similarly titled measures used by other companies. Investors and readers of this Prospectus should therefore not place undue reliance on these non-IFRS financial measures.

5.3 Historical and forecast results – FY15 and FY16F

Set out in Table 1 is a summary of Cardno's pro forma and statutory historical results for FY15 and pro forma and statutory forecast results for FY16.

Table 1: Summary of Pro forma and Statutory Historical Results and Pro forma and Statutory Forecast Results

A\$ millions	Notes	FY15	FY16F	FY15	FY16F
		Statutory	Statutory	Pro forma	Pro forma
Revenue	1	1,426.4	1,167.4	1,185.9	1,163.6
Other income		11.4	19.1	11.4	19.1
Employee expenses		(705.8)	(599.4)	(587.8)	(599.1)
Consumables and materials used		(403.5)	(341.8)	(351.1)	(341.8)
Sub-consultant and contractor costs		(174.8)	(164.1)	(123.7)	(164.1)
Other expenses		(45.8)	(39.3)	(22.8)	(36.6)
EBITDA		107.9	41.9	111.9	41.1
Depreciation and amortisation		(32.8)	(27.5)	(29.8)	(27.5)
Impairment losses		(224.0)	(154.3)	(344.2)	(154.3)
EBIT		(148.9)	(139.9)	(262.1)	(140.7)
Net financing costs		(10.7)	(11.3)	(10.2)	(11.2)
Profit/(loss) before income tax		(159.6)	(151.2)	(272.3)	(151.9)
Income tax expense		14.4	17.8	31.9	17.8
Profit/(loss) from continuing operations		(145.2)	(133.4)	(240.4)	(134.1)
Profit/(loss) from discontinued operation, net of tax		-	(43.1)	-	-
Profit/(loss) for the period		(145.2)	(176.5)	(240.4)	(134.1)

Notes

- Interest income of \$0.5 million in FY15 was included in Cardno's consolidated revenue presented in its FY15 statutory accounts. This interest income has been re-classified to net financing costs in the above table. Interest income of \$0.8 million in FY16F is included in net financing costs.

5.4 Key operating and financial metrics – FY15 and FY16

Set out in Table 2 is the key statutory and pro forma historical operating and financial metrics for FY15 and the key statutory and pro forma forecast operating and financial metrics for FY16.

Table 2: Key operating and financial metrics

A\$ millions	Notes	FY15	FY16F	FY15	FY16F
		Statutory	Statutory	Pro forma	Pro forma
Fee revenue	1	1,017.6	827.7	871.5	822.1
Revenue growth		8.9%	-18.1%	n/a	-5.7%
EBITDA margin	1	10.6%	5.1%	12.8%	5.0%
EBITDA growth	1	-23.3%	-61.2%	n/a	-63.3%
EBIT margin	1	-14.6%	-16.9%	-30.1%	-17.1%
EBIT growth	1	-230.4%	6.1%	n/a	46.3%
Backlog	2	1,024.9	n/a	877.0	n/a

Notes

- Refer to the definitions in Section 5.2.
- Backlog represents contracted work that remains to be delivered. Backlog for FY15 represents the backlog in place at 30 June 2015. While Cardno does not have a forecast backlog for 30 June 2016, the current backlog of the business as at 30 April 2016 is \$804.8 million.

5.5 Pro forma adjustments to the statutory historical and forecast results

In presenting the pro forma historical results included in the Prospectus, pro forma adjustments have been made for certain pro forma transactions. These adjustments are summarised in Table 3 below.

Table 3: Pro forma adjustments to the statutory results for FY15 and the forecast statutory results for FY16

A\$ millions	Notes	FY15	FY16F
Revenue			
Statutory revenue		1,426.4	1,167.4
Disposal of ATC	1	(213.0)	(3.8)
Disposal of ECS	2	(27.5)	0.0
Pro forma revenue		1,185.9	1,163.6
NPAT			
Statutory NPAT		(145.2)	(176.5)
Disposal of ATC	1	5.4	34.4
Disposal of ECS	2	(0.8)	8.0
Change in accounting policy	3	(99.9)	0.0
Pro forma NPAT		(240.4)	(134.1)

Notes

- 1 Disposal of ATC – an adjustment has been made to exclude the results of the ATC business that was sold by Cardno on 13 November 2015. This adjustment removes the historical results of ATC, the loss recognised by Cardno on the sale of ATC and the one-time benefit Cardno received from providing transitional services to the acquirer of ATC that will not continue beyond FY16. In FY16, Cardno has treated ATC as a discontinued operation in its statutory results. As such there is no revenue adjustment required as this is included in the net loss after tax for the discontinued operations (after impairment).
- 2 Disposal of ECS – an adjustment has been made to exclude the results of the ECS business that was sold by Cardno effective 25 March 2016. This adjustment removes the historical results of ECS and the loss on sale recognised by Cardno.
- 3 Change in accounting policy – as noted in the basis of preparation in Section 5.2.4, on 23 May 2016, Cardno announced to the ASX a change in accounting policy in respect to the treatment of group overheads and corporate costs in relation to impairment testing. In accordance with Australian Accounting Standards, a change of this nature requires retrospective application, and as such Cardno has undertaken impairment testing for the FY15 period based on the revised methodology and determined that a \$120.2 million impairment charge (\$99.9 million net of tax) is required to be recognised as an adjustment to the FY15 results.

5.6 Historical and forecast statutory and forecast segment results – FY15 and FY16

In accordance with AASB 8, Cardno has determined that it has two reportable segments being Professional Services Asia Pacific and Professional Services Americas. Detailed segment information for each of FY13, FY14 and FY15 is available in Cardno's audited financial statements for the respective years which are available at www.cardno.com.

Set out in Table 4 is the statutory and pro forma revenue and EBITDA generated by each of the Cardno segments.

Table 4: Segment Statutory Historical Results, Statutory Forecast Results, Pro forma Historical Results and Pro forma Statutory Results

A\$ millions	Notes	FY15 Statutory	FY16F Statutory	FY15 Pro forma	FY16F Pro forma
Revenue					
Professional Services Asia Pacific		497.3	493.1	497.3	493.1
Professional Services Americas		924.6	671.8	684.1	668.0
External sales		1,421.9	1,164.9	1,181.4	1,161.1
Other revenue		4.5	2.5	4.5	2.5
Total segment revenue		1,426.4	1,167.4	1,185.9	1,163.6
Interest revenue		0.5	0.8	0.6	0.8
Consolidated revenue		1,426.9	1,168.2	1,186.5	1,164.4
EBITDA					
Professional Services Asia Pacific		48.0	43.7	48.0	43.7
Professional Services Americas		57.0	7.0	61.0	6.2
Corporate		2.9	(8.8)	2.9	(8.8)
Consolidated EBITDA		107.9	41.9	111.9	41.1

5.7 Summary statutory and pro forma historical and statutory and pro forma forecast cash flows – FY15 and FY16

Set out in Table 5 is Cardno's historical statutory and pro forma cash flow information for FY15 and the statutory and pro forma forecast cash flow information for FY16.

Table 5: Summary of Statutory Historical Cash Flow Information, Statutory Forecast Cash Flow Information, Pro forma Historical Cash Flow Information and Pro forma Forecast Cash Flow Information

A\$ millions	Notes	FY15 Statutory	FY16F Statutory	FY15 Proforma	FY16F Proforma
EBITDA		107.9	41.9	111.9	41.1
Non-cash items in EBITDA	1	(5.8)	0.1	(5.8)	0.1
Tax	2	(23.9)	(0.6)	(25.1)	(0.6)
Interest	3	(7.5)	(12.2)	(6.9)	(12.2)
Changes in working capital	4	(22.6)	4.4	(11.4)	4.4
Operating cash flow		48.1	33.6	62.7	32.8
Intangibles		(1.0)	(1.0)	(1.0)	(1.0)
Capital expenditure		(24.3)	(15.4)	(19.6)	(15.4)
Free cash flow		22.8	17.2	42.1	16.4
Proceeds from sale of discontinued operations, net of cash disposed of	5	0.0	86.7	0.0	0.0
Acquisition of subsidiaries, deferred consideration	6	(11.2)	(21.7)	(11.2)	(21.7)
Proceeds from sale of property, plant and equipment	7	1.3	8.5	1.2	8.5
Proceeds from issue of shares	8	7.3	177.0	7.3	177.0
Share issue transaction costs	9	0.0	(5.4)	0.0	(5.4)
Proceeds from borrowings	10	707.2	262.8	707.2	262.8
Repayment of borrowings	10	(688.8)	(525.1)	(688.8)	(525.1)
Finance lease payments		(2.0)	(0.7)	(2.0)	(0.7)
Proceeds from settlement of derivative	11	0.0	11.7	0.0	11.7
Dividends paid		(42.1)	(7.7)	(42.1)	(7.7)
Net cash flow before discontinued operations		(5.5)	3.3	13.7	(84.2)
Cash flows from discontinued operations		0.0	(16.9)	0.0	0.0
Net cash flow before discontinued operations		(5.5)	(13.6)	13.7	(84.2)

Notes

- 1 Non-cash items in EBITDA reflect the impact of unrealized FX gains, the gain on repayment of the USPP notes that was announced to the ASX on 22 April 2016, the loss on sale of ECS, gains and losses on the sale of property, plant and equipment and share-based payment expenses.
- 2 Tax is calculated based on the corporate tax rate in the relevant jurisdictions (primarily Australia and the United States) and the timing of tax payments in those jurisdictions.
- 3 Interest reflects interest on the debt facilities noted in Section 5.10.1 and the USPP debt facility prior to its repayment by Cardno on 28 April 2016 net of interest income of \$0.5 million and \$0.8 million in FY15 and FY16 respectively. Net financing costs in the consolidated income statements includes the amortisation of borrowing costs which are a non-cash expense.
- 4 The key drivers of the change in working capital relate to the underlying decline in revenue and earnings set out in Table 1 of Section 5 and timing differences around receipts from customers and payments made to suppliers across the FY15 and forecast FY16 periods.
- 5 Proceeds from the sale of discontinued operations net of cash disposed of relates to cash received by Cardno in relation to the sale of the ATC business (\$81.6 million) and the sale of the ECS business (\$5.1 million).
- 6 Represents deferred consideration payments made in relation to historical acquisitions. FY15 deferred consideration payments comprise of \$2.7 million paid in relation to the acquisition of Haynes Whaley, \$4.1 million in relation to the acquisition of Caminosca, \$0.8 million in relation to the acquisition of GMTS, \$0.5 million in relation to the acquisition of EM Assist and \$3.1 million in relation to the acquisition of Chemrisk. FY16 forecast deferred considerations payments comprise of \$4.8 million paid in relation to the acquisition of Haynes Whaley, \$18.7 million in relation to the acquisition of PPI offset by a \$1.8 million receipt from the sale of ATC.
- 7 Proceeds from the sale of property, plant and equipment of \$8.5 million is primarily related to the sale and leaseback of assets in the APAC business in H1 FY16.
- 8 Proceeds from issue of shares represents cash receipts of \$78.0 million from the issue of shares as part of the non-renounceable accelerated rights issue on 30 November 2015, issue of shares on deferred consideration of Cardno PPI and Cardno HWA of \$6.5m and the assumed receipt of \$92.5 million of gross proceeds from the issue of shares as part of the Entitlement Offer.
- 9 Represents issue transaction costs associated with the non-renounceable accelerated rights issue on 30 November 2015 and the Entitlement Offer.
- 10 Proceeds and repayments of borrowings represents the reduction in debt from the net proceeds of the non-renounceable accelerated rights issue on 30 November 2015 and the assumed reduction in debt from proceeds of the Entitlement Offer, and the early repayment of the USPP debt facility and which was replaced with an equal offsetting level of debt under the bi-lateral bank debt facility.
- 11 Represents cash proceeds received by Cardno in relation to the settlement and close out of interest rate swaps that were closed out in conjunction with the repayment of the USPP debt facility.

5.8 Pro forma adjustments to the statutory historical cash flow information and statutory forecast cash flow information

In presenting the pro forma historical and forecast cash flow information included in the Prospectus, pro forma adjustments have been made for certain pro forma transactions. These adjustments are summarised in Table 6 below.

Table 6: Pro forma adjustments to the audited statutory net cash flow for FY15 and the statutory forecast net cash flow for FY16

A\$ millions	Notes	FY15	FY16F
Statutory net cash flow		(5.5)	(13.6)
Disposal of ATC	1	19.5	15.3
Disposal of ECS	2	(0.3)	0.8
Proceeds from sale of ATC and ECS		0.0	(86.7)
Pro forma net cash flow		13.7	(84.2)

Notes

- 1 Disposal of ATC – relates to the operating cash flows generated by ATC prior to disposal including the associated reduction in working capital following the disposal of the business.
- 2 Disposal of ECS – relates to the operating cash flows generated by ECS prior to disposal including the associated reduction in working capital following the disposal of the business.
- 3 Proceeds from sale of ATC and ECS – represents the removal of cash received in relation to the disposal of ATC (\$81.6 million) and forecast to be received by Cardno in FY16 in relation to the disposal of ECS (\$5.1 million).

5.9 Statutory and pro forma historical balance sheet

The pro forma historical balance sheet as at 31 December 2015 in Table 7 is based on the reviewed statutory historical balance sheet as at 31 December 2015, adjusted for certain pro forma adjustments to take into account the effect of the Entitlement Offer proceeds, transaction costs, the repayment of the company's US Private Placement debt facility, the impairment of intangible assets and the disposal of the ECS business. These adjustments reflect the impact of the change in capital structure that will take place as part of the Entitlement Offer, as if it were in place as at 31 December 2015.

Table 7: Statutory Historical Balance Sheet and Pro forma Historical Balance Sheet as at 31 December 2015

A\$ millions	Notes	Statutory 31 December 2015	Impact of the Offer	Impairment	Other pro forma adjustment	Pro forma 31 December 2015
CURRENT ASSETS						
Cash and cash equivalents	1	182.1	(2.5)	-	(88.5)	91.1
Trade and other receivables		217.8	-	-	(5.9)	211.9
Inventories		96.6	-	-	(2.4)	94.2
Other current assets		16.2	-	-	3.5	19.7
Current Tax Receivable		1.6	-	-	-	1.6
Assets Held for sale		9.0	-	-	-	9.0
TOTAL CURRENT ASSETS		523.3	(2.5)	-	(93.3)	427.5
NON CURRENT ASSETS						
Other financial assets, including		11.2	-	-	(6.9)	4.3
Property, plant and equipment		54.7	-	-	(3.7)	51.0
Deferred tax assets	2	63.6	0.8	37.8	-	102.2
Intangible assets	3	620.2	-	(274.5)	(4.3)	341.4
TOTAL NON-CURRENT ASSETS		749.7	0.8	(236.7)	(14.9)	498.9
TOTAL ASSETS		1,273.0	(1.7)	(236.7)	(108.2)	926.4
CURRENT LIABILITIES						
Trade and other payables		119.8	-	-	(18.9)	100.9
Loans and borrowings		3.6	-	-	-	3.6
Current tax liabilities		15.5	-	-	(0.3)	15.2
Short term provisions		28.9	-	-	-	28.9
Other current liabilities		39.2	-	-	-	39.2
Liabilities held for sale		9.0	-	-	-	9.0
TOTAL CURRENT LIABILITIES		216.0	-	-	(19.2)	196.8
NON CURRENT LIABILITIES						
Loans and borrowings	4	342.2	(92.5)	-	(93.9)	155.8
Deferred tax liabilities		1.4	-	-	(0.5)	0.9
Long term provisions		10.3	-	-	-	10.3
Other non-current liabilities		0.8	-	-	-	0.8
TOTAL NON CURRENT LIABILITIES		354.7	(92.5)	-	(94.4)	167.8
TOTAL LIABILITIES		570.7	(92.5)	-	(113.6)	364.6
NET ASSETS		702.3	90.8	(236.7)	5.4	561.8
EQUITY						
Issued capital	5	729.2	90.8	-	-	820.0
Reserves		72.5	-	-	-	72.5
Retained earnings	6	(99.4)	-	(236.7)	5.4	(330.7)
TOTAL EQUITY		702.3	90.8	(236.7)	5.4	561.8

Notes

- Cash and cash equivalents reduces by \$91.0 million as a result of repayment of borrowings of \$86.8 million in April 2016, deferred consideration payments made in relation to past acquisitions of \$18.5 million and transaction costs associated with the Entitlement Offer of \$2.5 million, partially offset by cash receipts from the cancellation of interest rate swaps (\$11.7 million) and the forecast receipt of \$5.1 million of cash from the sale of ECS.
- Reflects the deferred tax assets of \$38.6 million arising as a result of the impairment write-down (\$37.8 million) and transaction costs associated with the Entitlement Offer of \$0.8 million.
- Intangible assets decrease by \$278.8 million representing a write-down in goodwill associated with impairment calculations undertaken by Cardno in conjunction with the Entitlement Offer (\$274.5 million) and a reduction in intangibles from the sale of the ECS business (\$4.3 million).
- Non-current borrowing reduces by \$186.4 million, reflecting gross proceeds from the Entitlement Offer of \$92.5 million being used to repay non-current borrowings, the repayment by Cardno of \$86.8 million of non-current borrowings out of cash since 31 December 2015 and \$7.1 million reduction associated with the fair value close out of interest rate hedges.
- Contributed equity increases by \$90.8 million as a result of the proceeds of the Entitlement Offer from the issue of new shares (\$92.5 million) offset by the after-tax Entitlement Offer transaction costs applied against equity (\$1.7 million).

6 Cardno disposed of the Cardno ECS business on 10 May 2016 (effective 25 March 2016) for total consideration of \$8.7 million, comprising an initial cash payment of \$5.1 million and a contingent purchase amount of \$3.6 million. Cardno has made a pro forma adjustment to remove the assets and liabilities of Cardno ECS and include the proceeds from the sale of ECS as if this transaction had taken place and was effective on 31 December 2015.

5.10 Summary of net debt

Set out in Table 8 is a summary of the statutory and pro forma indebtedness of Cardno as at 31 December 2015, before and following the impact of Completion of the Entitlement Offer.

Table 8: Summary of net debt as at 31 December 2015

A\$ millions	Notes	Statutory	Pro forma
Cash and cash equivalents	1	182.1	91.1
Current borrowings			
Lease liabilities		3.2	3.2
Hire purchase liabilities		-	-
Bank loans		0.4	0.4
Current borrowings		3.6	3.6
Non-current borrowings			
Lease liabilities	2	0.5	0.5
Bank loans	2	129.1	155.3
Long term notes	2	212.6	-
Non-current borrowings	2	342.2	155.8
Total borrowings		345.8	159.4
Net total debt		163.7	68.3

Notes

- 1 Cash and cash equivalents reduces by \$91.0 million as set out in note 1 to Table 7 in Section 5.9.
- 2 Non-current borrowing reduces by \$186.4 million as set out in note 4 to Table 7 in Section 5.9. The reduction in long term notes and increase in bank loans reflects the early repayment of the USPP debt facility on 28 April 2016 through the use of Cardno's underlying banking facilities which was funded from the issue of shares as part of the non-renounceable accelerated rights issue on 30 November 2015 (\$78.0 million) and the assumed receipt of \$92.5 million of gross proceeds from the issue of shares as part of the Entitlement Offer.

While the above table presents pro forma historical net debt as at 31 December 2015, after the impact of the capital raising, Cardno has forecast net debt at 30 June 2016 to be approximately \$91.0 million at an assumed exchange rate of AUD1.00:USD0.715.

5.10.1 Description of finance facilities

Overview

Cardno has, in the 2nd half of FY16, taken steps to reduce its debt facilities through a combination of paying these out in full, and reduction in facility limits.

As announced to the ASX on 22 April 2016, Cardno elected to pay out in full its USD\$150 million US Private Placement debt facility. The facility was in two tranches, due for repayment in 2021 and 2024.

Cardno also reduced its multi-currency bilateral revolving term facility by USD\$109.3 million.

Proceeds from this Entitlement Offer will be used to further reduce net debt.

Summary of facilities

With the successful early repayment of the US Private Placement facility in March 2016, Cardno's remaining long term debt facility is a US\$210 million multi-currency bilateral revolving term facility, denominated in USD but able to be drawn in AUD and other major currencies. The facility is held with four banks, and matures in December 2019.

Representations, warranties, events of default and other considerations

The debt facilities contain a number of market standard representations, warranties and undertakings appropriate for a company of equivalent standing to Cardno. The undertakings include information reporting undertakings, undertakings in relation to the disposal of assets and the granting of security, and the financial covenants described below.

The debt facilities contain a number of market standard events of default which are appropriate for a company of equivalent standing to Cardno and for a business of its nature and includes events of default relating to a failure to pay, the occurrence of an insolvency event, breach of a term or condition or an unacceptable material change to ownership.

Financial covenants

The debt facilities include the following financial covenants which are tested semi-annually on the last day of each June and December.

- Leverage Ratio not greater than 3.00:1, being the ratio of “Total Net Debt” to “EBITDA” (each such term as defined under the debt facilities);
- Interest Cover Ratio of greater than 3.00:1, being the ratio of “EBITDA” to “Net Interest” (each such term as defined under the debt facilities); and
- Equity Ratio of Net Assets greater than or equal to \$425.0 million which is increased annually by 25% of reported NPAT (Net Assets as defined under the debt facilities).

A breach of a financial covenant will be an event of default under the debt facilities.

Calculations under the financial covenants in the debt facilities for Net Debt, EBITDA and Net Interest (as defined in the debt facility agreement) include a number of specific adjustments. These adjustments are not shown in the net debt, EBITDA and net interest presented in this Prospectus, and therefore, these measures will be different to the value used for covenant calculations under the debt facilities.

In calculating EBITDA for the leverage covenant, the following items adjusted from the forecast Statutory EBITDA for FY16 of \$41.9 million:

- The removal of a gain on the repayment of the USPP facility (\$7.0 million);
- The removal of a net gain of \$1.2 million reflecting royalty income from the ATC business which was sold in November 2015 (\$2.9 million), equity accounted income (\$0.5 million) and offset by non-cash FX expense of \$2.2 million.

Adjusting for the above, EBITDA for leverage covenant purposes for FY16 is forecast to be \$33.7 million.

In calculating EBITDA for the Interest Cover Ratio, forecast EBITDA for the Leverage Ratio for FY16 of \$33.7 million is adjusted to remove the aggregate loss that the ATC and ECS subsidiaries incurred in the year prior to their disposal (\$6.1 million). Adjusting for this item, EBITDA for Interest Cover Ratio purposes for FY16 is forecast to be \$27.6 million.

Following completion of the Entitlement Offer, Cardno expects to be in compliance with all financial covenants as at 30 June 2016. Cardno has forecast covenant performance at 30 June 2016 as follows:

- Leverage Ratio of 2.53:1, which is 0.47x below the Leverage Ratio ceiling of 3.00:1. This represents approximately \$5.3 million of EBITDA headroom or \$15.9 million of Net Debt headroom as per the definitions of these terms under Cardno’s facility agreements;
- Interest Cover Ratio of 3.30:1, which is 0.30x above the Interest Cover Ratio floor of 3.00:1. This represents approximately \$2.5 million of EBITDA headroom or \$0.8 million of Net Interest headroom as per the definitions of these terms under Cardno’s facility agreements; and
- Net Assets as defined in the debt facilities are forecast to be approximately \$548.7 million as at 30 June 2016 compared to a forecast Equity Ratio covenant requirement of \$445.0 million. This represents Net Asset headroom of approximately \$103.7 million as per the definitions of these terms under Cardno’s facility agreements.

Liquidity and capital

Following completion of the Entitlement Offer, Cardno’s principal sources of funds will be cash flow from operations, cash on hand and borrowings under the debt facilities.

Cardno’s main use of cash is to fund working capital and capital expenditure. Historical and forecast working capital and capital expenditure trends are described in Section 5.7.

Cardno expects that it will have sufficient cash flow from operations to meet its operational requirements and business needs during the forecast period.

Cardno's ability to generate sufficient cash depends on its future performance which, to a certain extent, is subject to a number of factors beyond its control including general economic, environmental, financial and competitive conditions.

5.11 Contractual obligations, commitments and contingent liabilities

Table 9 sets out the contractual obligations, commitments and contingent liabilities as at 31 December 2015.

Table 9: Summary of contractual obligations and contingent liabilities as at 31 December 2015

A\$ millions	Notes	<1 year	1-5 years	> 5 years	Total
Finance leases and hire purchase	1	2.6	1.0	-	3.6
Operating leases	2	41.8	63.5	9.3	114.6

Notes

- 1 Finance leases and hire purchase commitments include amounts for motor vehicles and equipment. Contractual escalation clauses have been factored into the commitments disclosed.
- 2 Operating lease commitments include contracted amounts for office accommodation and computer equipment under non-cancellable operating leases. Contractual escalation clauses have been factored in to the commitments disclosed.

Cardno's contingent liabilities relate to bank guarantee facilities/bond facilities that Cardno has with financial institutions in relation to performance guarantees underpinning a number of Cardno's contracts across both the APAC and Americas business units.

5.12 Forecast financial information

The Forecast Financial Information has been prepared on the basis of the actual reviewed financial results for the six months to 31 December 2015, Cardno's unaudited management accounts for the three months ended 31 March 2016 and Cardno's forecast for the three months ending 30 June 2016. Cardno's forecast for the three months ending 30 June 2016 also has regard to the current trading performance of Cardno up until the date of lodgement of the Prospectus.

In preparing the Forecast Financial Information, Cardno has undertaken an analysis of historical performance and applied assumptions where appropriate in order to forecast future performance for FY16. The Directors' believe that the Forecast Financial Information has been prepared with due care and attention and consider all assumptions when taken as a whole to be reasonable at the time of preparing the Prospectus.

The Forecast Financial Information has been prepared based on the significant accounting policies adopted by Cardno, which are in accordance with the AAS.

5.12.1 General Assumptions

In preparing the Forecast Financial Information, the following general assumptions have been adopted by the Directors:

- no material change in the competitive operating environment in which Cardno operates;
- no significant deviation from current market expectations of global or local economic conditions relevant to Cardno;
- no material changes in Commonwealth, state or local government legislation, tax legislation, regulatory legislation, regulatory requirements or government policy throughout the countries in which Cardno operates (including, but not limited to, Australia, the United States and Ecuador) that will have a material impact on the financial performance or cash flows, financial position, accounting policies, financial reporting or disclosure of Cardno;
- no material change in applicable AAS, the Corporations Act or other mandatory professional reporting requirements which have a material effect on Cardno's financial

performance or cash flows, financial position, accounting policies, or financial reporting or disclosures; and

- no material industrial strikes or other disturbances, environmental costs or legal claims;
- retention of key personnel;
- no material changes to the professional infrastructure and environmental services industry or funding for the industry that would have a material impact on demand for or price of Cardno's services;
- no change in Cardno's capital structure other than as set out in, or contemplated by, this Prospectus;
- no material amendment to any material agreement or arrangement (including funding agreements) relating to Cardno's businesses;
- no material cash flow or income statement or financial position impact in relation to litigation (existing or otherwise);
- none of the risks listed in Section 6 have a material adverse impact on the operations of Cardno; and
- the Entitlement Offer proceeds to Completion in accordance with the timetable set out in Summary of the Entitlement Offer and key dates on page 5 of this Prospectus.

5.12.2 Specific Assumptions

The Forecast Financial Information is based on various best estimate assumptions, including those set out below. In preparing the Forecast Financial Information, Cardno has analysed historical performance including the current rates of revenue and expenses and applied assumptions, where appropriate, across the business. The assumptions set out below should be read in conjunction with the sensitivity analysis set out in Section 5.14, the risk factors set out in Section 6, the Investigating Accountant's Reports set out in Section 8 and the other information contained in this Prospectus.

5.12.2.1 Group Assumptions

- no business acquisitions, disposals, restructuring or significant investments occur over the forecast period.

5.12.2.2 Revenue Assumptions

- revenue is forecast on a contract-by-contract basis considering the key drivers underlying each contract, expectations of activity level in the forecast period including scope expansion or contraction reflecting management's knowledge of the contract, expected outlook and market or weather conditions (as relevant);
- no material new contracts assumed to commence that are not already in Cardno's backlog as at 30 April 2016;
- utilisation rates remain materially consistent with historical performance;
- existing contracted revenue converts on materially the same timetable as contracted / forecast and Cardno experiences no material contract slippage; and
- no material adverse weather implications in North America, South America, Australia or New Zealand.

5.12.2.3 Expense Assumptions

The Forecast Financial Information is based on the following key expense assumptions and allocated to functional expense categories on a consistent basis with the Proforma historical results:

- no material change in the employee cost base of the business;
- employee expenses based on existing headcount and salaries;
- casual and contractor labour based on existing utilisation rates and capacity requirements to support forecast revenue;
- occupancy expense based on known lease agreements for FY16; and
- consumables expenses based on Cardno's typical requirements to support work of the nature included in the forecast.

5.12.2.4 Other Assumptions – primarily will discuss key cash flow assumptions

The Forecast Financial Information is based on the following other key assumptions:

- changes in working capital – reflects the movement in trade and other receivables, work in progress, other assets, trade and other payables, provisions and other liabilities. The Directors have assumed customer collection terms to be consistent with trends during the period of the historical financial information in the Prospectus;
- capital expenditure – reflects assumed investment in property plant and equipment expected to be required to support the growth of the business throughout the forecast period and beyond;
- gains/losses on disposal of assets – the Directors have not assumed any gains or losses from the disposal of assets; and
- foreign exchange rates – assumed to remain constant for the three month period to 30 June 2016, with the key rate being \$0.748 US dollar to one Australian dollar.

Sensitivity to foreign exchange rates is set out in Section 5.14.

5.13 Management discussion and analysis of results FY16 compared to FY15

Table 10 sets out the summary pro forma historical and pro forma forecast results, cash flows and key operating metric for FY15 and FY16

Table 10: Summary of pro forma historical and pro forma forecast results, cash flows and operating metrics for FY15 and FY16

A\$ millions	FY15	FY16	% Change
	Pro forma	Pro forma	
Revenue	1,185.9	1,163.6	-1.9%
EBITDA	111.9	41.1	-63.3%
Profit from continuing operations	(240.4)	(134.1)	-44.2%
Free cash flow	42.1	16.4	-61.1%
Net cash flow	13.7	(84.2)	-714.5%
Backlog	877.0	n/a	n/a

Notes

- 1 Backlog represents contracted work that remains to be delivered. Backlog for FY15 represents the backlog in place at 30 June 2015. While Cardno does not have a forecast backlog for 30 June 2016, the current backlog of the business as at 30 April 2016 is \$804.8 million.

Revenue

Pro forma revenue is forecast to decline by 1.9%, from \$1,185.9 million in FY15 to \$1,163.6 million in FY16.

The key drivers of the forecast decline in revenue on a divisional basis are as follows:

APAC

APAC pro forma revenue is forecast to decline by \$4.2 million or 0.8% from \$497.3 million in FY15 to \$493.1 million in FY15 is primarily driven by:

- A forecast circa \$8.5 million year on year decrease in the BEC & Western Australia division which has been caused by a significant decline in commodity markets, in particular the oil and gas and mining sectors;
- A forecast \$8.2 million year on year decrease in the Northern region revenue which has also been caused by a decline in commodity markets in both Queensland and Papua New Guinea and the finalisation of significant LNG projects in Queensland; and
- A forecast net circa \$3.1 million year on year increase in revenue across the other divisions of APAC, which has been underpinned by contracted revenue growth from a significant contract in the Construction Sciences division, significant new

infrastructure contracts in NSW and a number of new projects in the Victorian & IDA business which have more than offset the decline in revenue from completed projects.

Americas

Americas pro forma gross revenue is forecast to decline by \$16.2 million or 2.4% from \$684.1 million in FY15 to \$668.0 million in FY16, which is comprised of an \$102.7 million decline in underlying operating revenue being offset by a \$86.6 million benefit as a result of a change in FX rates across the period.

In local currency (USD), Americas pro forma gross revenue is forecast to decline US\$70.8 million by 12% from US\$587.6 million in FY15 to US\$516.8 million in FY16. Americas net fee revenue is forecast to decline US\$85.2 million by 19.8% from US\$432.9 million in FY15 to US\$347.7 million, primarily associated with:

- A US\$41.0 million forecast year on year decline in Cardno's PPI business, which services the Oil & Gas industry, associated with the significant decline in the underlying oil and gas sector, which has resulted in a number of Cardno's clients mothballing projects, putting contracts on hold and not commencing new projects;
- A US\$19.8 million forecast year on year decline in Latin America revenue where Cardno is completing the work on its remaining contracts and winding down its operations;
- US\$12.8 million forecast decline in the Natural Resources and Healthcare division associated with the significant decline in mining markets and the completion of a significant high margin contract towards the end of FY15;
- US\$8.3 million forecast decline in the Engineering and Environmental Services division associated with particularly adverse weather impacts, and a number of client projects facing delayed or deferred start dates; and
- US\$5.6 million forecast decline in Government Services revenue associated with delays in the timing of certain significant Government contracts in North America.

Corporate and other

Corporate and other revenue is forecast to 44.4% decrease from \$4.5 million in FY15 to \$2.5 million in FY16.

EBITDA

Pro forma EBITDA is forecast to decline by 63.3%, from \$111.9 million in FY15 to \$41.1 million in FY16 due to the impact of the revenue drivers noted above and a decline in EBITDA margin from 9.5% in FY15 to 3.5% in FY16. \$4.3 million of the FY16 EBITDA decline relates to APAC, \$54.8 million relates to Americas and \$11.7 million relates to Corporate.

The key drivers of the forecast decline in EBITDA on a divisional basis are as follows:

APAC

APAC pro forma EBITDA is forecast to decline by 8.9% from \$48.0 million in FY15 to \$43.7 million in FY16, driven by the \$4.2 million decline in fee revenue noted above and a change in EBITDA margin from 13.2% in FY15 to a forecast 12.4% in FY16 associated with weaker commodity markets conditions, strong levels of competition on infrastructure projects and a tightening labour market in New South Wales putting downward pressure on margins.

APAC FY16 forecast has also been impacted by \$1.0 million of redundancy costs relating to headcount reductions across a number of business units.

Americas

Americas pro forma EBITDA is forecast to decline by 89.8% from \$61.0 million in FY15 to \$6.2 million in FY16. In local currency (USD), Americas pro forma EBITDA is forecast to decline by 87.7% from US\$45.7 million in FY15 to US\$5.6 million, primarily associated with the US\$85.2 million forecast decline in revenue as noted above and a change in EBITDA margin from 10.6% in FY15 to 1.6% forecast in FY16.

The decline in EBITDA and EBITDA margin has been driven by:

- Completion of higher margin contracts, including a significant high margin contract in the Natural Resources and Healthcare division, which have either not been replaced or have been replaced by lower margin contracts
- Weakness in the oil and gas and mining sectors and strong levels of competition as Cardno has been competing for a comparatively lower volume of work;
- A US\$8.7 million decline in EBITDA from Cardno's Caminosca business in Ecuador which generated EBITDA of \$5.0 million in FY15 and is anticipated to generate a US\$3.7 million EBITDA loss in FY16 (AUD\$5.3 million);
- US\$41.5 million of labour cost savings as Cardno has flexed the labour cost base in response to market conditions, offset by US\$1.5 million (A\$2.0 million) of associated redundancy costs; and
- US\$0.2 million of net other significant expenses including legacy payments related to past periods.

Corporate

Corporate EBITDA is forecast to decline by \$11.7 million from positive \$2.9 million in FY15 to negative \$8.8 million in FY16 driven by:

- \$4.0 million of legal and financial review expenses incurred in FY16 associated with the Caminosca business in relation to potential financial irregularities in that business and legal action being taken by Cardno against the former owners of Caminosca;
- \$3.1 million of takeover defence costs that were incurred by Cardno in FY16 associated with Crescent Capital's takeover offer in September 2015;
- \$0.7 million of redundancy costs relating to headcount reductions made across the business;
- \$3.5 million of other significant expenses from the deferred settlement terms and associated foreign exchange losses from businesses purchased in previous financial years;
- \$0.5 million associated with the recognition of onerous lease provisions;
- \$12.2 million benefit on repayment of the USPP facility (\$7.0 million) and associated close-out of interest rate swaps (\$5.2 million) in FY16; and
- Non-recurrence of a \$9.1 million FX gain recognised by Cardno in FY15.

Profit/(loss) from continuing operations

Pro forma loss from continuing operations is forecast to increase by 44%, from a loss of \$240.4 million in FY15 to a loss of \$134.1 million in FY16 due to the forecast impact of the EBITDA drivers noted above, and:

- \$154.3 million of pre-tax impairment write-downs recognised in FY16 compared to \$344.2 million in FY15. Refer to Section 5.2.4 for further details;
- \$2.4 million improvement in depreciation and amortisation, related to the lower level of property, plant and equipment in the business following a sale and lease-back exercise undertaken in H1 FY16;
- \$1.0 million increase in net finance costs, which is driven by the one-off crystallization of costs associated with closure of the USPP debt facility and cancellation of the interest rate swaps noted above, partially offset by lower interest expense resulting from a decline in debt and interest rates across the period; and
- \$16.8 million forecast decline in income tax expense as a result of the significantly lower level of impairment recognised in FY16.

Free cash flow

Free cash flow is forecast to decrease 61.0% in FY16 to \$16.4 million, from \$42.1 million in FY15. This reflects the forecast decline in EBITDA as outlined above:

- a forecast \$15.8 million improvement in working capital associated with declining revenue and earnings and an improvement in debtor and WIP days outstanding as a result of the company's working capital initiatives that were set out in the company's strategy review; and
- a forecast \$4.2 million decline in capital expenditure as the company has actively managed capital expenditure.

5.14 Sensitivity analysis

The Forecast Financial Information included in Section 5 of this Prospectus is based on a number of estimates and assumptions as described in Section 5.12. These estimates and assumptions are subject to business, general economic and competitive uncertainties, many of which are beyond the control of Cardno, its Directors and management. These estimates are also based on assumptions with respect to future business developments, which are subject to change.

Table 11 sets out a summary of the sensitivity of the Forecast Financial Information to changes in a number of key assumptions. The changes in key assumptions are intended to provide a guide only and are not intended to be indicative of the complete range of variations that may be experienced. Variations in actual performance could exceed the ranges shown, and these variances may be substantial. For the purpose of the sensitivity analysis shown in Table 11, each sensitivity is presented in terms of the impact on FY16 forecast NPAT from continuing operations of negative \$134.1 million.

Table 11: Sensitivity analysis for FY16 statutory NPAT

A\$ millions	Increase/decrease	Notes	FY16F statutory NPAT
US\$ exchange rate vs A\$	+ / - 1 cent	1	-
Group employee costs	+ / - 1%	2	- / + 0.6
APAC EBITDA Margin	+ / - 1%	3	+ / - 0.6
America EBITDA Margin	+ / - 1%	4	+ / - 0.7

Notes

- 1 Represents the impact on FY16 forecast NPAT from continuing operations based on a 1 cent increase or decrease in the assumed US\$ exchange rate of US\$0.748:A\$1.00.
- 2 Represents the impact on FY16 forecast NPAT from continuing operations based on a 1% increase or decrease in employee costs, net of tax.
- 3 Represents the impact on FY16 forecast NPAT from continuing operations based on a 1% (100bps) increase or decrease in APAC EBITDA margin, net of tax.

- 4 Represents the impact on FY16 forecast NPAT from continuing operations based on a 1% (100bps) increase or decrease in Americas EBITDA margin, net of tax.

Care should be taken when interpreting these sensitivities. The estimated impact of changes in each of the variables has been calculated in isolation from changes in other variables, in order to present the likely impact on the forecast. In practice, changes in variables may offset each other or be additive, and it is likely that Cardno management would respond to any adverse change in one variable by seeking to minimise the net effect on Cardno's NPAT.

6 Risk Factors

6.1 Introduction

This Section 6 identifies the areas the Board regard as the major risks associated with an investment in Cardno. Investors should be aware that an investment in Cardno involves many risks, which may be higher than the risks associated with an investment in other companies. Before applying for New Shares, you should consider whether they are a suitable investment for you.

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There is also a range of specific risks associated with the Company's business. The occurrence of these risks may have an adverse impact on Cardno's business, results of operations, financial condition and performance or the price of Shares.

This Section 6 discusses some of the key risks associated with an investment in Cardno. It should be read in conjunction with Section 4, which contains further details on Cardno. The risks set out below are not listed in order of importance and do not necessarily constitute an exhaustive list of all the risks involved with an investment in Cardno. Many such risks are outside the control of Cardno.

You should read the whole of this Prospectus carefully in order to fully appreciate such matters and the manner in which Cardno intends to operate before any decision is made to apply for New Shares. You should consider your personal circumstances and consult your stockbroker, solicitor, accountant or other professional adviser before making an investment decision.

6.2 Risks associated with Cardno

6.2.1 Professional negligence

As a professional service provider, a significant risk for Cardno is that claims of professional negligence may be made against it. Such claims have been made in the past and will likely be made in the future. Cardno maintains professional indemnity insurance to attempt to mitigate its exposure to liability in the event of a claim of negligence.

A successful claim for professional negligence against Cardno may adversely affect Cardno's reputation, increase future insurance premium costs and, to the extent the claim is not insured or indemnity is refused by the insurer, may cause material financial loss. Any claim or litigation, with or without merit, and whether or not settled out of court or determined in Cardno's favour, may result in negative publicity, significantly increase Cardno's operating costs and require significant time and attention of management and technical personnel. Any claims brought against Cardno, whether successfully pursued or not, may adversely impact the financial performance, financial position, cash flow and share price of the Company.

Cardno may be unable to obtain appropriate professional indemnity cover for all work it undertakes. Cardno's work in certain overseas countries may be considered by insurers to present additional risk, depending upon political and litigious circumstances in the country in question.

6.2.2 Reputation

Cardno has developed a reputation in the trade name 'Cardno', which is used in most of the consulting services that it provides. Any event that damages Cardno's reputation in one part of its businesses, may adversely affect the reputation of other Cardno businesses by virtue of the common use of the name 'Cardno'.

Adverse publicity about engineers or other professionals in Cardno or other engineering or professional consulting practices may impact on the overall reputation of the industry, and accordingly, Cardno.

6.2.3 Dependence upon key personnel

Cardno depends on the talent and experience of its management and staff. It is essential that appropriately skilled management personnel and staff be available in sufficient numbers to support Cardno's consulting engineering and other professional services and to maintain the diversity of Cardno's business. Given this diversity, Cardno's management and staff must be professionally skilled in many areas, some of which are niche specialities of engineering and

other professional fields in which few practitioners may be available for recruitment. Any departure of key management or staff may have a negative effect on Cardno, particularly if the management or staff leave to work for a competitor.

6.2.4 Oil & Gas, Mining, Engineering & Construction industry

A number of Cardno's clients are involved in the oil and gas, mining and construction industry and these industries can be cyclical in the volume of business undertaken. Although Cardno has a diverse geographical and client base, the cyclical downturns in those industries in Australia, the United States and elsewhere overseas have already adversely impacted and may continue to adversely impact on Cardno's financial performance. The loss of major clients through such industry downturns or for any other reason could also impact the earnings of Cardno.

6.2.5 Development assistance industry

Cardno provides services to clients in the development assistance industry including developed country government bilateral aid organisations, multilateral aid agencies and aid banks and developing country governments. Any substantial reduction in expenditure on overseas aid by governments could have a material adverse effect on Cardno's development assistance business. DFAT, DFID, USaid and ADB are major clients of Cardno and the loss of or reduction in work from these clients in particular may have a material effect on Cardno's development assistance business.

6.2.6 Foreign operations

There are certain risks inherent in doing business internationally, such as unexpected changes in regulatory requirements, tariffs, customs, duties and other trade barriers, difficulties in staffing and managing foreign operations, longer payment cycles, problems in collecting accounts receivable, political instability, bribery and corruption, expropriation, nationalisation and war. There may also be fluctuations in currency exchange rates, foreign exchange controls which restrict or prohibit repatriation of funds, technology export and import restrictions or prohibitions and delays from customers, brokers or government agencies. Cardno could also be adversely affected by seasonal reductions in business activity and potentially adverse tax consequences.

In some countries, Cardno may need to enter a joint venture or other strategic relationship with one or more third parties in order to successfully conduct its operations, and may be required by law to hold only a minority interest in any operating entity. To the extent it is a party to joint ventures, Cardno may be subject to loss of proprietary information and other assets, risky business practices, bribery and corruption and other strategic decisions contrary to Cardno's interests. In addition, any international expansion could require a significant diversion of financial and technical resources and management attention from operations in Australia. There can be no assurance that laws or administrative practice relating to taxation, foreign exchange or other matters of countries in which Cardno intends to operate will not change.

6.2.7 Currency risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. Cardno operates internationally and is exposed to foreign exchange risk arising from the currency exposure to the Australian dollar. Cardno's debt is predominantly in USD, while the mix of AUD and USD earnings varies over time.

6.2.8 International hostilities and disasters

Cardno's performance and the ability of its clients to commission work may be affected by global tensions or the commencement of military action in the overseas markets in which it operates. In addition, the risk of terrorist activity may reduce work opportunities or make it unsafe for Cardno to continue operations in a particular country. The occurrence of natural disasters can also prevent planned work from taking place.

6.2.9 Contract delays

Where Cardno wins a contract, commencement of the contract and provision of services can be delayed past the expected commencement date. In addition, Cardno's provision of services under existing contracts can also be impacted by the customer requesting to delay or reduce the level of services provided or adverse weather conditions. Cardno is also a party to a number of contracts where Cardno's ability to perform its obligations and commence earning revenue is dependent on customers or other third parties performing their own contractual arrangements in a timely manner.

Any delay in the commencement or performance of services under a contract for any reason may result in a delay in Cardno receiving revenue or may cause Cardno to incur additional costs, and therefore could have an adverse impact on Cardno's financial performance, including its ability to achieve management's forecasts for the business or to comply with the financial covenants in its debt facilities.

6.2.10 Funding risk

Cardno's ability to continue its current operations and effectively implement future business plans may depend on its ability to raise additional funds. There is no guarantee that equity or debt funding will be available to Cardno on favourable terms or at all or that, when an existing facility expires or is otherwise terminated (e.g. due to an event of default), Cardno will be able to refinance that debt facility on reasonable terms.

An inability to raise additional funds or refinance existing facilities may have a material adverse effect on Cardno's operating and financial performance.

In addition, a component of Cardno's existing debt arrangements contains a change of control provision which, if triggered, could require the repayment of some of the amounts owing under the debt facilities.

6.2.11 Debt covenants

Cardno's debt facilities are subject to covenants based around certain financial ratios.

Delay or cancellation of certain cash receipts expected by Cardno, a material deterioration in financial performance or working capital performance or a material change in the AUD/USD exchange rate could cause Cardno to not comply with its financial covenants.

A failure to comply with any of these financial covenants may require Cardno to seek amendments, waivers of covenant compliance or alternative borrowing arrangements. There is no assurance that its lenders would consent to such an amendment or waiver in the event of non-compliance, or that such consent would not be conditioned upon the receipt of a cash payment, revised payout terms, increased interest rates, or restrictions in the expansion of debt facilities in the foreseeable future, or that its lenders would not exercise rights that would be available to them, including among other things, demanding payment of outstanding borrowings.

6.2.12 Asset impairment

Depending on Cardno's financial performance in the future, there is a risk that the carrying value of Cardno's assets is required to be further written down or impaired. Should such a charge be required in the future, this may negatively impact Cardno's reported financial performance and position.

6.2.13 Changes to financial systems and reporting

Over the past 6 to 12 months, Cardno has taken material steps to improve its financial reporting systems, including implementing material changes to its senior finance and accounting staff, conducting a significant review of its accounting policies and practices and investing in improvements of its accounting systems. While Cardno believes that some improvements have been made, as this process continues, historical deficiencies may be discovered and these may have a material adverse impact on Cardno's financial position.

In relation to certain of its joint venture operations, Cardno also relies on the accounting of its joint venture partners. There is a risk to Cardno if those parties make errors in their financial reporting.

6.2.14 Litigation involving Caminosca

In December 2015 a claim was filed and served on Cardno Caminosca S.A. in Ecuador alleging cost overruns relating to design and project management work performed by Cardno Caminosca S.A during the period from 2008 to 2013. While the damages claimed would be material if awarded against Cardno Caminosca S.A, the claim is at a preliminary stage and has not been sufficiently particularised. Cardno Caminosca S.A has filed an initial response and will defend the claim strenuously as it considers the claim baseless and not grounded in law or fact.

As disclosed in Cardno's 2015 annual report and Cardno's target statement released to ASX on 13 October 2015, 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. In February 2015, Cardno advised shareholders it was investigating a series of transactions in Cardno Caminosca S.A

These investigations are ongoing and Cardno continues to cooperate with the relevant regulatory authorities. There is potential that a penalty or sanction could be imposed on Cardno at the conclusion of the investigation by a regulatory authority.

These proceedings will continue to require funding and have the potential to impact Cardno's financial position.

6.2.15 Other litigation

Further, 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, while progressing, are at a preliminary stage with both claims not having been sufficiently particularised. In the normal course, Cardno would expect its exposure (if any) to all three claims to be materially less than 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.

Cardno is exposed to the risk of future actual or threatened litigation or legal disputes in the form of customer claims, employee claims, regulatory prosecution, shareholder class actions and other litigation and disputes. The number of claims against Cardno may grow. The outcome of any litigation is inherently uncertain, and there can be no assurances that favourable final outcomes will be obtained in all cases. Any claim or litigation, with or without merit, and whether or not settled out of court or determined in Cardno's favour, may result in negative publicity, significantly increase Cardno's operating costs and require significant time and attention of management and technical personnel. Cardno notes that any claims brought against Cardno, whether successfully pursued or not, may adversely impact the financial performance, financial position, cash flow and share price of the Company.

6.2.16 Restructuring initiatives and costs

Cardno is continuing to pursue its Strategic Review initiatives to facilitate organic growth which may involve restructuring initiatives, including reviewing staffing levels. Any costs incurred in such restructuring may have a material impact on the financial position of Cardno in the short term. To respond to the changes in the market place for the Company's services and the impact that they have had and continue to have, the Company is in the process of re-aligning its operations and reviewing its management structure 'so as to optimise its cost structure and improve its overall efficiency.

6.3 General risks

6.3.1 Investment risks

Factors affecting the price at which the Shares are traded on ASX could include domestic and international economic conditions. In addition, the prices of a listed entity's securities are affected by factors that might be unrelated to its operating performance, such as general market sentiment.

6.3.2 Interest rate fluctuations

Changes in interest rates will affect borrowings which bear interest at floating rates. Any increase in interest rates will affect Cardno's costs of servicing these borrowings which may adversely affect its financial position.

6.3.3 Macro-economic risks

Cardno's operational and financial performance is affected by the Australian and international economies and, in particular, the construction market within those economies. General and business conditions, inflation, interest rates, monetary and fiscal policy, political circumstances and currency exchange rates are all matters which may affect Cardno's operating and financial performance.

6.3.4 Taxation risks

A change to the current taxation regime in Australia or overseas may affect Cardno and its shareholders.

6.3.5 Accounting standards

Australian accounting standards are set by the Australian Accounting Standards Board (AASB) and are outside Cardno's control. Changes to accounting standards issued by AASB could materially adversely affect the financial performance and position reported in Cardno's financial statements.

6.3.6 Regulation

Unfavourable changes to the regulatory environment for professional services firms either in Australia or in overseas markets in which Cardno operates may affect Cardno's profitability or prospects.

6.3.7 Workplace health and safety

Cardno's employees are at risk of workplace accidents and incidents. In the event that a Cardno employee is injured in the course of their employment, Cardno may be liable for penalties or damages. This risk has the potential to harm both the reputation and future financial performance of Cardno.

6.3.8 Force majeure events

Events may occur within or outside Cardno's key markets that could impact upon the global economies and the operations of Cardno. The events include, but are not limited to, acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the demand for Cardno's services and its ability to conduct business.

6.4 Risks associated with the Entitlement Offer

6.4.1 Inability to complete the Entitlement Offer

The Company has entered into an Underwriting Agreement with an underwriter who has agreed to fully underwrite the Entitlement Offer, subject to certain terms and conditions. The Underwriting Agreement is summarised in Section 10.4. If certain terms and conditions are not satisfied or certain events occur, the underwriter may terminate the Underwriting Agreement. If the Underwriting Agreement is terminated and the Entitlement Offer does not proceed or does not raise the appropriate amount of funds then the Company may not comply with its debt covenants at 30 June 2016 (see "Debt covenants" risk under the General risks section). There is no guarantee that alternative funding could be sourced, either at all or on satisfactory terms and conditions. Termination of the Underwriting Agreement could materially adversely affect the Company's business and financial position including Cardno's ability to comply with its debt covenants at 30 June 2016.

7 Key People, Interests and Benefits

7.1 Directors' interest

7.1.1 Holding of shares

As at the date of this Prospectus, relevant interests held by Directors in Shares are set out in the table below:

Director	Number of Shares
Michael Alscher	Nil ⁵
Richard Wankmuller	393,678 Ordinary Shares 250,549 Performance Rights
Neville Buch	Nil ⁵
Steven Sherman	Nil
Jeffrey Forbes	76,822 ⁶ Ordinary Shares
Gary Jandegian	Nil
Robert Prieto	Nil
Nathanial Thomson	Nil ⁵

As at the date of this Prospectus, the Directors do not hold any options to apply for Shares.

7.1.2 Remuneration

Independent Non-Executive Directors of Cardno Limited are entitled to a fee that is determined by the Board on the commencement of the role and reviewed on an annual basis thereafter. The fee includes superannuation contributions where compulsory.

The current fee structure provides for a fee of \$100,000 per annum to cover all responsibilities as an independent Non-Executive Director of the Board and \$13,500 per annum to cover all responsibilities as an independent Non-Executive Director appointed to the Audit, Risk & Compliance Committee. An additional fee may be paid to the Chairman of the Audit, Risk & Compliance Committee.

Crescent charges Cardno for their nominee directors (currently Neville Buch and Nathanial Thomson) a fee of \$100,000 per annum to cover all responsibilities as a Non-Executive Director of the Board. Crescent charges Cardno a fee of \$200,000 per annum to cover the responsibilities of Michael Alscher as Chairman of Cardno.

The total amount of fees paid to independent Non-Executive Directors does not exceed the maximum aggregate remuneration payable to Non-Executive Directors of \$1,150,000 per annum as approved by shareholders at the 2014 Annual General Meeting.

Gary Jandegian and Robert Prieto also have agreements with Cardno Limited to provide project specific consultancy advice for which they receive remuneration not exceeding \$50,000 per annum.

7.1.3 Indemnity and insurance

Cardno has agreements with each of the Directors and Officers of the Company in office at the date of this Prospectus indemnifying them against liabilities to any person other than Cardno or a related body corporate that may arise from their acting as Directors or Officers of Cardno. The indemnity continues to have effect when the Directors and Officers cease to hold office, other than where such liabilities arise out of conduct involving a wilful breach of duty by the Officers or the improper use by Directors or Officers of their position or of information to gain advantage for themselves or someone else to cause detriment to Cardno.

⁵ Michael Alscher, Neville Buch and Nathanial Thomson are each directors of Crescent, the largest shareholder in Cardno, which has voting power in 41.4% of Shares as at the date of this Prospectus.

⁶ Director's relevant interests in securities of which the director is not the registered holder (JI & JJ Forbes ATF the Superannuation Fund).

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors and Officers liability as such disclosures are prohibited under the terms of the contract.

7.1.4 Intentions of Directors

Each Director will be entitled to participate in the Entitlement Offer to the extent that the Director holds Existing Shares at the Record Date. Each Director intends to participate in the Entitlement Offer to the extent of subscribing for their Entitlement.

7.2 Potential effect of the Entitlement Offer and sub-underwriting agreement on the voting power of Crescent

Crescent has committed to take up 100% of its Entitlement under the Institutional Entitlement Offer and to subscribe for up to 30.5 million New Shares of any shortfall under the Retail Entitlement Offer at the Offer Price under the Sub-Underwriting Agreement (see Section 10.5 for a summary of the Sub-Underwriting Agreement).

As at the date of this Prospectus, Crescent holds a 41.4% relevant interest of Cardno's Shares. Crescent has a voting power of 43.16% as a result of the shares held by FSS Trustee Corporation, an associate of Crescent (although Crescent has no relevant interest in these shares). Crescent may increase its voting power in Cardno as a result of the Sub-Underwriting Agreement in conjunction with taking up all of its Entitlements. The extent of any increase in voting power resulting from the Sub-Underwriting Agreement will depend on the amount of any New Shares that are not taken up under the Retail Entitlement Offer (and Retail Over Subscription Facility).

The Retail Over Subscription Facility allows Eligible Retail Shareholders to apply for additional New Shares in excess of their entitlement at the same price as under the Offer. This may assist to reduce the number of New Shares issued to Crescent under its sub-underwriting agreement.

Crescent's percentage shareholding in Cardno after participation in the Institutional Entitlement Offer and satisfying its sub-underwriting obligations will be capped at 47.8%⁷. Even if Crescent increases its shareholding to a maximum of 47.8%⁷, there will be no material control implications as a result of the Entitlement Offer that differ from the current situation as at the date of this Prospectus.

The Sub-Underwritten Shares will flow through to sub-underwriters (including Crescent) to the extent that entitlements are renounced under the Retail Entitlement Offer and to the extent that these renunciations exceed the demand generated by the Retail Over Subscription Facility.

The Underwriter will use its best endeavours to seek sub-underwriting commitments from other institutional investors such that the expected size of the Retail Entitlement Offer is sub-underwritten by Crescent and also by other institutional investors. Any Shortfall Securities allocated under the Retail Entitlement Offer to sub-underwriters (including Crescent) will be in proportion to each sub-underwriter's original commitment.

7.3 Interests of experts and advisers

Except as disclosed in this Prospectus, no:

- person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus;
- promotor of Cardno; or
- broker or underwriter to the Entitlement Offer,

(each a "relevant person") holds, at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of Cardno;

⁷ Including shares held by a custodian for FSS Trustee Corporation, an associate of Crescent, Crescent's voting power in Cardno could increase up to 49.5%.

- any property acquired or proposed to be acquired by Cardno in connection with its formation or promotion of Cardno or the Entitlement Offer; or
- the Entitlement Offer.

Except as set out in this Prospectus, no one has paid or agreed to pay any amount or given or agreed to give any benefit for services provided by a relevant person in connection with the formation or promotion of Cardno or the Entitlement Offer. The amounts below are exclusive of GST.

Credit Suisse (Australia) Limited is acting as Underwriter to the Entitlement Offer. The Underwriter is entitled to receive the fees and commissions described in the summary of the Underwriting Agreement in Section 10.4.

KPMG Transaction Services has prepared the Investigating Accountant's Report in Section 8. Cardno has agreed to pay \$350,000 (excluding GST) for such services to the date of this Prospectus. Further amounts may be paid to KPMG Transaction Services in accordance with its usual time-based charges.

Gilbert + Tobin has acted as Australian legal adviser to Cardno in connection with the Entitlement Offer and has performed work in relation to the Australian due diligence enquiries on legal matters. Cardno has agreed to pay \$150,000 (excluding GST and disbursements) for legal services in connection with the Entitlement Offer to the date of this Prospectus. Further amounts may be paid to Gilbert + Tobin in accordance with its usual time-based charges.

Allen & Overy has acted as legal adviser to the Underwriter in connection with the Entitlement Offer. Cardno has agreed to pay \$40,000 AUD and \$30,000 USD (excluding GST and disbursements) for legal services in connection with the Entitlement Offer to the date of this Prospectus. Further amounts may be paid to Allen & Overy in accordance with its usual time-based charges.



KPMG Transaction Services

A division of KPMG Financial Advisory Services
(Australia) Pty Ltd
Australian Financial Services Licence No. 246901
10 Shelley Street
Sydney NSW 2000

ABN: 43 007 363 215
Telephone: +61 2 9335 7000
Facsimile: +61 2 9335 7001
DX: 1056 Sydney
www.kpmg.com.au

The Directors
Cardno Limited
515 St Pauls Terrace
Fortitude Valley
Queensland 4006

PO Box H67
Australia Square 1213
Australia

2 June 2016

Dear Directors

Limited Assurance Investigating Accountant's Report and Financial Services Guide

Investigating Accountant's Report on Pro Forma Historical Financial Information

Introduction

KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Transaction Services is a division) ("KPMG Transaction Services") has been engaged by Cardno Limited ("Cardno") to prepare this report for inclusion in the proposed transaction specific prospectus to be dated on or around 2 June 2016 ("Prospectus"), and to be issued by Cardno, in connection with the proposed accelerated non-renounceable rights issue of ordinary shares by Cardno ("the Offer").

Expressions defined in the Prospectus have the same meaning in this report.

Scope

You have requested KPMG Transaction Services to perform a limited assurance engagement in relation to the pro forma historical financial information described below and disclosed in the Prospectus.

The pro forma historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Our limited assurance engagement has not been carried out in accordance with auditing or other standards and practices generally accepted in any jurisdiction outside of Australia and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Pro Forma Historical Financial Information

You have requested KPMG Transaction Services to perform limited assurance procedures in relation to the pro forma historical financial information of Cardno (the responsible party) included in the Prospectus.

The pro forma historical financial information has been derived from the historical financial information of Cardno, after adjusting for the effects of pro forma adjustments described in Section 5.2.3 of the Prospectus.

The pro forma financial information consists of Cardno's:

- pro forma historical balance sheet as at 31 December 2015 as set out in Section 5.9;
- pro forma historical results for the year ended 30 June 2015 as set out in Section 5.3; and
- pro forma historical cash flow information for the year ended 30 June 2015 as set out in Section 5.7,

of the Prospectus collectively the "Pro Forma Historical Financial Information".

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in Section 5.2 of the Prospectus. Due to its nature, the Pro Forma Historical Financial Information does not represent the company's actual or prospective financial position, financial performance, and/or cash flows.

The Pro Forma Historical Financial Information has been compiled by Cardno to illustrate the impact of the Offer on Cardno's financial position as at 31 December 2015 and Cardno's financial performance and cash flows for the financial year ended 30 June 2015. As part of this process, information about Cardno's financial position, financial performance and cash flows has been extracted from Cardno's audited financial statements for the year ended 30 June 2015 and reviewed financial statements for the six months ended 31 December 2015.

The financial statements of Cardno for the years ended 30 June 2013, 30 June 2014 and 30 June 2015 were audited by KPMG in accordance with Australian Auditing Standards. The audit opinions issued to the members of Cardno relating to those financial statements were unqualified.

The financial statements of Cardno for the six months ended 31 December 2014 and the six months ended 31 December 2015 were reviewed by KPMG. The review reports issued to the members of Cardno relating to those financial statements were unqualified.

For the purposes of preparing this report we have performed limited assurance procedures in relation to Pro Forma Historical Financial Information in order to state whether, on the basis of the procedures described, anything comes to our attention that would cause us to believe that the Pro Forma Historical Financial Information is not prepared, in all material respects, by the directors in accordance with the stated basis of preparation. As stated in Section 5.2 of the Prospectus, the stated basis of preparation is:

- the extraction of the historical financial information comprising the:

- historical balance sheet as at 31 December 2015;
- historical financial results for the financial year ended 30 June 2015; and
- historical financial cash flow information for the financial year ended 30 June 2015,

(together the “Historical Financial Information”) from the audited financial statements of Cardno for the year ended 30 June 2015 and the reviewed financial statements for the six months ended 31 December 2015; and

- the application of pro forma adjustments, determined in accordance with Australian Accounting Standards and Cardno’s accounting policies, to the Historical Financial Information of Cardno to illustrate the effects of the Offer on Cardno described in Section 5 of the Prospectus.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

The procedures we performed were based on our professional judgement and included:

Historical financial information

- consideration of work papers (including audit workpapers), accounting records and other documents, including those dealing with the extraction of the Historical Financial Information of Cardno from its audited financial statements for the year ended 30 June 2015 and its reviewed financial statements for the six months ended 31 December 2015;

Pro forma adjustments:

- consideration of the pro forma adjustments described in the Prospectus;
- enquiry of directors, management, personnel and advisors of Cardno;
- the performance of analytical procedures applied to the Pro Forma Historical Financial Information; and
- a review of accounting policies for consistency of application.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion about whether the Pro Forma Historical Financial Information is prepared, in all material respects, by the directors in accordance with the stated basis of preparation.

Directors' responsibilities

The directors of Cardno are responsible for the preparation of the Historical Financial Information and the Pro Forma Historical Financial Information, including the selection and determination of the pro forma transactions and/or adjustments made to the historical financial information and included in the Pro Forma Historical Financial Information; and

The directors' responsibility includes establishing and maintaining such internal controls as the directors determine are necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Conclusions

Review statement on the Pro Forma Historical Financial Information

Based on our procedures, which are not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as set out in Section 5 of the Prospectus, comprising:

- the pro forma historical results of Cardno for the year ended 30 June 2015, as set out in Section 5.3;
- the pro forma historical cash flow information of Cardno for the year ended 30 June 2015, as set out in Section 5.7; and
- the pro forma historical balance sheet of Cardno as at 31 December 2015, as set out in Section 5.9,

is not prepared or presented fairly, in all material respects, on the basis of the pro forma transactions and/or adjustments described in Section 5 of the Prospectus, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, and Cardno's accounting policies.

Independence

KPMG Transaction Services does not have any interest in the outcome of the proposed Offer, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received. KPMG is the auditor of Cardno and from time to time, KPMG also provides Cardno with certain other professional services for which normal professional fees are received.

General advice warning

This report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Restriction on use

Without modifying our conclusions, we draw attention to Section 5 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the financial information to which it relates, for any purpose other than that for which it was prepared.

KPMG Transaction Services has consented to the inclusion of this Investigating Accountant's Report in the Prospectus in the form and context in which it is so included, but has not authorised the issue of the Prospectus. Accordingly, KPMG Transaction Services makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus.

Yours faithfully

A handwritten signature in black ink, appearing to read 'David Willis', written in a cursive style.

David Willis
Authorised Representative

Financial Services Guide

Dated 2 June 2016

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by **KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215**, Australian Financial Services Licence Number 246901 (of which KPMG Transaction Services is a division) ('**KPMG Transaction Services**'), and David Willis as an authorised representative of KPMG Transaction Services, authorised representative number 404265 (**Authorised Representative**).

This FSG includes information about:

- KPMG Transaction Services and its Authorised Representative and how they can be contacted
- the services KPMG Transaction Services and its Authorised Representative are authorised to provide
- how KPMG Transaction Services and its Authorised Representative are paid
- any relevant associations or relationships of KPMG Transaction Services and its Authorised Representative
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that KPMG Transaction Services has in place.

The distribution of this FSG by the Authorised Representative has been authorised by KPMG Transaction Services. This FSG forms part of an Investigating Accountant's Report (Report) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (PDS). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that KPMG Transaction Services and the Authorised Representative are authorised to provide

KPMG Transaction Services holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for the following classes of financial products:

- deposit and non-cash payment products;
- derivatives;
- foreign exchange contracts;
- government debentures, stocks or bonds;
- interests in managed investments schemes including investor directed portfolio services;

- securities;
- superannuation;
- carbon units;
- Australian carbon credit units; and
- eligible international emissions units,

to retail and wholesale clients. We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representative is authorised by KPMG Transaction Services to provide financial product advice on KPMG Transaction Services' behalf.

KPMG Transaction Services and the Authorised Representative's responsibility to you

KPMG Transaction Services has been engaged by Cardno Limited (Cardno) to provide general financial product advice in the form of a Report to be included in the transaction specific prospectus (Prospectus) prepared by Cardno in relation to the offering of shares by Cardno through an accelerated non-renounceable rights issue of ordinary shares by Cardno (Offer).

You have not engaged KPMG Transaction Services or the Authorised Representative directly but have received a copy of the Report because you have been provided with a copy of the Prospectus. Neither KPMG Transaction Services nor the Authorised Representative are acting for any person other than the Cardno.

KPMG Transaction Services and the Authorised Representative are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice

As KPMG Transaction Services has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Prospectus before making any decision in relation to the Offer.

Fees KPMG Transaction Services may receive and remuneration or other benefits received by our representatives

KPMG Transaction Services charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Cardno. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Cardno has agreed to pay KPMG Transaction Services \$200,000 for preparing the Report. KPMG Transaction Services and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

KPMG Transaction Services officers and representatives (including the Authorised Representative) receive a salary or a partnership distribution from KPMG's Australian professional advisory and accounting practice (the KPMG Partnership). KPMG Transaction Services' representatives (including the Authorised Representative) are eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.

Further details may be provided on request.

Referrals

Neither KPMG Transaction Services nor the Authorised Representative pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures KPMG Transaction Services is controlled by and operates as part of the KPMG Partnership. KPMG Transaction Services' directors and Authorised Representatives may be partners in the KPMG Partnership. The Authorised Representative is a partner in the KPMG Partnership. The financial product advice in the Report is provided by KPMG Transaction Services and the Authorised Representative and not by the KPMG Partnership.

From time to time KPMG Transaction Services, the KPMG Partnership and related entities (KPMG entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

KPMG entities have provided, and continue to provide, a range of audit, tax and advisory services to Cardno for which professional fees are received. Over the past two financial years professional fees of \$1.5 million and \$1.2 million have been received from Cardno respectively. None of those services have related to the transaction or alternatives to the transaction.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Cardno or has other material financial interests in the transaction.

Complaints resolution

Internal complaints resolution process

If you have a complaint, please let either KPMG Transaction Services or the Authorised Representative know. Formal complaints should be sent in writing to The Complaints Officer, KPMG, PO Box H67, Australia Square, Sydney NSW 1213. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 9335 7000 and they will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External complaints resolution process

If KPMG Transaction Services or the Authorised Representative cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Address: Financial Ombudsman Service Limited, GPO
Box 3, Melbourne Victoria 3001

Telephone: 1800 367 287
Facsimile: (03) 9613 6399
Email: info@fos.org.au.

The Australian Securities and Investments Commission also has a freecall infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

KPMG Transaction Services has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details

You may contact KPMG Transaction Services or the Authorised Representative using the contact details:

KPMG Transaction Services

A division of KPMG Financial Advisory
Services (Australia) Pty Ltd
10 Shelley St
Sydney NSW 2000
PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200

David Willis
C/O KPMG
PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200



KPMG Transaction Services

A division of KPMG Financial Advisory Services
(Australia) Pty Ltd
Australian Financial Services Licence No. 246901
10 Shelley Street
Sydney NSW 2000

ABN: 43 007 363 215
Telephone: +61 2 9335 7000
Facsimile: +61 2 9335 7001
DX: 1056 Sydney
www.kpmg.com.au

The Directors
Cardno Limited
515 St Pauls Terrace
Fortitude Valley
Queensland 4006

PO Box H67
Australia Square 1213
Australia

2 June 2016

Dear Directors

Limited Assurance Investigating Accountant's Report and Financial Services Guide

Investigating Accountant's Report on Forecast Financial Information

Introduction

KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Transaction Services is a division) ("KPMG Transaction Services") has been engaged by Cardno Limited ("Cardno") to prepare this report for inclusion in the proposed transaction specific prospectus to be dated on or around 2 June 2016 ("Prospectus"), and to be issued by Cardno, in connection with the proposed accelerated non-renounceable rights issue of ordinary shares by Cardno ("the Offer").

Expressions defined in the Prospectus have the same meaning in this report.

Scope

You have requested KPMG Transaction Services to perform a limited assurance engagement in relation to the forecast financial information described below and disclosed in the Prospectus.

The forecast financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Our limited assurance engagement has not been carried out in accordance with auditing or other standards and practices generally accepted in any jurisdiction outside of Australia and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Forecast Financial Information and directors' best-estimate assumptions

You have requested KPMG Transaction Services to perform limited assurance procedures in relation to the:

- pro forma forecast results for the year ending 30 June 2016;
- statutory forecast results for the year ending 30 June 2016;
- pro forma forecast cash flow information for the year ending 30 June 2016; and
- statutory forecast cash flow information for the year ending 30 June 2016

of Cardno (the responsible party) (the “Forecast Financial Information”). The directors’ best-estimate assumptions underlying the Forecast Financial Information are described in Section 5.12 of the Prospectus. As stated in Section 5.2.5 of the Prospectus, the basis of preparation of the Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards and Cardno’s accounting policies.

We have performed limited assurance procedures in relation to the Forecast Financial Information, set out in Section 5 of the Prospectus, and the directors’ best-estimate assumptions underlying it in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that:

- the directors’ best-estimate assumptions do not provide reasonable grounds for the Forecast Financial Information;
- in all material respects the Forecast Financial Information is not:
 - prepared on the basis of the directors’ best-estimate assumptions as described in the Prospectus; and
 - presented fairly in accordance with the recognition and measurement principles contained in Australian Accounting Standards and Cardno’s accounting policies;
- the Forecast Financial Information itself is unreasonable.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance procedures consisted primarily of:

- comparison and analytical review procedures;
- discussions with management and directors of Cardno of the factors considered in determining their assumptions; and
- examination, on a test basis, of evidence supporting:
 - the assumptions and amounts in the Forecast Financial Information; and

- the evaluation of accounting policies used in the Forecast Financial Information.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The directors of Cardno are responsible for the preparation of the Forecast Financial Information, including the directors' best-estimate assumptions on which the Forecast Financial Information is based and the sensitivity of the Forecast Financial Information to changes in key assumptions.

The directors' responsibility includes establishing and maintaining such internal controls as the directors determine are necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Conclusions

Forecast Financial Information and the directors' best-estimate assumptions

Based on our procedures, which are not an audit, nothing has come to our attention which causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the Forecast Financial Information for the year ending 30 June 2016 do not provide reasonable grounds for the Forecast Financial Information; and
- in all material respects, the Forecast Financial Information:
 - is not prepared on the basis of the directors' best-estimate assumptions as described in Section 5.12 of the Prospectus; and
 - is not presented fairly in accordance with the recognition and measurement principles contained in Australian Accounting Standards, and Cardno's accounting policies; and
- the Forecast Financial Information itself is unreasonable.

The Forecast Financial Information has been prepared by Cardno management and adopted and disclosed by the directors in order to provide prospective investors with a guide to the potential financial performance of Cardno for the year ending 30 June 2016.

There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to event(s) and transaction(s) that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated event(s) or transaction(s) frequently do not occur as expected and the variation may be material. The directors' best-estimate assumptions on which the Forecast Financial Information is based

relate to future event(s) and/or transaction(s) that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of Cardno. Evidence may be available to support the directors' best-estimate assumptions on which the Forecast Financial Information is based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in Cardno, which are detailed in the Prospectus, and the inherent uncertainty relating to the Forecast Financial Information. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in Section 6 of the Prospectus. The sensitivity analysis described in Section 5.14 of the Prospectus demonstrates the impact on the Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the Forecast Financial Information will be achieved.

We have assumed, and relied on representations from certain members of management of Cardno, that all material information concerning the prospects and proposed operations of Cardno has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Independence

KPMG Transaction Services does not have any interest in the outcome of the proposed Offer, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received. KPMG is the auditor of Cardno and from time to time, KPMG also provides Cardno with certain other professional services for which normal professional fees are received.

General advice warning

This report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Restriction on use

Without modifying our conclusions, we draw attention to Section 5 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the financial information to which it relates, for any purpose other than that for which it was prepared.

KPMG Transaction Services has consented to the inclusion of this Investigating Accountant's Report in the Prospectus in the form and context in which it is so included, but has not authorised the issue of the Prospectus. Accordingly, KPMG Transaction Services makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus.

Yours faithfully

A handwritten signature in black ink, appearing to read 'David Willis', written in a cursive style.

David Willis
Authorised Representative

Financial Services Guide

Dated 2 June 2016

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by **KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215**, Australian Financial Services Licence Number 246901 (of which KPMG Transaction Services is a division) ('**KPMG Transaction Services**'), and David Willis as an authorised representative of KPMG Transaction Services, authorised representative number 404265 (**Authorised Representative**).

This FSG includes information about:

- KPMG Transaction Services and its Authorised Representative and how they can be contacted
- the services KPMG Transaction Services and its Authorised Representative are authorised to provide
- how KPMG Transaction Services and its Authorised Representative are paid
- any relevant associations or relationships of KPMG Transaction Services and its Authorised Representative
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that KPMG Transaction Services has in place.

The distribution of this FSG by the Authorised Representative has been authorised by KPMG Transaction Services. This FSG forms part of an Investigating Accountant's Report (Report) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (PDS). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that KPMG Transaction Services and the Authorised Representative are authorised to provide

KPMG Transaction Services holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for the following classes of financial products:

- deposit and non-cash payment products;
- derivatives;
- foreign exchange contracts;
- government debentures, stocks or bonds;
- interests in managed investments schemes including investor directed portfolio services;

- securities;
- superannuation;
- carbon units;
- Australian carbon credit units; and
- eligible international emissions units,

to retail and wholesale clients. We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representative is authorised by KPMG Transaction Services to provide financial product advice on KPMG Transaction Services' behalf.

KPMG Transaction Services and the Authorised Representative's responsibility to you

KPMG Transaction Services has been engaged by Cardno Limited (Cardno) to provide general financial product advice in the form of a Report to be included in the transaction specific prospectus (Prospectus) prepared by Cardno in relation to the offering of shares by Cardno through an accelerated non-renounceable rights issue of ordinary shares by Cardno (Offer).

You have not engaged KPMG Transaction Services or the Authorised Representative directly but have received a copy of the Report because you have been provided with a copy of the Prospectus. Neither KPMG Transaction Services nor the Authorised Representative are acting for any person other than the Cardno.

KPMG Transaction Services and the Authorised Representative are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice

As KPMG Transaction Services has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Prospectus before making any decision in relation to the Offer.

Fees KPMG Transaction Services may receive and remuneration or other benefits received by our representatives

KPMG Transaction Services charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Cardno. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Cardno has agreed to pay KPMG Transaction Services \$150,000 for preparing the Report. KPMG Transaction Services and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

KPMG Transaction Services officers and representatives (including the Authorised Representative) receive a salary or a partnership distribution from KPMG's Australian professional advisory and accounting practice (the KPMG Partnership). KPMG Transaction Services' representatives (including the Authorised Representative) are eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.

Further details may be provided on request.

Referrals

Neither KPMG Transaction Services nor the Authorised Representative pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures KPMG Transaction Services is controlled by and operates as part of the KPMG Partnership. KPMG Transaction Services' directors and Authorised Representatives may be partners in the KPMG Partnership. The Authorised Representative is a partner in the KPMG Partnership. The financial product advice in the Report is provided by KPMG Transaction Services and the Authorised Representative and not by the KPMG Partnership.

From time to time KPMG Transaction Services, the KPMG Partnership and related entities (KPMG entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

KPMG entities have provided, and continue to provide, a range of audit, tax and advisory services to Cardno for which professional fees are received. Over the past two financial years professional fees of \$1.5 million and \$1.2 million have been received from Cardno respectively. None of those services have related to the transaction or alternatives to the transaction.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Cardno or has other material financial interests in the transaction.

Complaints resolution

Internal complaints resolution process

If you have a complaint, please let either KPMG Transaction Services or the Authorised Representative know. Formal complaints should be sent in writing to The Complaints Officer, KPMG, PO Box H67, Australia Square, Sydney NSW 1213. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 9335 7000 and they will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External complaints resolution process

If KPMG Transaction Services or the Authorised Representative cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Address: Financial Ombudsman Service Limited, GPO
Box 3, Melbourne Victoria 3001

Telephone: 1800 367 287
Facsimile: (03) 9613 6399
Email: info@fos.org.au.

The Australian Securities and Investments Commission also has a freecall infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

KPMG Transaction Services has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details

You may contact KPMG Transaction Services or the Authorised Representative using the contact details:

KPMG Transaction Services

A division of KPMG Financial Advisory
Services (Australia) Pty Ltd
10 Shelley St
Sydney NSW 2000
PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200

David Willis
C/O KPMG
PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200

9 Australian Taxation Implications

This section is a general summary of the Australian income tax, capital gains tax (**CGT**), GST and stamp duty implications of the Retail Entitlement Offer for certain Eligible Retail Shareholders.

The taxation implications of the Retail Entitlement Offer will vary depending upon your particular circumstances. Accordingly, you should seek and rely upon your own professional advice before concluding on the particular taxation treatment that will apply to you.

Neither Cardno nor any of its officers or employees, nor its taxation or other advisers, accepts any liability or responsibility in respect of any statement concerning taxation consequences, or in respect of the taxation consequences.

The comments in this section deal only with the Australian taxation implications of the Retail Entitlement Offer if you:

- are a resident for Australian income tax purposes; and
- hold your Shares on capital account.

The comments do not apply to you if you:

- are not a resident for Australian income tax purposes; or
- hold your Shares as revenue assets or trading stock (which will generally be the case if you are a bank, insurance company or carry on a business of share trading); or
- acquired the Shares in respect of which the Retail Entitlements are issued under any employee share scheme or where the New Shares are acquired pursuant to any employee share scheme; or
- are subject to the Taxation of Financial Arrangement (TOFA) provisions contained in Division 230 of the Income Tax Assessment Act 1997 (Cth); or
- acquired Retail Entitlements otherwise than because you are an Eligible Retail Shareholder.

This taxation summary is necessarily general in nature and is based on the Australian tax legislation and administrative practice in force as at the date of this Prospectus. It does not take into account any financial objectives, tax positions, or investment needs of Eligible Retail Shareholders. It is strongly recommended that each Eligible Retail Shareholder seek their own independent professional tax advice applicable to their particular circumstances.

9.1 Issue of Entitlements

The issue of the Entitlements should not, of itself, result in any amount being included in your assessable income.

9.2 Exercise of Retail Entitlements

Eligible Retail Shareholders who exercise their Retail Entitlements will acquire New Shares and may acquire Additional New Shares. For CGT purposes, each New Share or Additional New Share will:

- have a cost base (and reduced cost base) that is equal to the Offer Price plus any non-deductible incidental costs incurred in acquiring the New Share or Additional New Share; and
- be taken to be acquired on the day that the Retail Entitlement in respect of the New Share is exercised or, in the case of an Additional New Share, the date on which Cardno accepted the application for Additional New Shares

No income tax or CGT liability will arise on the exercise of the Retail Entitlements.

9.3 Dividends on New Shares or Additional New Shares

Any future dividends or other distributions made in respect of New Shares or Additional New Shares will be subject to the same income taxation treatment as dividends or other distributions made on existing Shares held in the same circumstances.

9.4 Disposal of New Shares or Additional New Shares

On disposal of a New Share or an Additional New Share, you will make a capital gain if the capital proceeds net of transaction fees on disposal exceed the total cost base of the New Share or Additional New Share (as applicable). You will make a capital loss if the capital proceeds net of transaction fees are less than the total reduced cost base of the New Share or Additional New Share (as applicable). The cost base (and reduced cost base) of New Shares or Additional New Shares is generally described above in Section 9.2.

Individuals, complying superannuation entities or trustees that have held New Shares or Additional New Shares (as the case may be) for at least 12 months (not including the dates of acquisition and disposal of such shares) should be entitled to discount the amount of a capital gain resulting from the sale of the New Shares (after the application of any current year or carry forward capital losses). The CGT discount applicable is one-half for individuals and trustees and one-third for complying superannuation entities. The CGT discount is not available for companies that are not trustees.

If a capital loss arises on disposal of the New Shares or Additional New Shares, the capital loss can only be used to offset capital gains; i.e. the capital loss cannot be used to offset ordinary income. However, if the capital loss cannot be used in a particular income year it can be carried forward to use in future income years, providing certain tests are satisfied.

9.5 Taxation of Financial Arrangements (TOFA)

The TOFA rules operate to make assessable or deductible, gains or losses arising from certain 'financial arrangements'. Importantly, the CGT discount is not available for any gain that is subject to the TOFA rules.

An entitlement or right to receive a share is a 'financial arrangement'. However, depending on the circumstances of the particular Eligible Retail Shareholder, the TOFA rules may not apply. Further, certain taxpayers (including many individuals) may be excluded from the application of the TOFA rules unless they have made a valid election for it to apply. As the application of the TOFA rules is dependent on the particular facts and circumstances of the Eligible Retail Shareholder, each Eligible Retail Shareholder should obtain their own advice regarding the potential application of the TOFA rules to their particular facts and circumstances.

9.6 Other Australian Taxes

Eligible Retail Shareholders should not be liable for any GST or stamp duty in respect of the issue or exercise of the Retail Entitlements, or the acquisition of the New Shares or the Additional New Shares.

10 Additional Information

This Section 10 sets out a number of matters of which you should be aware that have not been addressed in detail elsewhere in this Prospectus. It gives details of the availability of certain other important documents and a summary of some of these documents that are relevant for your investment decision. In addition, certain other prescribed details in respect of the Entitlement Offer have been set out in this Section 10.

10.1 Nature of this Prospectus

This Prospectus is a prospectus for continuously quoted securities to which the special content rules under section 713 of the Corporations Act apply. This provision allows the issue of a more concise prospectus in relation to offers of securities in a class which have been continuously quoted on ASX for the three months prior to the date of this Prospectus.

This Prospectus is a "transaction specific prospectus". In general terms, a transaction specific prospectus is only required to contain information in relation to the effect of the issue of securities on a company and the rights and liabilities attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus contains information only to the extent to which it is reasonably for investors and their professional advisers to expect to find the information in it. It does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange.

As an ASX listed company, Cardno has provided the ASX with a substantial amount of information regarding its activity and that information is publicly available. This Prospectus is intended to be read in conjunction with that publicly available information. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

10.2 Reporting and disclosure obligations

Cardno is a "disclosing entity" (as defined in section 111AC of the *Corporations Act*) for the purposes of section 713 of the Corporations Act and, as such, is subject to the regime of continuous disclosure and periodic reporting requirements. Specifically as a listed company, Cardno is subject to the Listing Rules which require continuous disclosure to the market of any information possessed by Cardno which a reasonable person would expect to have a material effect on the price or value of its Shares, subject to certain exemptions.

Cardno is also required to prepare and lodge with ASIC and ASX both yearly and half-yearly financial statements accompanied by a Directors' declaration and report, and an audit or review report.

10.3 Availability of other documents

The ASX maintains files containing publicly disclosed information about all listed companies. Cardno's file is available for inspection at ASX during normal working hours, and Cardno's announcements may be viewed on the ASX website (www.asx.com.au). In addition, copies of documents lodged by, or in relation to, the Company with ASIC may be obtained from, or inspected at, an ASIC office.

Cardno will provide a copy of any of the following documents, free of charge, to any investor who so requests during the application period under this Prospectus:

- the annual financial report for the year ended 31 June 2015;
- the half year financial report for the half year ended 31 December 2015; and
- any other document used to notify ASX of information relating to Cardno under the continuous disclosure provisions of the ASX Listing Rules and the Corporations Act after the date of lodgement of this Prospectus with ASIC of the annual financial report referred to above and before lodgement with ASIC of this Prospectus.

All requests for copies of the above documents should be addressed to:

The Company Secretary

Cardno Limited
515 St Paul's Terrace
Fortitude Valley QLD 4006, Australia

These documents are also available on the ASX website (www.asx.com.au).

10.4 Underwriting Agreement

Cardno and the Underwriter have entered into an Underwriting Agreement dated 2 June 2016 pursuant to which the Underwriter has agreed to fully underwrite the Entitlement Offer on the terms and conditions of the Underwriting Agreement and to act as administration agent in connection with the US Private Placement.

The underwriting is conditional upon certain conditions customarily found in underwriting agreements for issuers in the Company's circumstances.

The following is a summary of the principal provisions of the Underwriting Agreement.

(a) Fees, Costs and Expenses

The Underwriter will receive the following total fees under the Underwriting Agreement:

- under the Institutional Entitlement Offer, a management and selling fee of \$1,278,000 and an underwriting fee of 1% of the Institutional Offer Proceeds; and
- under the Retail Entitlement Offer, an underwriting fee of 1% of the Retail Entitlement Offer Proceeds (excluding shares accepted by Crescent under the Entitlement Offer),

The total fees not to exceed \$1,800,000.

The Company must also pay to the Underwriter their reasonable expenses including legal and out-of-pocket expenses incurred by the Underwriter in relation to the Entitlement Offer.

(b) Indemnities

Customary and usual representations and warranties are given by the parties in relation to matters such as power to enter into the Underwriting Agreement, corporate authority and approvals and Cardno's compliance with the Corporations Act and ASX Listing Rules in relation to the Entitlement Offer.

Cardno gives a number of further representations and warranties to the Underwriter, including that this Prospectus and related public documents and information do not contain any material statements that are misleading or deceptive and that none of the information supplied to the Underwriter is misleading or deceptive in a material respect, together with warranties regarding financial reporting, impairment testing, regulatory actions, due diligence, no event of insolvency, litigation and other matters concerning the Entitlement Offer and affairs of Cardno.

Cardno indemnifies the Underwriter and persons associated with the Underwriter in respect of certain loss that may be suffered in connection with the Entitlement Offer.

(c) Termination Events

The Underwriter may terminate its obligations under the Underwriting Agreement if any of the following events occur:

- ***(disclosures in Prospectus)** a statement in the prospectus is or becomes misleading or deceptive or a matter required to be included is omitted from the Prospectus (including, without limitation, having regard to section 713 of the Corporations Act); or
- **(Information Materials)** the Information Materials (other than the Prospectus):
 - contain a statement that is or becomes misleading or deceptive or likely to mislead or deceive;
 - fails to comply with the Corporations Act or any other applicable law or any statement about a future matter (including the doing or, or refusing to do, an act, and also including any forecast, expression of opinion, intention or expectation) expressed in the Information Materials (other than the

Prospectus) being taken to be misleading in accordance with section 769 of the Corporations Act;

- ***(new circumstance)** a new circumstance arises or becomes known which, if known at the time of lodgement of the Prospectus would have been required to be included in the Prospectus; or
- ***(Supplementary Prospectus)** the Company lodges a Supplementary Prospectus that has not been approved by the Underwriter in circumstances required by the Underwriting Agreement; or a Supplementary Prospectus is required to be lodged with ASIC under the Corporations Act;
- **(market fall):** the S&P/ASX 300 Index closes at a level that is 10% or more below the level of that index at market close on the last trading day immediately prior to the date of the Underwriting Agreement on:
 - any day from the Announcement date up to and including the Institutional Settlement Date; or
 - any two consecutive trading days after the Institutional Settlement Date until (and including) the Retail Settlement Date; or the trading day prior to the Retail Settlement Date.
- **(ASIC) ASIC:**
 - makes an application for an order under Part 9.5 of the Corporations Act in relation to the Offer or the Information Materials; commences any investigation or hearing under Part 3 of the *Australian Securities and Investments Commission Act 2001* (Cth) in relation to the Offer or the Information Materials;
 - *holds, or gives notice of intention to hold, a hearing or investigation in relation to the Offer or the Company; or
 - *prosecutes or gives notice of an intention to prosecute or commences proceedings against, or gives notice of an intention to commence proceedings against, the Company or any of its directors, officers, employees or agents in relation to the Offer,

and which:

- is public; or
 - is not public, and is not withdrawn, within 3 Business Days or within 2 Business Day of the Institutional Settlement Date or the Retail Settlement Date.
- **(ASIC) either:**
 - *the Company receives any non-public written notification from ASIC that ASIC intends to take action or require the Company to take remedial action because; or
 - ASIC makes any public statement,

ASIC has any concerns with the financial reporting and impairments recording in relation to either the Company's current and historical financial statements, the financial information in the Prospectus or the Impairment Press Release.

- **(ASX)** Cardno is removed from the official list of ASX, its Shares are suspended from trading or quotation on ASX, or unconditional approval (or conditional approval, provided such condition would not, in the opinion of the Underwriter, have a material adverse effect on the success or settlement of the Offer) by the ASX for official quotation of the Offer Securities is refused, or is not granted;
- **(certificate not provided)** the Company does not provide a Certificate as and when required by this agreement;
- **(withdrawal)** the Company withdraws the Offer or indicates that it does not intend to proceed with the Offer or any part of the Offer;
- **(Timetable)** there are certain delays in the timetable for the Entitlement Offer without the Underwriter's consent;

- **(regulatory action)** any regulatory body or third party commences any material public action against the Company, any of the directors of the Company (including in the Takeovers Panel) and such action is not successfully disposed of within 2 weeks of commencement and at least 2 business days before:
 - the Institutional Settlement Date, if the action is commenced before the Institutional Settlement Date; or
 - the Retail Settlement Date, if the action is commenced after the Institutional Settlement Date;
- **(insolvency events)** any Group Member becomes Insolvent, or there is an act or omission which will result in a Group Member becoming Insolvent;
- **(Material Adverse Effect)** A Material Adverse Effect occurs;
- ***(change of law)** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State or Territory of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of this agreement);
- ***(representation and warranties)** a representation, warranty, undertaking or obligation contained in this agreement on the part of the Company is breached, becomes not true or correct or is not performed;
- ***(breach)** the Company defaults on one or more of its obligations under this agreement;
- ***(hostilities)** hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States, Canada, the United Kingdom, the People's Republic of China, Hong Kong, Singapore, or any member state of the European Union, or a major terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries;
- ***(Certificate incorrect)** a statement in any Certificate is false, misleading, inaccurate or untrue or incorrect;
- ***(disruption in financial markets)** there are material disruptions in financial, political or economic conditions in key markets, or hostilities commence or escalate in certain key countries; and

No event marked above with an asterisk (*) entitles the Underwriter to exercise its rights to terminate its obligations under the Underwriting Agreement unless, it has reasonable grounds to believe that the event:

- has or is likely to have a materially adverse effect on:
 - the success, settlement or marketing of the Offer or on the ability of the Underwriter to market or promote or settle the Offer; or
 - the willingness of investors to subscribe for the Offer Securities; or
- will, or is likely to, give rise to a liability of the Underwriter under, or a contravention by the Underwriter or its Affiliates or the Underwriter or its Affiliates being involved in a contravention of, any applicable law.

10.5 Sub-Underwriting Agreement

The Underwriter may appoint sub-underwriters following prior consultation with Cardno.

Crescent Capital Investments Pty Limited and the Underwriter have entered into a Sub-Underwriting Agreement dated 2 June 2016 (**Sub-Underwriting Agreement**). Under this agreement, Crescent has committed to subunderwrite the retail component of the Entitlement

Offer for up to 30.5 million shares above its pro-rata entitlement of 95.8 million Cardno Shares. As a result, Crescent's relevant interest in Cardno could increase to a maximum of 47.8%⁸.

The ability of Crescent to subscribe for Shares under the Sub-Underwriting Agreement is subject to a number of conditions. These conditions include that the Entitlement Offer completes. Crescent's sub-underwriting rights will lapse if:

- Crescent does not validly accept the sub-underwriting commitment in the Sub-Underwriting Agreement;
- the Retail Entitlement Offer does not proceed or is withdrawn by the Company;
- the Underwriting Agreement is terminated by the Underwriter or the Underwriting Agreement ceases;
- the Company does not pay to the Underwriter the fees due to it under the Underwriting Agreement; or
- Crescent breaches the Sub-Underwriting Agreement and the Underwriter terminates.

Crescent may not transfer, assign, novate or otherwise deal with its rights and obligations as sub-underwriter under the Sub-Underwriting Agreement without the Underwriter's agreement.

Crescent, like other sub-underwriters, will receive a sub-underwriting fee of 1.00% of the amount which equals the number of Shares Crescent sub-underwrites multiplied by the Offer Price of A\$0.40 per Share. See Section 10.4 for a summary of the fees payable under the Underwriting Agreement.

10.6 Rights and liabilities attaching to Shares

The New Shares to be issued pursuant to this Prospectus will rank equally in all respects with existing Shares in Cardno.

Full details of the rights attaching to Cardno's Shares are set out in its Constitution, a copy of which can be inspected at Cardno's registered office.

The following is a summary of the principal rights which attach to Cardno's Shares:

(a) Voting

At a general meeting of Cardno, every Shareholder present in person or by proxy, attorney or representative has one vote on a vote taken by a show of hands, and, on a poll each Shareholder present in person or by proxy, attorney or representative has one vote for every fully paid Share held by him or her, and a proportionate vote for every partly paid Share, registered in such shareholder's name on the Company's share register.

A poll may be demanded by the chairman of the meeting, by any five Shareholders entitled to vote on the particular resolution present in person or by proxy, attorney or representative, or by any one or more Shareholders who are together entitled to not less than 5% of the total voting rights of, or paid up value of, the Shares of all those Shareholders having the right to vote on the resolution.

(b) General Meetings

Each Shareholder is entitled to receive notice of and to attend general meetings for Cardno and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution of the Company, the Corporations Act or the Listing Rules.

(c) Dividends

The Board may from time to time determine that a dividend is payable to the Shareholders, out of the profits of the Company.

(d) Rights on a Winding Up

If Cardno is wound up, whether voluntarily or otherwise, the liquidator may divide among all or any of the contributories as the liquidator thinks fit any part of the assets of Cardno, and may

⁸ Including shares held by a custodian for FSS Trustee Corporation, an associate of Crescent, Crescent's voting power in Cardno could increase up to 49.5%.

vest any part of the assets of Cardno in trustees upon any trusts for the benefit of all or any of the contributories as the liquidator thinks fit.

(e) Transfer of Shares

Subject to the Constitution, a shareholder may transfer all or any of its shares in any manner required or permitted by the Listing Rules or the SCH business rules applying in relation to any computerised or electronic system established or recognised by the Listing Rules or the Law for the purpose of facilitating dealings in securities, including a transfer that may be effected pursuant to the SCH business rules or other electronic transfer process, or by any instrument in writing in any usual or common form or in any other form that the Board approves.

Notwithstanding any other provisions contained in these rules, while Cardno is admitted to the Official List of ASX, it may only refuse to register or prevent or interfere with the registration of a transfer of securities in Cardno where permitted or required by any of the Listing Rules or SCH business rules.

(f) Issue of Further Shares

Without prejudice to any special rights conferred on the holders of any shares, and subject to the Listing Rules, any share in the capital of Cardno may be issued with preferred, deferred or other special rights, obligations or restrictions, whether in regard to dividends, voting, return of share capital, payment of calls or otherwise, as the Board may from time to time determine.

(g) Variation of Rights

The rights attached to any class of shares (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not Cardno is being wound up, and subject to the Listing Rules, be varied with the consent in writing of members with at least 75% of the votes in the class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) Calls on shares

Subject to the terms upon which any shares may have been issued, the Board may make calls from time to time upon the shareholders in respect of all moneys unpaid on their shares.

10.7 Consents

Each of the parties referred to as consenting parties who are named below:

- has not authorised or caused the issue of this Prospectus;
- does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based other than as specified in this section; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Each of the following has consented to being named in the Prospectus in the capacity as noted below and have not withdrawn such consent prior to the lodgement of this Prospectus with the ASIC:

- Credit Suisse as Underwriter to the Entitlement Offer;
- Gilbert + Tobin as solicitors to Cardno in relation to the Entitlement Offer; and
- KPMG Financial Advisory Services (Australia) Pty Limited as Investigating Accountant to Cardno in relation to the Entitlement Offer.

There are a number of persons referred to elsewhere in this Prospectus who are not experts and who have not made statements included in this Prospectus nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in the Prospectus and did not authorise or cause the issue of the Prospectus.

10.8 Transaction costs of the Entitlement Offer

The total transaction costs of the Entitlement Offer including underwriting, advisory, legal, accounting, tax and administrative fees as well as printing, advertising and other expenses

relating to this Prospectus are expected to be approximately \$2.3 – 2.5 million, depending on the level of subscription under the Retail Entitlement Offer.

10.9 Withdrawal of the Entitlement Offer

Cardno and the Directors reserve the right to withdraw or vary all or part of the Entitlement Offer and this Prospectus at any time prior to the issue of New Shares, in which case Cardno will refund Application Monies in relation to New Shares not already issued in accordance with the Corporations Act and without payment of interest.

10.10 Privacy

As a Shareholder, Cardno and the Share Registry have already collected certain personal information from you. If you apply for New Shares, Cardno and the Share Registry may update that personal information or collect, hold and use additional personal information about you. Such information may be used to assess your acceptance of New Shares, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

To do that, Cardno and the Share Registry may disclose your personal information, for purposes related to your shareholding, to their agents, contractors or third party service providers to whom they outsource services in order to assess your acceptance of New Shares, the Share Registry for ongoing administration of the register, printers and mailing houses for the purposes of preparation and distribution of Shareholder information and for handling of mail, or as otherwise authorised under the Privacy Act 1988 (Cth).

Company and tax laws require some personal information to be collected. If you do not provide us with your personal information we may not be able to process your application.

In most cases you can gain access to your personal information held by (or on behalf of) Cardno or the Share Registry. Cardno aims to ensure that the personal information it retains about you is accurate, complete and up to date. To assist with this, please contact the Share Registry if any of the details you have provided change. If you have concerns about the completeness or accuracy of the information Cardno or the Share Registry have about you, they will take steps to correct it. You can request access to your personal information by telephoning or writing to Cardno through the Share Registry as follows:

Computershare Investor Services Pty Limited

GPO Box 2975

Melbourne VIC 3001

or by telephone: 1300 850 505 (within Australia)

or +61 3 9415 4000 (outside Australia)

10.11 Governing law

This Prospectus and the contracts which arise on acceptance of Entitlement and Acceptance Forms are governed by the law applicable in New South Wales, and each applicant submits to the non-exclusive jurisdiction of the courts of New South Wales.

10.12 Consent to lodgement

Each Director of Cardno has authorised and consented to the lodgement of this Prospectus with ASIC under the Corporations Act and has not withdrawn that consent prior to its lodgement with ASIC.

10.13 Foreign Selling Restrictions

This Prospectus does not constitute an offer of New Shares of the Company in any jurisdiction in which it would be unlawful. In particular, this Prospectus may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Canada

The New Shares have not been, nor will they be, qualified by a prospectus filed under Canadian securities laws. Accordingly, as further detailed below, the offering of New Shares is only being made available on a private placement basis to residents of Canada who make the representations and warranties applicable to them as contained in the Master ECM Terms document, including that they are entitled under applicable provincial securities laws to acquire the New Shares without the benefit of a prospectus qualified under those securities laws, and that they are an “accredited investor” as defined in National Instrument 45-106 Prospectus Exemptions (NI 45-106).

Prospective Canadian purchasers are advised that the information contained within this Prospectus has not been prepared with regard to matters that may be of particular concern to Canadian purchasers. Accordingly, prospective Canadian purchasers should consult with their own legal, financial and tax advisers concerning the information contained within this document and as to the suitability of an investment in the New Shares in their particular circumstances.

A Canadian-resident purchaser is required to make the representations and warranties applicable to it as contained in the Master ECM Terms document, including that it is entitled under applicable provincial securities laws to acquire the New Shares without the benefit of a prospectus qualified under those securities laws, and that it is an “accredited investor” as defined in NI 45-106 and, if relying on subsection (m) of the definition of that term, is not a person created or being used solely to acquire or hold securities as an accredited investor.

The distribution of the New Shares in Canada is being made on a private placement basis only and any resale of the New Shares must be made in accordance with applicable Canadian securities laws, which will vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with prospectus and registration requirements or exemptions from the prospectus and registration requirements.

Securities legislation in the province of Ontario and certain other Canadian provinces provides certain purchasers of securities pursuant to an offering memorandum (including this Prospectus) with a remedy for damages or rescission, or both, in addition to any other rights they may have at law, where the offering memorandum and any amendment thereto contains a “misrepresentation”, as defined in the applicable securities legislation. A “misrepresentation” is generally defined under applicable provincial securities laws to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities legislation and are subject to limitations and defences under applicable securities legislation.

The following is a summary of the relevant rights of action for damages or rescission, or both, available to certain purchasers resident in the province of Ontario. The rights described below are in addition to and without derogation from any other right or remedy which purchasers may have at law. Similar rights may be, or may become, available to purchasers resident in other Canadian jurisdictions under local provincial securities laws.

The right of action for damages or rescission described herein is conferred by section 130.1 of the Securities Act (Ontario) (the “Ontario Act”). The Ontario Act provides, in relevant part, that every purchaser of securities pursuant to an offering memorandum (including this Prospectus) shall have a statutory right of action for damages or rescission against the issuer and any selling security holder in the event that the offering memorandum contains a misrepresentation, as defined in the Ontario Act. A purchaser who purchases securities offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied upon the misrepresentation, a statutory right of action for damages or, alternatively, while still the owner of the securities, for rescission against the issuer and any selling security holder provided that:

- (a) if the purchaser exercises its right of rescission, it shall cease to have a right of action for damages as against the issuer and the selling security holders, if any;
- (b) the issuer and the selling security holders, if any, will not be liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (c) the issuer and the selling security holders, if any, will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon;
- (d) the issuer and the selling security holders, if any, will not be liable for a misrepresentation in forward looking information (“FLI”) if it proves that:
 - (i) the offering memorandum contains, proximate to the FLI, reasonable cautionary language identifying the FLI as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection set out in the FLI, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the FLI; and
 - (ii) the issuer had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the FLI; and
- (e) in no case shall the amount recoverable exceed the price at which the securities were offered.

Section 138 of the Ontario Act provides that no action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action for damages, the earlier of:
 - (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
 - (ii) three years after the date of the transaction that gave rise to the cause of action.

This document is being delivered in reliance on the “accredited investor exemption” from the prospectus requirements contained under section 2.3 of NI 45-106. The rights referred to in section 130.1 of the Ontario Act do not apply in respect of an offering memorandum delivered to a prospective purchaser in connection with a distribution made in reliance on the accredited investor exemption if the prospective purchaser is:

- (a) a Canadian financial institution or a Schedule III bank;
- (b) the Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Canada); or
- (c) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

The foregoing summary is subject to the express provisions of the securities legislation in the province of Ontario and the rules, regulations and other instruments thereunder, and reference should be made to the complete text of such provisions. Such provisions may contain limitations and statutory defences on which the Company and the Underwriter may rely.

The Company hereby notifies prospective Canadian purchasers that: (a) the Company or the Underwriter may be required to provide personal information pertaining to the purchaser as required to be disclosed in Schedule I of Form 45-106F1 under NI 45-106 (including its name, address, telephone number and the aggregate purchase price of any New Shares purchased) (“personal information”), which Form 45-106F1 may be required to be filed by the Company or the Underwriter under NI 45-106, (b) such personal information may be delivered to the Ontario Securities Commission (the “OSC”) in accordance with NI 45-106, (c) such personal information is collected indirectly by the OSC under the authority granted to it under the securities legislation of Ontario, (d) such personal information is collected for the purposes of the administration and enforcement of the securities legislation of Ontario, and (e) the public official in Ontario who can answer questions about the OSC’s indirect collection of such personal information is the Administrative Support Clerk at the OSC, Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8, Telephone: (416) 593-3684. Prospective

Canadian purchasers that purchase New Shares in this offering will be deemed to have authorized the indirect collection of the personal information by the OSC, and to have acknowledged and consented to its name, address, telephone number and other specified information, including the aggregate purchase price paid by the purchaser, being disclosed to other Canadian securities regulatory authorities, and to have acknowledged that such information may become available to the public in accordance with requirements of applicable Canadian laws.

Upon receipt of this Prospectus, each Canadian purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce Prospectus, chaque acheteur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

Hong Kong

WARNING: This Prospectus has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this Prospectus or to permit the distribution of this Prospectus or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this Prospectus have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this Prospectus, you should obtain independent professional advice.

Netherlands

The information in this Prospectus has been prepared on the basis that all offers of New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and implemented in the Netherlands, from the requirement to publish a prospectus for offers of securities.

An offer to the public of New Shares has not been made, and may not be made, in the Netherlands except pursuant to one of the following exemptions under the Prospectus Directive as implemented in the Netherlands:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, "MiFID"); or
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID.

New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This Prospectus is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Norway

This Prospectus has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this Prospectus shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

Singapore

This Prospectus and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Prospectus has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this Prospectus immediately. You may not forward or circulate this Prospectus to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This Prospectus has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations.

Neither this Prospectus nor any other offering or marketing material relating to the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Prospectus will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This Prospectus is personal to the recipient only and not for general circulation in Switzerland.

United Kingdom

Neither the information in this Prospectus nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares. This Prospectus is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this Prospectus, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This Prospectus should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this Prospectus is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this Prospectus relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Prospectus or any of its contents.

United States

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

11 Glossary

Term	Definition
ADB	means Asia Development Bank.
Additional New Shares	means the New Shares applies for by certain Eligible Retail Shareholders that are in excess of the Eligible Retail Shareholders' Entitlement.
Administration Agent	means the Underwriter and/or its U.S. broker dealer Affiliate acting in its capacity as administration agent with respect to the US Private Placement.
Affiliates	has the meaning given to that term in Rule 501(b) under the US Securities Act and means, in respect of any person means a Related Body Corporate of the person or any other person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, this person.
Allotment Date	means Monday, 27 June 2016.
Applicant	means persons who submit valid applications pursuant to this Prospectus.
Application Monies	means monies received from Applicants in respect of their applications.
Approved U.S. Shareholder	means those Shareholders as at the Record Date that are located in the United States and that the Company and the Administration Agent have determined to be either: <ul style="list-style-type: none"> a) QIBs; or b) dealers or other professional fiduciaries organised, incorporated or (if individuals) resident in the United States that are acting for an account (other than an estate or trust) held for the benefit or account of persons that are not U.S. Persons for which they have and are exercising investment discretion within the meaning of Rule 902(k)(2)(i) of Regulation S, and in each case whose participation in the U.S. Private Placement.
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).
Australian Accounting Standards	means the Australian International Financial Reporting Standards, as issued by the Australian Accounting Standards Board.
Australian Auditing Standards	means the Australian Auditing Standards issues by the Australian Auditing and Assurance Standards Board.
Board	means the Board of Cardno.
BPAY®	means BPAY Pty Limited (ABN 69 079 137 518).
Cardno	means Cardno Limited (ACN 108 112 303).
Cardno Entitlement Offer Information Line	means 1300 784 103 (within Australia) and +61 3 9415 4137 (outside Australia).
Cardno Group	means Cardno and its subsidiaries (as defined in the Corporations Act).
Certificate	means a certificate provided by the Company to the Underwriter under the Underwriting Agreement.
Constitution	means the Company's constitution.
CGT	means capital gains tax.
CHESS	means clearing House Electronic Subregister System operated by ASX Settlement (ABN 49 008 504 532) Pty Limited.
Company	means Cardno Limited (ACN 108 112 303).
Corporations Act	means Corporations Act 2001 (Cth).
Credit Suisse	means Credit Suisse (Australia) Limited (ABN 94 007 016 300).
Crescent	means the investment vehicles managed by Crescent Capital Partners being Crescent Capital Investment Pty Limited, CCP Trusco 1 Pty Limited ATF Crescent Capital Partners Specific Trust VA, CCP Trusco 2 Pty Limited ATF Crescent Capital Partners Specific Trust VB, CCP Trusco 4 Pty Limited ATF Crescent Capital Partners Designated Trust VA, CCP Trusco 5 Pty Limited ATF Crescent Capital Partners Designated Trust VB, CCP Trusco 3 Pty Limited ATF Crescent V Co-investor Trust 1 and CCP Trusco 3 Pty Limited ACN 143 361 504 ATF Crescent V Co-investor Trust 2.
DFAT	means the Department of Foreign Affairs and Trade.
DFID	means the Department for International Development.

Directors	means the Directors of Cardno.
EBIT	means earnings before interest expense and income tax.
EBITDA	means earnings before interest expense, income tax, depreciation and amortisation.
Eligible Institutional Shareholders	means a Shareholder as at the Record Date who is an Institutional Investor who the Underwriter determines may receive an offer on behalf of the Company under the Institutional Entitlement Offer provided that: <ul style="list-style-type: none"> a) if any such Shareholder is in the United States, it is only an Eligible Institutional Shareholder if it is an Approved U.S. Shareholder; and b) if any such Shareholder is outside the United States, it is only an Eligible Institutional Shareholder if its buy order is originated outside the United States and constitutes an "offshore transaction" within the meaning of Regulation S.
Eligible Retail Shareholder	means, under this Prospectus, a Shareholder at the Record Date who: <ul style="list-style-type: none"> a) has a registered address in Australia or New Zealand; b) is not an Eligible Institutional Shareholder; and c) is not in the United States and is not acting for the account or benefit of a person in the United States.
Eligible Shareholder	means a person who is an Eligible Institutional Shareholder or an Eligible Retail Shareholder.
Entitlement	means the number of New Shares for which an Eligible Shareholder is entitled to subscribe under the Entitlement Offer, being 1 New Share for every 1.07 Existing Shares held as at the Record Date, subject to rounding up and to the terms of the Entitlement Offer.
Entitlement and Acceptance Form	means the entitlement and acceptance form either attached to or accompanying this Prospectus.
Entitlement Offer	means the entitlement offer comprising the Institutional Entitlement Offer and the Retail Entitlement Offer.
Entitlement Offer Period	means the period from the date of this Prospectus until (and including) the Retail Closing Date.
Existing Share	means a Share on issue at the Record Date.
Financial Information	has the meaning given to it in Section 5.1.
Forecast Financial Information	has the meaning given to it in Section 5.1.
FY16	means the financial year ending 30 June 2016.
GST	means the goods and services tax imposed under the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
IFRS	means International Financial Reporting Standards.
Ineligible Retail Shareholder	means a Shareholder on the Record Date who is not an: <ul style="list-style-type: none"> • Eligible Retail Shareholder; • Eligible Institutional Shareholder; or • Ineligible Institutional Shareholder
Information Materials	has the meaning given to it in the Underwriting Agreement.
Institutional Entitlement	means the number of New Shares for which an Eligible Institutional Shareholder is entitled to subscribe under the Entitlement Offer, being 1 New Share for every 1.07 Existing Shares held as at the Record Date, subject to rounding up and to the terms of the Entitlement Offer.
Institutional Entitlement Offer	means the offer of New Shares to Eligible Institutional Shareholders as described in Section 2.3.
Institutional Investor	means a person who the Underwriter reasonably believe to be a person: <ul style="list-style-type: none"> • if in Australia, who is an "exempt investor" as defined in ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84; • if in Canada who is an "accredited investor" as defined in National Instrument 45-106 Prospectus Exemptions as in force in each jurisdiction of Canada; or • in any other case, to whom offers for issue of Securities may lawfully be made in a Permitted Jurisdiction without the need for a lodged prospectus or other disclosure document or other lodgement, registration, filing with or approval by a Governmental Agency, provided that if such a person is in the United States it is only an Institutional Investor if it is an Approved U.S. Shareholder.
Institutional Shortfall Bookbuild	means the first bookbuild conducted in connection with the Entitlement Offer, being in respect of the Institutional Entitlement Offer, as described in Section 2.3.

Interest Cover Ratio	means the ratio of "EBITDA" to "Net Interest" (each such term as defined under the debt facilities)
Investigating Accountant	means KPMG Financial Advisory Services (Australia) Pty Limited.
KPMG Transaction Services	means KPMG Financial Advisory Services (Australia) Pty Limited.
Leverage Ratio	means the ratio of Total Net Debt to EBITDA (each such term as defined under the debt facilities)
Listing Rules	means the listing rules of ASX as amended or varied from time to time.
Master ECM Terms	means the Master Equity Capital Market Terms published by AFMA.
Material Adverse Effect	has the meaning given to it in the Underwriting Agreement.
Net Assets	means total assets less total liabilities
Net Debt	means total debt less cash equivalents
New Shares	means the Shares offered under the Entitlement Offer.
Nominee	means the nominee appointed by Cardno for ineligible shareholders to subscribe for the New Shares which would otherwise have been available for subscription by ineligible shareholders had they been eligible to participate in the Entitlement Offer.
Offer Price	means A\$0.40 per New Share.
Pro forma Historical Financial Information	has the meaning given to it in Section 5.1.
Prospectus	means this prospectus dated 2 June 2016.
QIB	means a "qualified institutional buyer" as that term is defined in Rule 144A under the Securities Act.
Record Date	means the time and date for determining which Shareholders are entitled to the Entitlement, being 7.00pm (Sydney time) on Monday, 6 June 2016.
Related Body Corporate	has the same meaning as in section 50 of the Corporations Act.
Retail Closing Date	means 5.00pm (Sydney time) on Monday, 20 June 2016, being the latest time and day by which completed Entitlement and Acceptance Forms and BPAY® payments of Application Monies will be accepted (subject to variation).
Retail Entitlement	means the Entitlements allotted under the Retail Entitlement Offer.
Retail Entitlement Offer	means the offer under this Prospectus of New Shares to Eligible Retail Shareholders under the Entitlement Offer, as described in Section 2.3.
Retail Over Subscription Facility	has the meaning given to it in Section 3.4.
Shareholder	means a holder of one or more Shares.
Share Registry	means Computershare Investor Services Pty Limited (ABN 48 078 279 277).
Shares or Cardno Shares	means the fully paid ordinary shares in Cardno.
Statutory Historical Financial Information	has the meaning given to it in Section 5.1.
Sub-Underwriting Agreement	means the underwriting agreement entered into between the Underwriter and Crescent Capital Investments Pty Limited.
Supplementary Prospectus	has the meaning given to it in the Underwriting Agreement.
Top-Up Shares	has the meaning given to it in Section 2.9.
Underwriter	means Credit Suisse.
Underwriting Agreement	means the underwriting agreement entered into between the Underwriter and the Company on or around Thursday, 2 June 2016.
US Employee Private Placement	has the meaning given to it in the Underwriting Agreement.
US Private Placement	has the meaning given to it in the Underwriting Agreement.
US Private Placement Memorandum	has the meaning given to it in the Underwriting Agreement.
USaid	means the United States Agency for International Development.
US Securities Act	means the US Securities Act of 1933.

Cardno Limited

ABN 70 108 112 303
Level 11, North Tower, Green Square
515 St Paul's Terrace
Fortitude Valley QLD 4006
Australia

Cardno Entitlement Offer Information Line

1300 784 103 (within Australia)
+61 3 9415 4137 (outside Australia)
Open between 8.30am to 5.00pm (Sydney time)
Monday to Friday

Cardno Share Registry

Computershare Investor Services Pty Limited
GPO Box 505
Melbourne Victoria 3001
Australia

Underwriter to the Entitlement Offer

Credit Suisse (Australia) Limited
(ABN 94 007 016 300)
31/1 Macquarie Place
Sydney NSW 2000
Australia

Australian Legal Adviser

Gilbert + Tobin
Level 35, Tower Two, International Towers Sydney
200 Barangaroo Avenue
Barangaroo NSW 2000
Australia

Investigating Accountant

KPMG Transaction Services
A division of KPMG Financial Advisory Services (Australia) Pty Ltd
10 Shelley Street
Sydney NSW 2000
Australia

This page is intentionally left blank



Registered office

Cardno Limited
ABN 70 108 112 303

Level 11, North Tower
Green Square
515 St Paul's Terrace
Fortitude Valley
QLD 4006 Australia

Phone + 617 3369 9822
Fax + 617 3369 9722

cardno@cardno.com
www.cardno.com



Follow us on
www.linkedin.com/company/cardno



Follow us on
www.twitter.com/cardno



Join us on
www.facebook.com/CardnoGlobal



Watch us on
www.cardno.com/youtube