INTENTION TO **DEMERGE**

Scheme Booklet

For a scheme of arrangement in relation to the proposed demerger of Intega Group Limited (ACN 633 194 920) (**Intega**) from Cardno Limited (ACN 108 112 303) (**Cardno**) (**Demerger**)

VOTE IN FAVOUR

THE CARDNO DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU APPROVE THE DEMERGER BY VOTING IN FAVOUR OF THE RESOLUTIONS TO APPROVE THE DEMERGER

THE INDEPENDENT EXPERT HAS CONCLUDED THAT THE DEMERGER IS IN THE BEST INTERESTS OF CARDNO SHAREHOLDERS

This is an important document and requires your immediate attention. You should read this Demerger Scheme Booklet in its entirety, taking particular notice of the advantages, disadvantages and risks of the Demerger and the risks of an investment in Intega before deciding whether or not to vote in favour of the Demerger. If you are in doubt as to what you should do, you should consult your legal, financial or other professional adviser.

If, after reading this Demerger Scheme Booklet, you have any questions about the Demerger or the number of Cardno Shares you hold or how to vote, please call the Shareholder Information Line on 1300 381 478 (within Australia) or +61 3 9415 4108 (outside Australia) Monday to Friday between 8.30am and 5.00pm (Sydney time).

If you have recently sold all of your Cardno Shares, please disregard this document.

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Important Notices

General

Cardno Shareholders are encouraged to read this Demerger Scheme Booklet in its entirety before making a decision as to how to vote on the Demerger Resolutions to be considered at the Meetings.

Purpose of Demerger Scheme Booklet

The purpose of this Demerger Scheme Booklet is to explain the terms of the Demerger and the manner in which the Demerger will be considered and implemented (if approved), to provide certain information required by law and to provide all other information (other than information previously disclosed to Cardno Shareholders) which is known to Cardno which is material to the decision of Cardno Shareholders whether or not to vote in favour of the Demerger Resolutions to be considered at the Meetings.

This Demerger Scheme Booklet includes:

- the explanatory statement required to be sent to Cardno Shareholders under Part 5.1 of the Corporations Act in relation to the Demerger Scheme;
- all the information known to Cardno that is material to Cardno Shareholders in deciding how to vote on the Capital Reduction Resolution; and
- all the information known to Cardno that is material to Cardno Shareholders in deciding how to vote on the Cardno Financial Assistance Resolution.

Cardno Shareholders should read this Demerger Scheme Booklet in its entirety before making a decision as to how to vote on the Demerger Resolutions to be considered at the Demerger Scheme Meeting and the General Meeting.

Responsibility for information

The information contained in this Demerger Scheme Booklet, other than the Independent Expert's Report at Attachment A and the Investigating Accountant's Report at Attachment B, has been prepared by Cardno and is the responsibility of Cardno.

Lonergan Edwards & Associates Limited has prepared the Independent Expert's Report set out in Attachment A and takes responsibility for that report.

KPMG Financial Advisory Services (Australia) Pty Ltd has prepared the Investigating Accountant's Report set out in Attachment B and takes responsibility for that report.

ASIC

A copy of this Demerger Scheme Booklet was provided to ASIC under section 411(2) of the Corporations Act and registered by ASIC under section 412(6) of the Corporations Act. ASIC has been given the opportunity to comment on this Demerger Scheme Booklet in accordance with section 411(2) of the Corporations Act. ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Demerger Scheme. If ASIC provides that statement, it will be produced to the Court at the Second Court Hearing. Neither ASIC nor its officers take any responsibility for the contents of this Demerger Scheme Booklet.

ASX Listing

Intega intends to apply for admission to the Official List and for Official Quotation of all Intega Shares on the ASX.

A copy of this Demerger Scheme Booklet has been lodged with the ASX. Neither the ASX nor its officers take any responsibility for the contents of this Demerger Scheme Booklet. The fact that the ASX may admit Intega to the Official List should not be taken in any way as an indication of the merits of an investment in Intega.

Court

The fact that, under section 411(1) of the Corporations Act, the Court has ordered that a meeting be convened and has approved the explanatory statement required to accompany the notice of the meeting does not mean that the Court:

- has formed any view as to the merits of the proposed Demerger Scheme or as to how Cardno Shareholders should vote (on this matter Cardno Shareholders must reach their own decision); or

- has prepared, or is responsible for the content of, this Demerger Scheme Booklet.

An order of the Court under section 411(1) of the Corporations Act is not an endorsement by the Court of, or any other expression of opinion by the Court on, the Demerger Scheme.

Status of this Demerger Scheme Booklet

This Demerger Scheme Booklet is not a prospectus lodged under Chapter 6 of the Corporations Act. Section 708(17) of the Corporations Act provides that disclosure to investors under Part 6D.2 of the Corporations Act is not required for an offer of securities that is made under a compromise or arrangement under Part 5.1 of the Corporations Act, approved at a meeting held as a result of an order made by the Court under section 411(1) or (1A) of the Corporations Act.

Foreign jurisdictions and shareholders

Cardno Shareholders who are Ineligible Foreign Holders will not receive Intega Shares under the Demerger. Intega Shares that would otherwise be transferred to Ineligible Foreign Holders under the Demerger will be transferred to the Sale Agent to be sold on market, with the Sale Facility Proceeds remitted to them. See Section 6.6(a) for further information.

Cardno Shareholders should seek their own independent tax advice in relation to the Australian and overseas tax implications of the Demerger based on their specific circumstances. For a general discussion of the potential tax implications of the Demerger for Cardno Shareholders resident in Australia for Australian tax purposes, see Section 7.

This Demerger Scheme Booklet does not in any way constitute an offer of securities in any jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer. No action has been taken to register or qualify the Intega Shares or otherwise permit a public offering of Intega Shares in any jurisdiction outside of Australia.

This Demerger Scheme Booklet may not be distributed to any person, and the Intega Shares may not be offered or sold, in any country outside Australia and its external territories and New Zealand, unless Cardno determines that it is lawful and not unduly onerous or impracticable to transfer Intega Shares under the Demerger to such Demerger Scheme Participants. Based on information available to Cardno as at the date of this Demerger Scheme Booklet, a Cardno Shareholder whose registered address on the Cardno Register as at the Demerger Scheme Record Date is in one of the following jurisdictions will be an Eligible Cardno Shareholder and will be entitled to have Intega Shares transferred to them if the Demerger is implemented:

- Australia and its external territories;
- Ecuador;
- New Zealand;
- Papua New Guinea;
- United Kingdom;
- Canada;
- United States; or
- any other jurisdiction in which Cardno reasonably believes it is not prohibited or unduly onerous or impracticable to implement the Demerger and to transfer Intega Shares to the Cardno Shareholder.

See Section 6.6(a) for further information on jurisdictions where Demerger Scheme Participants will not be classified as Ineligible Foreign Holders.

Nominees, custodians and other Cardno Shareholders who hold Cardno Shares on behalf of a beneficial owner resident outside

Australia and its external territories, Ecuador, New Zealand, Papua New Guinea, United Kingdom, Canada or United States may not forward this Demerger Scheme Booklet (or accompanying documents) to anyone outside these countries without the consent of Cardno.

Financial Information

The basis of preparation and presentation of the financial information in this Demerger Scheme Booklet is as described in Sections 3.6(a) and 4.7(a).

Investment decisions

This Demerger Scheme Booklet contains general advice only and has been prepared without reference to the investment objectives, financial situation or particular needs of individual Cardno Shareholders or any other person. This Demerger Scheme Booklet should not be relied upon as the sole basis for any investment decision in relation to Cardno Shares, Intega Shares or any other securities. You should consider, with or without the assistance of a financial adviser, whether the information in this Demerger Scheme Booklet is appropriate for you, having regard to your particular investment needs, objectives and financial circumstances and consult your legal, financial or other professional adviser before making any investment decision.

Forward looking statements

Forward-looking statements in this Demerger Scheme Booklet may generally be identified by the use of forward looking words such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “likely”, “should”, “planned”, “may”, “might”, “is confident”, “estimate”, “potential” or other similar words or phrases. These statements discuss future expectations concerning the results of operations or financial condition of the Cardno Group or the Intega Group, or provide other forward looking statements.

These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which may be beyond Cardno’s or Intega’s control, and which may cause the actual results, performance or achievements of Cardno or Intega to be materially different from future results, performance or achievements expressed or implied by such statements.

Other than as required by law, neither Cardno, Intega, their officers, advisors nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Demerger Scheme Booklet will actually occur.

Additionally, statements of the intentions of the Cardno Board or the Intega Board reflect the present intentions of the Cardno Directors and Intega Directors respectively as at the date of this Demerger Scheme Booklet and may be subject to change as the composition of the Cardno Board and Intega Board alters, or as circumstances require.

Except as required by law, Cardno and Intega disclaim any obligation or undertaking to update or revise any forward-looking statement in this Demerger Scheme Booklet.

Privacy

Cardno and Intega and their respective share registries may collect personal information in the process of implementing the Demerger and administering the shareholding arising from the Demerger. The personal information may include the names, addresses, contact details and security holdings of Cardno Shareholders and the names of persons appointed by Cardno Shareholders as proxies, attorneys or corporate representatives at the Meetings. The collection of some of this personal information is required or authorised by the Corporations Act.

The primary purpose of collecting this personal information is to assist in the conduct of the Meetings and to enable the Demerger to be implemented in the manner described in this Demerger Scheme Booklet and to administer the shareholdings arising from the Demerger. The personal information may be disclosed to Cardno’s and Intega’s Share Registry, print and mail service providers, authorised securities brokers and any other service provider and adviser engaged by Cardno, Intega or their respective share registries for this purpose.

Some of these recipients may be located in overseas countries.

If the information outlined above is not collected, Cardno and Intega may be hindered in, or prevented from, conducting the Meetings and implementing the Demerger.

Cardno Shareholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. Such individuals should contact Cardno's Share Registry Privacy Officer by email at privacy@computershare.com.au or write to the address below if they wish to exercise these rights:

Privacy Officer
Computershare Investor Services
Yarra Falls, 452 Johnston Street
Abbotsford Victoria 3067
Australia

Cardno Shareholders who appoint a named person to act as their proxy, attorney or corporate representative should ensure that they inform that person of the matters outlined above.

Notices of Meeting

The Notice of Demerger Scheme Meeting is set out in Attachment E.

The Notice of General Meeting is set out in Attachment F.

Notice of Second Court Hearing

At the Second Court Hearing, the Court will consider whether to approve the Demerger Scheme.

Each Cardno Shareholder and, with the Court's permission, any other interested person has the right to appear at the Second Court Hearing.

If you wish to oppose the approval of the Demerger Scheme at the Second Court Hearing, you may do so by filing with the Court and serving on Cardno a notice of appearance in the prescribed form together with any affidavit on which you wish to rely at the hearing. With leave of the Court, you may also oppose the approval of the Demerger Scheme by appearing at the Second Court Hearing and applying to raise any objections you may have at the hearing. Cardno should be notified in advance of an intention to object. The Second Court Hearing is currently scheduled to be held at the Federal Court of Australia, Law Courts Building, 184 Phillip Street, Sydney NSW 2000, at 9.00am (Sydney time) on Friday, 18 October 2019, though an earlier date may be sought. Any change to this date or time will be announced on the ASX company announcements platform.

Supplementary information

Cardno has established the Cardno Shareholder Information Line, which you should call if you have any questions or require further information about this Demerger Scheme Booklet or the Demerger. The telephone number is 1300 381 478 (within Australia) or +61 3 9415 4108 (outside Australia). The Cardno Shareholder Information Line is open between Monday and Friday from 8.30am to 5.00pm (Sydney time). Cardno Shareholders should consult their legal, financial or other professional adviser before making any decision regarding the Demerger.

In certain circumstances, Cardno may provide additional disclosure to Cardno Shareholders in relation to the Demerger after the date of this Demerger Scheme Booklet. To the extent applicable, Cardno Shareholders should have regard to any such supplemental information in determining how to vote in relation to the Demerger. Refer to Section 8.17 for information about the steps that Cardno will take if any such additional disclosure is required.

Cardno and Intega websites

The content of Cardno's and Intega's respective websites do not form part of this Demerger Scheme Booklet and Cardno Shareholders should not rely on their content.

Interpretation

Capitalised terms and certain abbreviations used in this Demerger Scheme Booklet have the meanings set out in the Glossary at the back of this Demerger Scheme Booklet. The documents reproduced in the Attachments to this Demerger

Scheme Booklet may have their own defined terms, which are sometimes different from those in the Glossary.

Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Demerger Scheme Booklet. All numbers are rounded unless otherwise indicated.

Unless otherwise specified, all references to $, A$, AUD and cents are references to Australian currency.

Unless otherwise specified, all references to US$ or USD and US cents are references to United States currency.

All references to times in this Demerger Scheme Booklet are references to Sydney time, unless otherwise stated.

Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Demerger Scheme Booklet are subject to the effect of rounding. Accordingly, actual calculations may differ from amounts set out in this Demerger Scheme Booklet.

Date

This Demerger Scheme Booklet is dated 6 September 2019.

Contents of this Demerger Scheme Booklet

Chairman's Letter

Dear Cardno Shareholder,

On behalf of the Cardno Board, I am pleased to present you with this Demerger Scheme Booklet which contains information on the proposed Demerger of Intega from Cardno. Your Board unanimously[1] and strongly encourages you to support this Demerger which will result in Intega becoming an independent ASX-listed company. It is the view of your Board that the Demerger will set up both Cardno and Intega for future success as two separate businesses.

Over the past three years, Cardno has significantly evolved its business through both operational improvements and strategic acquisitions. Specifically, Cardno has grown its EBITDA by 41 per cent, from $44 million in FY17 to $62 million in FY19; increased the contribution of the Americas business from seven per cent of Group EBITDA in FY17 to 36 per cent in FY19; and grown its Quality, Testing and Measurement (**QTM**) businesses (herein known as Intega) from eight per cent of Group EBITDA in FY17 to 39 per cent in FY19.

These material achievements have allowed the Cardno Board to consider the strategic future of Cardno, with a focus on building long term value for our shareholders. After the consideration of alternative options, your Board believes this would be best achieved through demerging into two separately listed ASX-listed businesses.

- Following the Demerger, Intega will own and operate the Quality, Testing and Measurement Business that provides construction materials testing, subsurface utility engineering services, owners' representative services, associated environmental testing, geotechnical engineering and quality assurance. This business has invested in proprietary software to support efficient and verifiable quality, testing and management, and to enable it to become a significant provider of these services in Australia, Texas and the broader United States.
- Cardno will comprise of three operating entities, namely Asia Pacific Consulting, Americas Consulting and International Development Consulting. Cardno has developed deep expertise in environmental consulting, infrastructure consulting and international development consulting over the past 75 years. This business is investing in digital engineering and key account planning as well as strengthening business development and knowledge management to drive growth.

The Cardno Board believes that separating Intega from Cardno will create shareholder value through each business being able to focus on:

- its own specific growth opportunities;
- distinct culture and operating models;
- increased transparency internally and externally, allowing for more effective management oversight;
- access to capital and debt markets based on specific company characteristics; and
- increased performance accountability.

The Cardno Board reached this decision after considering a range of potential alternatives. Having regard to the advantages, disadvantages and risks of the Demerger (as outlined in Sections 2 and 5), the Cardno Board determined that the Demerger had the potential to deliver greater value to Cardno Shareholders over time than the other alternatives considered.

If the Demerger proceeds, it will be implemented via a capital reduction and scheme of arrangement under which each Eligible Cardno Shareholder will receive one Intega Share for each Cardno Share they hold on the Demerger Scheme Record Date, expected to be 7:00pm (Sydney time) on Wednesday, 23 October 2019. The Intega Shares will trade on the ASX immediately following implementation of the Demerger. Cardno Shareholders will also retain

[1] The independent directors of Cardno, Jeffrey Forbes, Rebecca Ranich and Steven Sherman, separately considered the Demerger proposal and possible alternatives and concluded that the Demerger is in the best interests of Cardno Shareholders.

their shareholding in Cardno. Post-implementation of the proposed Demerger, Eligible Cardno Shareholders will have the choice to retain their Cardno Shares and Intega Shares or sell either or both.

After considering alternatives for Intega and the advantages and disadvantages of the Demerger, the Cardno Board unanimously considers that the Demerger is in the best interests of Cardno Shareholders. Lonergan Edwards, the Independent Expert appointed by Cardno, has also concluded that the Demerger is in the best interests of Cardno Shareholders. A copy of the Independent Expert's Report is provided for you in Attachment A of this Demerger Scheme Booklet.

The Demerger must be approved by Cardno Shareholders in order to proceed and your vote is important. On behalf of your Board, I strongly encourage you to vote on the Demerger resolutions in person, by proxy, by attorney, or in the case of a corporation, by corporate representative, at the Demerger Scheme Meeting and General Meeting to be held consecutively on Thursday, 10 October 2019 at The Hobart Room, Sofitel Sydney Wentworth, 61-101 Phillip Street, Sydney. These meetings will follow the Annual General Meeting which commences at 10.00am (Sydney time). For your Proxy Form to be effective it must be received by 10.00am (Sydney time) on Tuesday, 8 October 2019[2].

I encourage you to read this Demerger Scheme Booklet in detail as it contains important information that will assist you in making an informed decision on this Demerger. If you have any questions in relation to this Demerger Scheme Booklet or the Demerger, please call the Cardno Shareholder Line on 1300 381 478 (within Australia) or +61 3 9415 4108 (outside Australia) Monday to Friday between 8.30am and 5.00pm (Sydney time), visit the Cardno website at www.cardno.com or seek independent legal, financial, taxation or other professional advice.

Crescent Capital, who has 50.43 per cent voting power in Cardno as at the date of this Demerger Scheme Booklet, intends to vote all the Cardno Shares in their control in favour of the Demerger. Jeffrey Forbes, the only Cardno Director who holds or controls Cardno Shares, also intends to vote all the Cardno Shares in his control[3] in favour of the Demerger. On behalf of the Cardno Board, I strongly urge you to support this important proposal by voting in favour of it.

Yours faithfully,

Michael Alscher
Chairman
Cardno Limited

[2] Cardno Shareholders should take note that daylight saving time will be in effect.

[3] As at the date of this Demerger Scheme Booklet, Jeffrey Forbes controls 0.03 per cent of Cardno Shares on issue.

Key dates relating to the Demerger

Key event	Date
Before Cardno Shareholders approve the Demerger	
Proxy Form deadline Last time and date by which the Demerger Scheme Meeting and General Meeting Proxy Forms must be received by the Cardno Share Registry	10.00am (Sydney time) on Tuesday, 8 October 2019[4]
Meetings Record Date Time and date for determining eligibility to vote at the Demerger Scheme Meeting and General Meeting	7.00pm (Sydney time) on Tuesday, 8 October 2019
Annual General Meeting To be held at The Hobart Room, Sofitel Sydney Wentworth, 61-101 Phillip Street, Sydney *Please see the separate notice of meeting for information about voting at and the business of the Annual General Meeting*	10.00am (Sydney time) on Thursday, 10 October 2019
Demerger Scheme Meeting To be held at The Hobart Room, Sofitel Sydney Wentworth, 61-101 Phillip Street, Sydney	11.30am (Sydney time) on Thursday, 10 October 2019
General Meeting To be held at The Hobart Room, Sofitel Sydney Wentworth, 61-101 Phillip Street, Sydney	12.15pm (Sydney time) (or as soon after that time as the Demerger Scheme Meeting has concluded) on Thursday, 10 October 2019
If Cardno Shareholders approve the Demerger	
Second Court Hearing To approve the Demerger Scheme	Friday, 18 October 2019
Effective Date This is the date on which the Court order approving the Demerger Scheme is lodged with ASIC and the Demerger Scheme becomes Effective and binding on Cardno Shareholders. Last date that Cardno Shares trade on the ASX cum-entitlements under the Demerger Scheme	Monday, 21 October 2019
ASX Listing of Intega	Tuesday, 22 October 2019

[4] Cardno Shareholders should take note that daylight saving time will be in effect.

Key event	Date
Intega Shares expected to commence trading on the ASX on a deferred settlement basis Cardno Shares commence trading on the ASX on an ex-Demerger Scheme entitlement basis	
Election deadline for Small Shareholders Last time and date by which Sale Facility Election Forms and Sale Facility Election Withdrawal Forms must be received by the Cardno Share Registry from Small Shareholders	5.00pm (Sydney time) on Wednesday, 23 October 2019
Demerger Scheme Record Date Time and date for determining entitlements to Intega Shares under the Demerger	7.00pm (Sydney time) on Wednesday, 23 October 2019
Demerger Implementation Date Transfer of Intega Shares to Eligible Cardno Shareholders or Sale Agent (as applicable) All remaining steps to implement the Demerger (e.g. any restructuring) must be completed on or before this date	Thursday, 31 October 2019
Despatch of holding statements to Intega Shareholders and last day of deferred settlement trading for Intega Shares	Thursday, 31 October 2019
Intega Shares expected to commence trading on a normal settlement basis	Friday, 1 November 2019
Intega Shares sold by the Sale Agent on behalf of Selling Shareholders	Friday, 1 November 2019 to Thursday, 28 November 2019
Despatch of payments to Selling Shareholders	Friday, 29 November 2019

Next steps and key actions for Cardno Shareholders

(a) Carefully read this Demerger Scheme Booklet

This Demerger Scheme Booklet is an important document and you should read it carefully and in its entirety (including the advantages, disadvantages and risks of the Demerger described in Section 2, the Notice of Demerger Scheme Meeting at Attachment E and Notice of General Meeting at Attachment F) before making a decision on how to vote at the Demerger Scheme Meeting and the General Meeting.

(b) Vote on the Demerger

If you are a Cardno Shareholder on the Meetings Record Date, you are entitled to vote on whether the Demerger Scheme should proceed at the Demerger Scheme Meeting.

The Capital Reduction will form the consideration for the transfer of the Intega Shares to Cardno Shareholders under the Demerger. If you are a Cardno Shareholder on the Meetings Record Date, you are entitled to vote on whether to approve the Capital Reduction at the General Meeting.

As a Cardno Shareholder, you have a say in whether the Demerger will proceed. This is your opportunity to play a role in deciding the future of Cardno.

Please refer to the following pages of this Demerger Scheme Booklet, the Notice of Demerger Scheme Meeting at Attachment E and Notice of General Meeting at Attachment F for details on how to vote at the Demerger Scheme Meeting and the General Meeting, including by proxy.

(c) If you are a Small Shareholder, choose whether to keep or sell the Intega Shares that you are entitled to receive under the Demerger

If you are a Small Shareholder (who holds 5,000 or fewer Cardno Shares as at the Demerger Scheme Record Date), you may elect to have all the Intega Shares that you would otherwise receive under the Demerger sold by the Sale Agent and the Sale Facility Proceeds remitted to you, free of any brokerage costs or stamp duty (but excluding any interest and after deducting any applicable withholding tax).

Small Shareholders who do not wish to receive Intega Shares under the Demerger can elect not to do so by either:

(i) lodging a Sale Facility Election online through the Demerger Website (www.cardnodemerger.com) by following the instructions and prompts; or

(ii) completing and returning the enclosed Sale Facility Election Form using the reply paid or self-addressed envelope to:

Computershare Investor Services Pty Limited
GPO Box 1282
Melbourne Victoria 3001
Australia

Sale Facility Election Forms must be received by the Cardno Share Registry by 5.00pm (Sydney time) on Wednesday, 23 October 2019.

Small Shareholders may withdraw their Sale Facility Election through the Demerger Website or by lodging a Sale Facility Election Withdrawal Form, which must be received by the Cardno Share Registry by 5.00pm (Sydney time) on Wednesday, 23 October 2019.

(d) Seek further information

If you have any questions in relation to the Demerger Scheme or the number of Cardno Shares you hold or how to vote, please call the Cardno Shareholder Information Line on 1300 381 478 (within Australia) or +61 3 9415 4108 (outside Australia) Monday to Friday between 8.30am and 5.00pm (Sydney time).

Please note that the Cardno Shareholder Information Line cannot provide any financial, taxation or investment advice and cannot comment on the merits of the Demerger. If you have any questions about your individual financial or taxation circumstances, please contact your financial, legal, taxation or other professional advisers.

How to vote on the Demerger Resolutions

Who is entitled to vote at the Demerger Scheme Meeting and General Meeting?

If you are registered on the Cardno Register as a Cardno Shareholder at 7.00pm on Tuesday, 8 October 2019, then you will be entitled to vote on:

(a) the resolution to approve the Demerger Scheme at the Demerger Scheme Meeting;

(b) the resolution to approve the Capital Reduction at the General Meeting; and

(c) the resolution to approve the Cardno Financial Assistance at the General Meeting.

Registrable transmission applications or transfers registered after this time will be disregarded in determining entitlements to vote at the Demerger Scheme Meeting and the General Meeting.

Voting is not compulsory.

Joint holders

In the case of Cardno Shares held by joint holders, only one of the joint holders is entitled to vote. If more than one joint Cardno Shareholder votes in respect of jointly held Cardno Shares, only the vote of the Cardno Shareholder whose name appears first on the Cardno Register will be counted.

Location and details of Demerger Scheme Meeting and General Meeting

The details of the Demerger Scheme Meeting are as follows:

Location	The Hobart Room, Sofitel Sydney Wentworth, 61-101 Phillip Street, Sydney
Date	Thursday, 10 October 2019
Time	11.30am (Sydney time)

The details of the General Meeting are as follows:

Location	The Hobart Room, Sofitel Sydney Wentworth, 61-101 Phillip Street, Sydney
Date	Thursday, 10 October 2019
Time	12.15pm (Sydney time) (or as soon after that time as the Demerger Scheme Meeting has concluded)

Notice of Demerger Scheme Meeting

A copy of the Notice of Demerger Scheme Meeting is set out in Attachment E to this Demerger Scheme Booklet.

Section 6.4(a) provides details of the Demerger Scheme Resolution and the Requisite Majorities that are required for the Demerger Scheme Resolution to be passed.

Notice of General Meeting

A copy of the Notice of General Meeting is set out in Attachment F to this Demerger Scheme Booklet.

Section 6.4(b) provides details of the Capital Reduction Resolution and the Requisite Majority that is required for the Capital Reduction Resolution to be passed.

Section 9 provides details of the Cardno Financial Assistance Resolution and the Requisite Majority that is required for the Cardno Financial Assistance Resolution to be passed.

Voting in person, by attorney or corporate representative

To vote in person at the Meetings, Cardno Shareholders must attend the Meetings to be held at The Hobart Room, Sofitel Sydney Wentworth, 61-101 Phillip Street, Sydney on Thursday, 10 October 2019.

The Meetings comprise the Demerger Scheme Meeting (which will commence at 11.30am (Sydney time)) and the General Meeting (which will commence at 12.15pm (Sydney time) (or as soon after that time as the Demerger Scheme Meeting has concluded)).

A Cardno Shareholder who wishes to attend and vote at the Meetings in person will be admitted to the Meetings and given a voting card upon disclosure of their name and address at the point of entry.

Persons who are attending as an attorney should bring the original or a certified copy of the power of attorney to the Meetings, unless it has already been noted by Cardno. The power of attorney must also be provided to the Cardno Share Registry in the same manner, and at the same time, as outlined for the proxy forms below.

Persons who are attending as a corporate representative for a corporation must bring evidence of their appointment unless this has otherwise been noted by the Cardno Share Registry. The appointment must comply with section 250D of the Corporations Act. An authorised corporate representative will be admitted to the Meetings and given a voting card upon providing written evidence of their appointment (including any authority under which it is signed), their name and address and the identity of their appointer, at the point of entry to the Meetings.

Voting by proxy

Your light blue personalised Demerger Scheme Meeting Proxy Form and your light green personalised General Meeting Proxy Form accompany this Demerger Scheme Booklet.

Information setting out how you may vote by proxy is contained in the Notice of Demerger Scheme Meeting in Attachment E and Notice of General Meeting in Attachment F. If your proxy form is signed by an attorney, please also enclose the original authority under which the proxy form is signed (or a certified copy of the authority).

Proxy forms may be lodged as follows:

- **Online** via www.investorvote.com.au and logging in using the information found on the front of your personalised proxy form.
- **Mail** the completed proxy forms to GPO Box 1282, Melbourne Victoria, 3001 using the reply-paid or self-addressed envelope provided.
- **Fax** the completed proxy forms to the Cardno Share Registry on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

Proxy forms, together with any power of attorney or authority under which the proxy form is signed, must be received no later than 10.00am on Tuesday, 8 October 2019. Proxy forms received after this time will be invalid.

A proxy will be admitted to the Meetings and given a voting card upon providing written evidence of their name at the point of entry to the Meetings. The sending of a proxy form will not preclude a Cardno Shareholder from attending in person and voting at the Meetings. However, under the Corporations Act the presence of a shareholder at a meeting suspends his or her proxy's rights to speak and vote.

1 Questions and answers

Question	Answer	Relevant section(s) of this Booklet
Background and overview of the Demerger		
What is the Demerger?	The Demerger is the proposed separation of Cardno's Quality, Testing and Measurement Business from Cardno to create an independent ASX-listed business called Intega. The Demerger is proposed to occur by way of a scheme of arrangement and capital reduction, which will result in 100 per cent of the Intega Shares being transferred to, or for the benefit of, Cardno Shareholders. Eligible Cardno Shareholders (other than Selling Shareholders) will be entitled to one Intega Share for every one Cardno Share they hold as at the Demerger Scheme Record Date. Cardno Shareholders will retain their Cardno Shares. The Demerger does not require any Cardno Shareholder to pay cash for Intega Shares. If the Demerger is implemented, Intega, which is currently a wholly-owned subsidiary of Cardno, will become a standalone entity listed on the ASX.	Sections 2.1 and 6.1
What is the Demerger Scheme?	The Demerger Scheme is a scheme of arrangement between Cardno and Demerger Scheme Participants under Part 5.1 of the Corporations Act. A scheme of arrangement is a statutory procedure that can be used, among other things, to enable a demerger of shares in a subsidiary of a company to its shareholders. Cardno Shareholders will be asked to approve the Demerger Scheme at the Demerger Scheme Meeting.	Section 6.1
Why has the Demerger been proposed by the Cardno Board?	The Cardno Board believes that separating Intega from Cardno will create material shareholder value through each business being able to focus on: • its own specific growth opportunities, including facilitated by competitors to Cardno being more inclined to use Intega for services provided by the QTM Businesses; • distinct culture and operating models with Intega (a predominantly field-based workforce) versus Cardno Consulting (a predominantly consulting services workforce); • increased transparency internally and externally, allowing for more effective management oversight; • access to capital and debt markets based on specific company make up; and • increased performance accountability.	Section 2

Question	Answer	Relevant section(s) of this Booklet
	The Cardno Board started the separation process of the Quality, Testing and Measurement Business in FY17, when it separated out the majority of the Quality, Testing and Measurement Business from the consulting divisions into “Portfolio Companies” and “Construction Sciences”. With the acquisition of Raba Kistner in 2018, the Quality, Testing and Measurement Business is now of sufficient scale to operate as an independent ASX-listed business under Intega. The Demerger allows Cardno Shareholders to choose whether to directly invest in one or both of Cardno and Intega after the Demerger based on their individual investment objectives, risk tolerances and desired sector exposures. Additional advantages of the Demerger are set out in Section 2.2. Potential disadvantages of the Demerger are set out in Section 2.3.	
What alternatives did the Cardno Board consider?	The Cardno Board has determined that the Demerger has the potential to deliver greater value to Cardno Shareholders over time than the other alternatives considered, including maintaining the status quo, undertaking an initial public offering of Intega, or a sale of Intega. The Cardno Board has unanimously concluded that the Demerger is in the best interests of Cardno Shareholders having regard to the available alternatives as well as the advantages, disadvantages and risks of the Demerger (as outlined in Sections 2 and 5).	None
What is Intega?	Intega is currently a wholly-owned subsidiary of Cardno. Following the Demerger, Intega will be a separate legal entity listed on the ASX and will operate the Quality, Testing and Measurement Business. The Quality, Testing and Measurement Business had around 1,957 employees in 101 permanent offices as at 30 June 2019.[5] The QTM Business operates primarily in Australia, the United States, Canada and New Zealand. The services that the Quality, Testing and Measurement Business focuses on include: • providing conformance tests on construction materials to help determine whether the construction of a project	Section 3

[5] All numbers in this Demerger Scheme Booklet are pro-forma’ed to include the Cardno UES business into the Intega numbers as if it had occurred on 30 June 2019. Operational control of the Cardno UES was not formally transferred to Intega until July 2019.

Question	Answer	Relevant section(s) of this Booklet
	is meeting the standards specified by the designer/owner and standard regulations; • providing subsurface utility engineering services such as mapping of the location and condition of pipes and cables; • providing owners' representative services and environmental testing services to ensure quality and environmental requirements of a build are met; • providing geotechnical engineering services including design of temporary works, bored pile supervision, and geotechnical investigation; and • providing quality assurance on critical components for energy and petrochemical companies.	
Recommendations and voting intentions		
What is the recommendation of the Cardno Directors?	The Cardno Directors unanimously recommend that Cardno Shareholders vote in favour of the Demerger Resolutions to be considered at the Demerger Scheme Meeting and General Meeting.[6] The independent directors of Cardno, Jeffrey Forbes, Rebecca Ranich and Steven Sherman, separately considered the Demerger and concluded that it is in the best interests of Cardno Shareholders. The reasons for this recommendation are set out in Section 2.1. Section 2.3 includes a summary of the possible reasons not to vote in favour of the Demerger.	Section 2.1
How do the Cardno Directors intend to vote?	Jeffrey Forbes, Cardno Director, intends to vote, or cause to be voted, all Cardno Shares held or Controlled by him in favour of the Demerger Resolutions. No other Cardno Director holds or controls Cardno Shares.	Sections 2.1 and 8.1
What is the intention of Crescent Capital?	As at the Last Practicable Trading Date, Crescent Capital held voting power in 50.43 per cent of the Cardno Shares. Crescent Capital is currently represented on the Cardno Board by Michael Alscher, Neville Buch and Nathanial Thomson.	Section 8.9

[6] In addition to remaining on the Cardno Board, each of Jeffrey Forbes, Michael Alscher and Steven Sherman will join the Intega Board. Due to the additional work required relating to additional board meetings and director responsibilities, on an annualised basis Jeffrey Forbes will receive an additional $75,000 of director fees, and Michael Alscher and Steven Sherman will each receive an additional $70,000 in director fees. Neville Buch will resign from the Cardno Board on implementation of the Demerger but will receive a net increase of $20,000 of director fees in his new role as Chairman of Intega.

Question	Answer	Relevant section(s) of this Booklet
	Crescent Capital are supportive of the Demerger and believe that it is in the long-term best interests of Cardno Shareholders. Crescent Capital intends to vote all Cardno Shares held by them in favour of the Demerger Resolutions.	
What is the Independent Expert's opinion on the Demerger?	The Independent Expert, Lonergan Edwards, has concluded that the Demerger is in the best interests of Cardno Shareholders. A copy of the concise Independent Expert's Report is contained in Attachment A.	Section 2.2(e) and Attachment A
What protocols have the Cardno Board and Intega Board put in place to manage conflicts?	The Cardno Board and Intega Board recognise that certain matters relating to the Demerger may give rise to a conflict of interest for directors who are directors of both Cardno and Intega. Both boards have adopted a conflicts protocol to manage any conflicts which arise as a result of the Demerger. The conflicts protocol requires directors who sit on both boards to exercise their judgement on a case-by-case basis and if they consider it would be inappropriate to participate in discussions on or vote on a potential conflict matter, they must recuse themselves from participating in the discussions and abstain from voting on that matter.	None
Advantages and disadvantages of, and risks relating to, the Demerger		
What are the advantages of the Demerger?	The potential advantages of the Demerger include the separation of Intega and Cardno and will allow: • each business to be more aligned culturally and operationally; • competitors to Cardno to be more inclined to use Intega for services provided by the QTM Businesses; • investors with different investment strategies and preferences to choose their level of investment in Cardno and Intega; • separate boards and management teams to be empowered to pursue independent strategies and operational initiatives; and • tailored capital structures and financial policies appropriate for each business' scale, operations and strategic objectives. In addition, the Independent Expert has concluded that the Demerger is in the best interests of Cardno Shareholders. These advantages, together with other advantages of the Demerger, are discussed in Section 2.2.	Section 2.2

Question	Answer	Relevant section(s) of this Booklet
What are the main disadvantages of the Demerger?	The potential disadvantages of the Demerger include: • separate entities will be smaller and less diversified; • the businesses will have additional corporate, financial and operating costs; • the businesses will incur one-off transaction costs associated with the Demerger; and • some Cardno Shareholders will not be eligible to receive Intega Shares as part of the Demerger and some shareholders may be unable to continue to hold Cardno Shares or Intega Shares after the Demerger. These disadvantages, together with other disadvantages of the Demerger, are discussed in Section 2.3.	Section 2.3
What are the potential risks relating to the Demerger?	The risks of the Demerger include: • the expected advantages of the Demerger may not materialise; • there will be uncertainty about the combined market value and trading of Intega Shares and Cardno Shares after the Demerger; • there is the potential for delays, unexpected costs and other issues in establishing Intega as a standalone legal entity; • the Quality, Testing and Measurement Business' historical financial information may not reflect the results of a standalone, ASX-listed company; • counterparties to certain Cardno and Intega contracts may be entitled to terminate the contract upon a change of control caused by the Demerger; and • the Court may not approve the Demerger or its approval may be delayed. These risks are discussed in Section 5.2. You should review Section 5.2 carefully before deciding whether or not to vote in favour of the Demerger.	Section 5.2
What are the risks of an investment in Intega?	The risks of an investment in Intega include: • existing business risks including competition risks, branding and reputation risks, professional negligence risks and business cycle risks, acquisition risks, disruption to the proprietary software risks, oil and gas price risks, customer loss risks, loss of key personnel risks, industrial dispute risks, tax position or accounting rule change risks, insurance and litigation risks and regulatory risk; and	Section 5.3

Question	Answer	Relevant section(s) of this Booklet
	• new business risks include share trading price and share liquidity risk, financing costs risk, capital structure and dividend risks. These risks are discussed further in Section 5.3. You should review Section 5.3 carefully before deciding whether or not to vote in favour of the Demerger.	
What are the risks of an investment in Cardno after the Demerger?	The risks of an investment in Cardno after the Demerger include: • existing business risks including competition risks, branding and reputation risks, professional negligence risks and business cycle risks, acquisition risks, labour cost risks, customer loss risks, loss of key personnel risks, industrial dispute risks, tax position or accounting rule change risks, insurance and litigation risks and regulatory risks; and • new business risks include risks associated with becoming less diversified, share trading price and share liquidity risk, financing costs risk, capital structure and dividend risks. These risks are discussed further in Section 5.4. You should review Section 5.4 before deciding whether or not to vote in favour of the Demerger.	Section 5.4
Overview of Intega after implementation of the Demerger		
What will Intega's growth priorities be after the Demerger?	Intega's growth priorities are set out in Section 3.3. These include: • continued organic growth driven by the need for additional investment in infrastructure and general development in both Australia and the United States; • continued geographic expansion in the United States. Currently around 33 per cent of the QTM Business' Americas workforce is in Texas; the business has the capacity to materially grow in other regions of the United States. This may include both organic and acquisition-led expansion; • improving the operational performance and profitability of the UES division in the Americas; and • continued expansion of service lines in Asia Pacific. The future growth priorities of Intega will ultimately be a matter for the Intega Board and senior management team and will develop over time to suit the strategic environment of the business.	Section 3.3

Question	Answer	Relevant section(s) of this Booklet
When will Intega Shares trade separately?	It is expected that Intega Shares will commence trading on the ASX on Tuesday, 22 October 2019, initially on a deferred settlement basis. It is the responsibility of Eligible Cardno Shareholders to determine their entitlement to Intega Shares before trading in Intega Shares, especially during the deferred settlement trading period. Trading on the ASX of Intega Shares on a normal settlement basis is expected to commence on Friday, 1 November 2019.	Section 6.8
What will Intega's share price be?	There is no certainty as to the price of Intega Shares after implementation of the Demerger.	Section 5.2(b)
In which stock market index will Intega be eligible for inclusion?	Intega may be eligible for inclusion in the S&P/ASX 300. However, no assurance can be provided that Intega will enter the index or will remain in the index in the future.	Section 5.2(b)
What additional ongoing costs will Intega have as a standalone listed company?	The additional costs that will be added by the Demerger are in the region of $1.8 million per annum. These relate to additional Intega Board, insurance and compliance costs.	Section 2.3(b)
What will Intega's capital structure be?	Intega will have a AUD $97.0 million and US $7 million syndicated bank loan facility. See Section 3.6(i) for further details. Intega will have ordinary shares on issue at the time of the Demerger. Intega intends to issue Performance Rights and Options to key executives on or shortly after implementation of the Demerger.	Sections 3.6, 3.10(b) and 6.3(b)
In what currency will Intega report its financial information?	Intega will report its financial information in Australian dollars. However, due to Intega's operations in the United States, there is exposure to fluctuations of the Australian dollar exchange rate with the United States dollar.	Section 5.3(b)(xi)
What will Intega's financial year end be?	Intega's financial year end will be 30 June.	None
What will be Intega's strategy after the Demerger?	The Intega Board has confirmed its intention to focus on a number of strategic priorities following the Demerger including: • geographical expansion in the United States, through both organic growth and acquisitions; and	Section 3.3

Question	Answer	Relevant section(s) of this Booklet
	• operational performance improvement, particularly in the UES division in the Americas. The future of Intega, and the Quality, Testing and Measurement Business, will ultimately be a matter for the Intega Board and senior management to develop over time and is subject to change as circumstances require. Intega's strategic priorities are set out in Section 3.3.	
What will Intega's dividend policy be?	The dividend policy of Intega will be decided by the Intega Board. However, Intega's current expectation is that it does not intend to pay a dividend in the FY20 year but will assess this decision based on available franking credits, current year earnings and cash flow, future cash flows and credit metrics.	Section 5.3(c)(iii)
In what currency will dividends be paid?	If dividends are paid, they will be declared by Intega in Australian dollars and will also be paid to Intega Shareholders in Australian dollars.	None
Who will be on the Intega Board?	Following the Demerger, the Intega Board will comprise five directors: • Neville Buch – Chair • Matt Courtney – Managing Director and Chief Executive Officer • Michael Alscher – Deputy Chair • Jeff Forbes – Non-Executive Director • Steve Sherman – Non-Executive Director Details of the directors can be found in Section 3.4(a).	Section 3.4(a)
Who will be in Intega's senior leadership team?	Following the Demerger, Intega's key management personnel will be: • Matt Courtney – Chief Executive Officer • Shael Munz – Chief Financial Officer	Section 3.4(b)
What commercial arrangements will Cardno and Intega have with each other after the Demerger?	Cardno and Intega will enter into the Transitional Services Agreement to provide a number of support functions for the next 15-21 months including IT support services, internal audit and tax advice, accounts payable and receivables management, fixed asset accounting, facilities management services, and 401K and benefits services. The following support services will not be provided under the Transitional Services Agreement: executive costs, legal costs, financial accounting, company secretarial work,	Section 6.10(d)

Question	Answer	Relevant section(s) of this Booklet
	procurement, insurance, payroll, LTI management, proprietary software support and external audit work. The key terms of the Transitional Services Agreement are summarised in Section 6.10(d). Other than the Transitional Services Agreement, there are no material commercial agreements between Cardno and Intega (outside of the proposed Demerger).	
When will Intega release its first financial results as a standalone company?	Half year results ending 31 December 2019 are expected to be reported on or around 28 February 2020. Full year results ending 30 June 2020 are expected to be reported on or around 28 August 2020.	None
Overview of Cardno after implementation of the Demerger		
Will Cardno own any Intega Shares after the Demerger?	No. Immediately after implementation of the Demerger, all of the Intega Shares will be held by Eligible Cardno Shareholders (and the Sale Agent on behalf of Selling Shareholders) and Cardno will cease to hold any Intega Shares.	Section 6.3(b)
What will the Cardno Share price be after the Demerger?	There is no certainty as to the price of Cardno Shares after implementation of the Demerger.	Section 5.2(b)
In which stock market index will Cardno be eligible for inclusion?	Subject to the ASX applying a consistent approach to the calculation of Cardno's market capitalisation post-Demerger as has historically been applied, it is anticipated that, upon implementation of the Demerger, Cardno will be eligible for inclusion in the S&P/ASX 300. However, no assurance can be provided that Cardno will remain eligible or continue in the index in the future.	Section 5.2(b)
What will Cardno's strategy be after the Demerger?	Cardno's strategic focus after the Demerger includes: • improve the EBITDA margin of the Asia Pacific division through operational focus, organic growth and acquisitions; • expand the consulting service offerings and increase the margin of the Americas division through organic growth and acquisitions; and • increase the focus of the International Development business on private sector consulting and growing the business in its core offerings through organic growth and acquisitions.	Section 4.3

Question	Answer	Relevant section(s) of this Booklet
	Additional details on Cardno's strategy after the Demerger can be found in Section 4.3.	
Who will be on the Cardno Board after the Demerger?	Following the Demerger, the Cardno Board will comprise six directors: • Michael Alscher – Chair • Ian Ball – Managing Director and Chief Executive Officer • Jeff Forbes – Non-Executive Director • Rebecca Ranich – Non-Executive Director • Steve Sherman – Non-Executive Director • Nathanial Thomson – Non-Executive Director Details of the qualifications of these directors can be found at Section 4.5(a).	Section 4.5(a)
Who will be in Cardno's senior leadership team after the Demerger?	Following the Demerger, Cardno's key management personnel will comprise: • Ian Ball – Managing Director and Chief Executive Officer • Peter Barker – Chief Financial Officer	Section 4.5(b)
What will Cardno's dividend policy be after the Demerger?	Cardno has not paid dividends for more than three years. Instead, Cardno has used excess cash flow generated to repurchase shares on market, fund acquisitions and pay down debt. The Cardno Board assesses its dividend policy on an annual basis and considers the available franking credits, current earnings and cash flows, future cash flows and credit metrics. The Cardno Board's current expectation is that it does not intend to pay a dividend in the FY20 year however the Cardno Board may reassess this expectation based on available franking credits, current year earnings and cash flow, future cash flows and credit metrics.	Section 5.4(c)(ii)
What operations will Cardno have after the Demerger?	After the Demerger, Cardno Consulting will be a provider of environmental, infrastructure and development consulting, primarily in Australia and the United States with around 4,482 employees in 124 permanent offices on 30 June 2019. Cardno Consulting will focus on: • providing environmental consulting services including environmental assessment, permitting, restoration, remediation and environmental management;	Section 4.3

Question	Answer	Relevant section(s) of this Booklet
	• providing infrastructure consulting services including civil engineering, construction engineering inspection, asset management, planning, structural engineering and military base master planning to ensure that the built environment is compliant with the required regulations and the needs of end users; and • providing international development services including developing and managing innovative and sustainable development solutions for a range of donor clients, foundations and international organizations, and private companies.	
What will the capital structure of Cardno be post the Demerger?	Cardno has entered into new financing arrangements with HSBC Australia, HSBC USA, NAB and Investec in connection with the Demerger. Cardno has (subject to the satisfaction of certain conditions precedent) committed bank facilities of AUD$189.5 million and US$3 million. See Section 4.7(n) for further details. Cardno will have ordinary shares, Performance Rights and Options on issue at the time of the Demerger and no other equity securities.	Sections 4.7 and 8.7
Demerger implementation and process		
What are key steps required to implement the Demerger?	The key remaining steps to implement the Demerger are: • approval of the Demerger Resolutions by Cardno Shareholders; • Court approval of the Demerger Scheme at the Second Court Hearing; • lodgement of the Court order with ASIC, which will cause the Demerger Scheme to become Effective; • completion of the Restructure; • approval of admission of Intega to the Official List of the ASX and Official Quotation of Intega Shares by the ASX; and • Eligible Cardno Shareholders (other than the Selling Shareholders) receiving Intega Shares by way of implementation of the Demerger Scheme. Following lodgement of the Court order with ASIC, the Demerger Scheme will become Effective and will be implemented. This will involve the Capital Reduction Amount being applied by Cardno, on behalf of Cardno Shareholders, as consideration for the transfer to those shareholders of one Intega Share for every one Cardno Share held on the Demerger Scheme Record Date. The Intega Shares to which Ineligible Foreign Holders would	Section 6

Question	Answer	Relevant section(s) of this Booklet
	otherwise be entitled will be transferred to the Sale Agent and sold, as explained in Section 6.6. No amount of cash will be paid to Cardno Shareholders as a result of the Capital Reduction. If the Court approves the Demerger Scheme, Intega Shares are expected to trade separately on the ASX from Tuesday, 22 October 2019, initially on a deferred settlement basis. Trading on the ASX of Intega Shares on a normal settlement basis is expected to commence on Friday, 1 November 2019. Section 6 contains further details of the Demerger, including a description of the approval thresholds and other conditions that must be satisfied or waived for the Demerger to proceed.	
What is the Capital Reduction?	The Capital Reduction is a return of capital to Demerger Scheme Participants on their Cardno Shares equal to the Capital Reduction Entitlement. The Capital Reduction is an equal capital reduction pursuant to section 256B(1) of the Corporations Act. The Capital Reduction Entitlement will not be paid in cash to Cardno Shareholders. Instead, the Capital Reduction Entitlement will be applied on behalf of Cardno Shareholders as consideration for the transfer of Intega Shares under the Demerger Scheme. The Capital Reduction is conditional on the Demerger Scheme becoming Effective. This means that Cardno will not undertake the Capital Reduction unless the Demerger Scheme becomes Effective. The Capital Reduction must be approved by a simple majority (more than 50 per cent) of votes cast by Cardno Shareholders on the Capital Reduction Resolution. Cardno is of the view that, taking into account all relevant matters, the Capital Reduction is fair and reasonable to Cardno Shareholders as a whole and will not materially prejudice the ability of Cardno to pay its creditors. The Independent Expert has concluded that the Capital Reduction will not materially prejudice existing Cardno creditors. A copy of the Independent Expert's Report is set out at Attachment A.	Section 6.1(c)
Why am I being asked to approve Financial Assistance?	The Demerger and certain Pre-Demerger Restructure Steps will involve the acquisition of shares in certain Australian Intega Obligors. Amounts borrowed under the Intega Facilities Agreement will be applied to fund certain	Section 9

Question	Answer	Relevant section(s) of this Booklet
	payments due in connection with the Demerger and the Restructure. Under the Corporations Act, the entry by the Australian Intega Obligors into, and the performance by each Australian Intega Obligor of its rights and obligations under, the Intega Finance Documents and the Intega Security constitutes the giving of financial assistance in connection with the Demerger and the Restructure which must be approved by Cardno Shareholders. The reason for the giving of the financial assistance is to facilitate the Demerger.	
Is the Demerger subject to any conditions?	Implementation of the Demerger is subject to a number of Conditions Precedent, which are, in summary: • the Demerger Scheme being approved by the Requisite Majorities of votes at the Demerger Scheme Meeting; • the Capital Reduction being approved by the Requisite Majority of votes at the General Meeting; • the Cardno Financial Assistance Resolution being approved by the Requisite Majority of votes at the General Meeting; • the Demerger Scheme being approved by the Court at the Second Court Hearing; • the ASX approving the admission of Intega to the Official List and granting permission for Official Quotation of Intega Shares, subject to any conditions that the ASX may reasonably require and which may be acceptable to Cardno and Intega; • between the date of this Demerger Scheme Booklet and the Demerger Scheme Meeting, a majority of Cardno Directors not changing or withdrawing their recommendation to Cardno Shareholders to vote in favour of the Demerger Resolutions; • each of the Demerger Scheme Implementation Deed and Demerger Deed Poll have not been validly terminated; • Cardno obtaining all regulatory approvals which are necessary or, in its reasonable opinion, desirable to implement the Demerger, these approvals not being revoked, and any conditions of these approvals being reasonably satisfactory to Cardno; • the Commissioner of Taxation has not confirmed that the Demerger Ruling Relief will not be granted; and	Section 6.2

Question	Answer	Relevant section(s) of this Booklet
	• each of the Pre-Demerger Restructure Steps is implemented. The Conditions Precedent to the Demerger are set out in full in the Demerger Scheme, a copy of which is at Attachment C.	
Which Cardno Shareholders are eligible to participate in the Demerger?	Cardno Shareholders registered on the Cardno Register as the holders of Cardno Shares at the Demerger Scheme Record Date may be eligible to receive Intega Shares as part of the Demerger, depending on the location of their registered address. Cardno Shareholders whose registered address on the Cardno Register at the Demerger Scheme Record Date is in the following jurisdictions will be Eligible Cardno Shareholders: • Australia and its external territories; • New Zealand; • United States; • United Kingdom; • Canada; • Papua New Guinea; or • Ecuador. As at 4 September 2019, more than 98.45 per cent of Cardno Shareholders (representing more than 99.92 per cent of shares outstanding) are considered to be Eligible Cardno Shareholders. Ineligible Foreign Holders, being Cardno Shareholders whose registered address on the Cardno Register at the Demerger Scheme Record Date is outside the jurisdictions listed above, will not receive Intega Shares and should refer to Sections 6.5 and 6.6 for further information about the treatment of their Demerger Entitlements.	Sections 6.5 and 6.6
Will I need to make any payments to participate in the Demerger?	No. Your Capital Reduction Entitlement will be automatically applied on your behalf under the Demerger Scheme to pay for the Intega Shares to which you are entitled. You do not need to make any separate payment.	Section 6.8
What will Cardno Shareholders receive if the Demerger proceeds?	Eligible Cardno Shareholders will receive one Intega Share for every one Cardno Share they hold at the Demerger Scheme Record Date, which is expected to be at 7.00pm (Sydney time) on Wednesday, 23 October 2019. If, as a result of this calculation, the number of Intega Shares is not	Sections 6.5 and 6.6

Question	Answer	Relevant section(s) of this Booklet
	a whole number, the number will be rounded up to the nearest whole number of Intega Shares. Ineligible Foreign Holders will not receive Intega Shares and should refer to Sections 6.5 and 6.6 for further information about the treatment of their Demerger Entitlements.	
How will I receive the Intega Shares?	Cardno will transfer Intega Shares to Eligible Cardno Shareholders (other than Selling Shareholders) and will enter the name of each Eligible Cardno Shareholder (other than Selling Shareholders) on the Intega Register as the holder of one Intega Share for every one Cardno Share they hold at the Demerger Scheme Record Date.	Section 6.8(a)
When will I receive the Intega Shares?	If the Demerger Scheme becomes Effective, Eligible Cardno Shareholders (other than Selling Shareholders) will have their names entered into the Intega Register and receive the Intega Shares to which they are entitled on the Demerger Implementation Date, which is expected to be Thursday, 31 October 2019.	Section 6.8(b)
Will I be able to trade Intega Shares on the ASX?	Intega intends to apply for admission to the Official List and for Official Quotation of all Intega Shares on the ASX. The Demerger is conditional on the ASX approving the admission of Intega to the Official List and granting permission for Official Quotation of Intega Shares, subject to any conditions that the ASX may reasonably require and which may be acceptable to the Cardno Board. If the Demerger becomes Effective, Intega Shares will trade under the code “ITG” and are expected to commence trading on a deferred settlement basis on or about Tuesday, 22 October 2019 and on a normal settlement basis on or about Friday, 1 November 2019.	Section 6.8(c)
Can I apply for more Intega Shares?	There is no option to apply for more Intega Shares as part of the Demerger. However, once Intega Shares have commenced trading on the ASX, you may seek to acquire Intega Shares on market.	Section 6.5
Will I have to pay brokerage fees or stamp duty?	No brokerage fees or stamp duty will be payable by Cardno Shareholders on the transfer to them of Intega Shares under the Demerger.	Section 7.8
Can I choose to receive cash instead of Intega Shares?	No. Under the Demerger, you may not elect to receive cash instead of Intega Shares. However, if you are an Ineligible Foreign Holder, the Intega Shares to which you would have otherwise been entitled under the Demerger Scheme will be sold on the ASX by the	Sections 6.5 and 6.6

Question	Answer	Relevant section(s) of this Booklet
	Sale Agent and the proceeds will be remitted to you, free of any brokerage costs or stamp duty. In addition, Eligible Cardno Shareholders who are Small Shareholders (i.e., shareholders who hold 5,000 or fewer Cardno Shares as at the Demerger Scheme Record Date) may elect to have the Intega Shares to which they are entitled sold on the ASX by the Sale Agent and the Sale Facility Proceeds remitted to them under the Sale Facility. Small Shareholders who do not make an election to participate in the Sale Facility will receive Intega Shares. The amount of money received by each Selling Shareholder will be calculated on an averaged basis so that all Selling Shareholders receive the same price for each Intega Share sold on their behalf (subject to rounding to the nearest whole cent).	
What is the Sale Facility?	The Sale Facility will be used to sell Intega Shares that otherwise would have been received by: • Ineligible Foreign Holders; and • Small Shareholders who have lodged a valid Sale Facility Election Form (which has not subsequently been withdrawn). Under the Sale Facility, the Sale Agent will, as soon as reasonably practicable (and in any event no more than 20 Business Days after the Demerger Implementation Date), sell those Intega Shares on market. The Sale Facility Proceeds (free of any brokerage costs or stamp duty) will be despatched to Selling Shareholders as soon as practicable. It is anticipated that the Sale Facility Proceeds will be despatched on or about 29 November 2019. The Sale Facility Proceeds will be calculated on an average basis so that all Selling Shareholders receive the same price for each Intega Share sold on their behalf. Selling Shareholders will not receive any interest on the Sale Facility Proceeds relating to their Intega Shares.	Section 6.6(c)
What if I am an Ineligible Foreign Holder?	A Demerger Scheme Participant will be an Ineligible Foreign Holder for the purpose of the Demerger if their registered address on the Cardno Register as at the Demerger Scheme Record Date is a place outside the following jurisdictions: • Australia and its external territories; • New Zealand; • United States; • United Kingdom;	Sections 6.6(a) and 6.6(c)

Question	Answer	Relevant section(s) of this Booklet
	• Canada; • Papua New Guinea; or • Ecuador. Ineligible Foreign Holders are ineligible to receive Intega Shares under the Demerger. If you are an Ineligible Foreign Holder, the number of Intega Shares to which you would have been entitled on the implementation of the Demerger will be transferred to the Sale Agent. The Sale Agent will sell those Intega Shares through the Sale Facility. Please refer to Section 6.6(c) for further details of the Sale Facility.	
What if I am a Small Shareholder?	Cardno Shareholders who individually hold 5,000 or fewer Cardno Shares at the Demerger Scheme Record Date will be Small Shareholders. Small Shareholders who do not wish to receive Intega Shares may elect to participate in the Sale Facility by completing and returning the enclosed Sale Facility Election Form so that it is received by the Cardno Share Registry by 5.00pm (Sydney time) on Wednesday, 23 October 2019. If you are a Small Shareholder as at the Demerger Scheme Record Date who has made a valid Sale Facility Election and has not withdrawn that Sale Facility Election, the number of Intega Shares to which you would have become entitled on the implementation of the Demerger will be transferred to the Sale Agent. The Sale Agent will sell those Intega Shares through the Sale Facility and remit the Sale Facility Proceeds to you. The amount of money received by each Selling Shareholder will be calculated on an averaged basis so that all Selling Shareholders receive the same price for each Intega Share sold on their behalf (subject to rounding to the nearest whole cent). Please refer to Section 6.6(c) for further details of the Sale Facility.	Sections 6.6(b) and 6.6(c)
What is the impact of the Demerger on my Cardno Shares?	The number of Cardno Shares will not change as a result of the Demerger. If you are an Eligible Cardno Shareholder (other than a Selling Shareholder) and the Demerger is implemented, you will hold one Intega Share for every one Cardno Share you hold at the Demerger Scheme Record Date.	Section 6.8

Question	Answer	Relevant section(s) of this Booklet
When will the Demerger Scheme become Effective?	The Demerger Scheme will become Effective on the date on which the Court order approving the Demerger Scheme is lodged with ASIC. The Demerger Scheme is currently expected to become Effective on Monday, 21 October 2019.	Sections 6.1(b) (Step 5) and 6.8(b)(iii)
What happens on the Demerger Implementation Date?	If the Demerger Scheme becomes Effective, on the Demerger Implementation Date: • Cardno will reduce the capital of each Demerger Scheme Share by the Capital Reduction Amount in accordance with the Capital Reduction Resolution; • Cardno will apply the Capital Reduction Entitlement in respect of each Demerger Scheme Participant in accordance with the terms of the Demerger Scheme; and • Cardno will transfer the Intega Shares to Eligible Cardno Shareholders (other than Selling Shareholders) or to the Sale Agent (in respect of Selling Shareholders) and register the transfer in the Intega Register. The Demerger Implementation Date is currently expected to be Thursday, 31 October 2019.	Sections 6.1(b) (Step 3) and 6.8(b)(v)
What are the costs of the Demerger?	The total one-off transaction costs of the Demerger are estimated to be approximately $6.5 million. Of these costs, $5.0 million will be incurred prior to the Meetings, and $1.5 million are contingent on the successful completion of the Demerger. In addition, there are estimated to be $6.6 million of separation implementation costs related to the costs of setting up and changing systems and processes for both Intega and Cardno as a result of the Demerger. Around half of these costs are expected to be spent by Intega and half by Cardno (as some systems will require right sizing and change). These costs are estimates and are subject to change.	Sections 2.3(c) and 8.11
What happens if the Demerger does not proceed?	If the Demerger does not proceed: • the Capital Reduction will not be undertaken by Cardno; • Cardno Shareholders will not receive Intega Shares (or, in the case of Selling Shareholders, they will not receive the proceeds from the sale of Intega Shares); • Cardno Shareholders will retain their current holding of Cardno Shares (unless they otherwise sell such shares);	Section 6.2(b)

Question	Answer	Relevant section(s) of this Booklet
	• Cardno will continue to own Intega and Intega will continue to operate as a division of Cardno; • the advantages of the Demerger, as described in Section 2.2, will not be realised; • the disadvantages and risks of the Demerger described in Sections 2.3 and 5 will not arise; • the Cardno Board may consider alternatives for the QTM Business; and • Cardno will incur transaction costs of approximately $5.0 million (before tax).	
Demerger Scheme Meeting, General Meeting and voting on the Demerger		
When and where will the Meetings be held?	**Demerger Scheme Meeting** The Demerger Scheme Meeting will be held at 11.30am (Sydney time) on Thursday, 10 October 2019 at The Hobart Room, Sofitel Sydney Wentworth, 61-101 Phillip Street, Sydney. **General Meeting** The General Meeting will be held at 12.15pm (Sydney time) on Thursday, 10 October 2019 (or as soon after that time as the Demerger Scheme Meeting has concluded) at the The Hobart Room, Sofitel Sydney Wentworth, 61-101 Phillip Street, Sydney.	Sections 6.4(a) and 6.4(b)
What am I being asked to vote on at the Meetings?	**Demerger Scheme Meeting** At the Demerger Scheme Meeting, you are being asked to vote on whether to approve the Demerger Scheme by voting in favour of, or against, the Demerger Scheme Resolution. The text of the Demerger Scheme Resolution is set out in the Notice of Demerger Scheme Meeting in Attachment E. **General Meeting** At the General Meeting, you are being asked to vote on whether to approve: • the Capital Reduction by voting in favour of, or against, the Capital Reduction Resolution; and • the Financial Assistance by voting in favour of, or against, the Cardno Financial Assistance Resolution. The Capital Reduction will form the consideration for the transfer of the Intega Shares to Cardno Shareholders under the Demerger.	Sections 6.4(a) and 6.4(b)

Question	Answer	Relevant section(s) of this Booklet
	The Demerger Scheme can only be implemented if: • the Capital Reduction Resolution is passed by a Requisite Majority of votes cast at the General Meeting; and • the Cardno Financial Assistance Resolution is passed by a Requisite Majority of votes cast at the General Meeting. The Capital Reduction is conditional on the Demerger Scheme becoming Effective. This means that Cardno will not undertake the Capital Reduction unless the Demerger Scheme becomes Effective. The text of the Capital Reduction Resolution and the Cardno Financial Assistance Resolution is set out in the Notice of General Meeting in Attachment F.	
What are the voting thresholds required to approve the Demerger Scheme and Capital Reduction?	**Demerger Scheme Meeting** For the Demerger Scheme to proceed, votes "in favour of" the resolution to approve the Demerger Scheme at the Demerger Scheme Meeting must be received from the Requisite Majorities of Shareholders. The Requisite Majorities are: • a majority in number (more than 50 per cent) of Cardno Shareholders, who are present and voting either in person or by proxy, attorney or, in case of corporate Cardno Shareholders, by corporate representative); and • at least 75 per cent of the total number of votes cast on the resolution to approve the Demerger Scheme. **General Meeting** For the Capital Reduction to be approved, votes "in favour of" the resolution to approve the Capital Reduction at the General Meeting must be received from a Requisite Majority of votes cast at the General Meeting (being at least 50 per cent of the votes cast of the resolution by Cardno Shareholders, who are present and voting at General Meeting, either in person or by proxy, attorney or in the case of a corporation its duly appointed corporate representative). For the Financial Assistance to be approved, votes "in favour of" the resolution to approve the Financial Assistance at the General Meeting must be received from a Requisite Majority of votes cast at the General Meeting (being at least 75 per cent of the votes cast of the resolution by Cardno Shareholders, who are present and voting at General Meeting, either in person or by proxy, attorney or in	Sections 6.4(a) and 6.4(b)

Question	Answer	Relevant section(s) of this Booklet
	the case of a corporation its duly appointed corporate representative).	
Who can vote at the Meetings?	Cardno Shareholders who are registered on the Cardno Register at 7.00pm (Sydney time) on Tuesday, 8 October 2019 are entitled to vote at the Demerger Scheme Meeting and the General Meeting.	Section 6.4
How do I vote at the Meetings?	**Demerger Scheme Meeting** You may vote in person by attending the Demerger Scheme Meeting to be held at 11.30am (Sydney time) on Thursday, 10 October 2019 at The Hobart Room, Sofitel Sydney Wentworth, 61-101 Phillip Street, Sydney. Alternatively, you may vote by completing and lodging the light blue Demerger Scheme Meeting Proxy Form that is enclosed with this Demerger Scheme Booklet. The Demerger Scheme Meeting Proxy Form can be lodged in person, by mail, by fax or electronically by visiting the Cardno Share Registry's website and logging in using the details found on the front of your personalised proxy form. You can also vote by appointing a corporate representative (if you are a corporate shareholder) or an attorney. Full details of how to vote at the Demerger Scheme Meeting and how to lodge a proxy form, corporate representative appointment or power of attorney are set out on page 16 ("How to vote on the Demerger Resolutions"). **General Meeting** You may vote in person by attending the General Meeting to be held at 12.15pm (Sydney time) on Thursday, 10 October 2019 (or as soon after that time as the Demerger Scheme Meeting has concluded) at The Hobart Room, Sofitel Sydney Wentworth, 61-101 Phillip Street, Sydney. Alternatively, you may vote by completing and lodging the light green General Meeting Proxy Form that is enclosed with this Demerger Scheme Booklet. The General Meeting Proxy Form can be lodged in person, by mail, by fax or electronically by visiting the Cardno Share Registry's website and logging in using the details found on the front of your personalised proxy form. You can also vote by appointing a corporate representative (if you are a corporate shareholder) or an attorney. Full details of how to vote at the General Meeting and how to lodge a proxy form, corporate representative	Page 16 ("How to vote on the Demerger Resolutions"). Section 6.4

Question	Answer	Relevant section(s) of this Booklet
	appointment or power of attorney are set out on page 16 ("How to vote on the Demerger Resolutions").	
What if I do not vote at the Meetings or do not vote in favour of the Demerger Resolutions?	If Cardno Shareholders who support the Demerger do not vote at the Meetings, there is a risk the Demerger will not be approved. If you do not vote or vote against the Demerger Resolutions, but these resolutions are approved by the Requisite Majorities of Cardno Shareholders, then, subject to the other Conditions Precedent to the Demerger being satisfied or waived (including Court approval at the Second Court Hearing), the Demerger will be implemented and binding on Cardno, Intega and all Cardno Shareholders, including those who did not vote or voted against the Demerger Resolutions.	None
When will the results of the Meetings be known?	The results of the Demerger Scheme Meeting and General Meeting will be available shortly after the conclusion of the Demerger Scheme Meeting and General Meeting and will be announced to the ASX once available.	None
Tax implications		
What are the taxation implications of the Demerger for Cardno Shareholders?	The general Australian tax implications of the Demerger for certain Cardno Shareholders that are Australian residents for Australian tax purposes are set out at Section 7. The outline in Section 7 is general in nature and should not be relied upon as advice. The taxation consequences for each Cardno Shareholder may vary and each Cardno Shareholder should seek their own professional advice in relation to the Australian and, if applicable, foreign tax implications of participating in the Demerger.	Section 7
Further information		
Who can I contact if I have further questions about this Demerger Scheme Booklet or the Demerger?	If you have any further questions about this Demerger Scheme Booklet or the Demerger, please call the Cardno Shareholder Information Line on 1300 381 478 (within Australia) or +61 3 9415 4108 (outside Australia) Monday to Friday between 8.30am and 5.00pm (Sydney time). Please note that the Cardno Shareholder Information Line cannot provide any financial, taxation or investment advice and cannot comment on the merits of the Demerger. If you have any questions about your individual financial or taxation circumstances, please contact your financial, legal, taxation or other professional advisers.	None

2 Advantages and disadvantages of the Demerger and other considerations relevant to your vote

2.1 Introduction and Cardno Directors' recommendation

This Section 2 summarises the material advantages and disadvantages of the Demerger that Cardno Shareholders should consider when deciding whether or not to vote in favour of the Demerger Resolutions required to implement the Demerger.

For the reasons set out in this Section 2, the Cardno Directors are of the view that the advantages of the Demerger outweigh the disadvantages and risks of the Demerger. Each Cardno Director recommends that Cardno Shareholders vote in favour of Demerger Resolutions at the Demerger Scheme Meeting and the General Meeting.[7] Jeffrey Forbes, the only Cardno Director who holds Cardno Shares, also intends to vote, or cause to be voted, all Cardno Shares held or Controlled by him in favour of the Demerger Resolutions.

Cardno Shareholders should carefully consider the following advantages and disadvantages of the Demerger, as well as the potential risks associated with the Demerger and investments in Intega and Cardno after the Demerger set out in Section 5 and the Independent Expert's Report contained in Attachment A, in deciding whether or not to vote in favour of the Demerger Resolutions required to implement the Demerger.

Cardno Shareholders should also carefully consider the advantages and disadvantages of the Financial Assistance set out in Sections 9.5(d) and 9.5(e)

2.2 Advantages of the Demerger and reasons to vote in favour of the Demerger

(a) **Separation of Intega and Cardno will allow each business to be more aligned culturally and operationally**

The Cardno Board believes that separating the Quality, Testing and Measurement Business from Cardno into Intega will create material shareholder value through each business being able to focus on:

- its own specific growth opportunities, including facilitated by competitors to Cardno being more inclined to use Intega for services provided by the QTM Businesses;
- distinct culture and operating models with Intega (a business with a predominantly field-based workforce) versus Cardno Consulting (a business with a predominantly consulting services workforce);
- increased transparency internally and externally which will allow for more effective management oversight;
- access to capital and debt markets based on specific company make up; and
- increased performance accountability.

The Cardno Board started the separation process of Intega in FY17 when it separated out the majority of the Quality, Testing and Measurement Business from the consulting divisions into "Portfolio

[7] In addition to remaining on the Cardno Board, each of Jeffrey Forbes, Michael Alscher and Steven Sherman will join the Intega Board. Due to the additional work required relating to additional board meetings and director responsibilities, on an annualised basis Jeffrey Forbes will receive an additional $75,000 of director fees, and Michael Alscher and Steven Sherman will each receive an additional $70,000 in director fees. Neville Buch will resign from the Cardno Board on implementation of the Demerger but will receive a net increase of $20,000 of director fees in his new role as Chairman of Intega.

Companies" and "Construction Sciences". The performance of Portfolio Companies has been strong since this separation and the Cardno Board believes that allowing these divisions to operate under Intega as an independent ASX-listed company will allow the benefits of cultural and operational alignment to strengthen over time.

(b) **Investors with different investment strategies and preferences will be able to choose their level of investment in Cardno and Intega**

Once Cardno and Intega are separate ASX-listed entities, existing and future Cardno Shareholders and Intega Shareholders will be able to evaluate the individual financial performance, strategies and other business characteristics of Cardno and Intega and have greater investment choice.

The operating characteristics and financial policies of each of Cardno and Intega will differ and may appeal to different types of investors. Investors will have the opportunity to increase or decrease their exposure to the different investment opportunities of Cardno or Intega, depending on their individual investment objectives and strategies. This will enable Cardno and Intega to be better positioned to attract new investors who have differing investment objectives and strategies.

If the Demerger is not implemented and the Quality, Testing and Measurement Business remains part of the Cardno Group, investors who seek an investment in one of the businesses but not the other will not be able to choose which company to invest in.

(c) **Separate boards and management teams empowered to pursue independent strategies and operational initiatives**

The businesses of each of Cardno and Intega face different industry dynamics, financial profiles and opportunities. Each has a distinct culture and operating model, and a different client base and drivers of success. Following the Demerger, Cardno and Intega will be two separate ASX-listed businesses and each will be able to focus on its own strategies and operational initiatives after the Demerger to drive long-term shareholder value.

The Demerger will result in an increase in the transparency of the performance of each business, leading to increased performance accountability and allowing for more effective management oversight.

The management teams of Cardno and Intega will also be able to respond with greater flexibility to challenges and opportunities specific to each business as they arise. Further, the Demerger will provide Cardno and Intega with flexibility to establish compensation and incentive plans for their respective employees and management, enabling closer alignment between such plans and the business performance and shareholder value generation of each company.

See Sections 4.5 and 3.4 for additional information on the boards and management teams of Cardno and Intega (respectively) after the Demerger.

(d) **Tailored capital structures and financial policies appropriate for each business' scale, operations and strategic objectives**

Following the Demerger, Cardno and Intega will have separate debt facilities, which will allow each business to implement a capital structure and financial policies that are appropriate for each business' specific strategies and operational objectives. See Sections 3.6(i) and 4.7(n) for further information on Intega's and Cardno's debt facilities with effect from implementation of the Demerger.

(e) **The Independent Expert has concluded that the Demerger is in the best interests of Cardno Shareholders**

The Cardno Board appointed Lonergan Edwards to prepare an Independent Expert's Report as to whether the Demerger is in the best interests of Cardno Shareholders.

Lonergan Edwards has concluded that the Demerger is in the best interests of Cardno Shareholders.

A copy of the Independent Expert's Report is included in Attachment A.

The Directors encourage you to read the Independent Expert's Report in its entirety.

2.3 Disadvantages of the Demerger and reasons not to vote in favour of the Demerger

(a) **Separate entities will be smaller and less diversified**

As a result of the Demerger, Cardno as it exists as at the date of this Demerger Scheme Booklet will be split into two separate, ASX-listed entities, each of which will be substantially smaller than Cardno as at the date of this Demerger Scheme Booklet. This may result in some loss of scale.

After the Demerger, each of Cardno and Intega will be more focused businesses compared with Cardno as at the date of this Demerger Scheme Booklet. As a result, Cardno will be a less diversified business than it is at the date of this Demerger Scheme Booklet.

As separate ASX-listed entities after the Demerger is implemented, fluctuations in financial markets will have a greater impact on each of Cardno and Intega as a result of their smaller size and reduced diversification.

Further, Cardno will likely have reduced weighting in various stock market indices, and may not be included in key indices going forward, which may result in less institutional interest and trading liquidity in Cardno Shares following the Demerger.

(b) **Additional corporate, financial and operating costs**

Following the Demerger, Intega will be an independent entity, separately listed on the ASX and will incur additional costs of approximately $1.8 million compared to its position as a wholly owned subsidiary of Cardno. The net additional costs of the Demerger are estimated to be in the region of $1.3 million (as there are expected to be in the region of $0.5 million of savings at Cardno post the Demerger). These include costs related to additional Board, insurance and compliance costs.

Following the Demerger, each of Intega and Cardno will have separate debt financing facilities, which will incur total costs that exceed Cardno's current financing costs. See Sections 6.3(b)(ii) and 4.7(n) for additional information on Intega and Cardno's capital structures and debt financing facilities with effect from implementation of the Demerger.

Cardno and Intega will also enter into a transitional services agreement under which Cardno will provide (or will procure that a member of the Cardno Group provides) services to the Intega Group, and Intega will provide (or will procure that a member of the Intega Group provides) services to the Cardno Group, post-Demerger. It is important to note that these services were provided by Cardno to Intega subsidiaries in FY19 and prior years (they were internally charged by Cardno Head Office to Intega subsidiaries as part of Cardno's allocation of Group Head Office costs, IT costs, insurances etc.). The Transitional Services Agreement charge reflects the ongoing provision of certain of these services during the Transitional Services Agreement period and the resultant cost. Based on the prevailing cost of such services as allocated historically, Cardno management have estimated that the total cost of these services to Intega will be approximately $17.2 million per annum (consistent with historical cost allocations). Further information can be found in Section 6.10(d).

(c) **One-off transaction costs associated with the Demerger**

The total one-off transaction costs of the Demerger are estimated to be approximately $6.5 million. Of these costs, $5.0 million will be incurred prior to the Meetings, and $1.5 million are contingent on the successful completion of the Demerger. In addition, there are estimated to be $6.6m of separation implementation costs.

(d) **Some Cardno Shareholders will not be eligible to receive Intega Shares as part of the Demerger and some Shareholders may be unable to continue to hold Cardno Shares or Intega Shares after the Demerger**

Cardno Shareholders who are Ineligible Foreign Holders will not receive Intega Shares under the Demerger. Instead, Intega Shares that would otherwise be transferred to Ineligible Foreign Holders under the Demerger will be transferred to the Sale Agent to be sold, with the proceeds of such sale to be paid to Ineligible Foreign Holders, as described in more detail in Section 6.6.

In addition, after the Demerger is implemented, certain Cardno Shareholders may not be permitted to continue to hold their Intega Shares, and certain Intega Shareholders may not be permitted to hold their Intega Shares, under the terms of their investment mandates.

2.4 Other relevant considerations

(a) **The Demerger may be implemented even if you vote against it**

Even if you do not vote, or vote against the Demerger, the Demerger may still be implemented if it is approved by the Requisite Majorities of Cardno Shareholders and the Court. If this occurs, you will be transferred Intega Shares as your Demerger Entitlement even though you did not vote on, or voted against, the Demerger Scheme and related Capital Reduction.

(b) **Conditions Precedent**

The Demerger is subject to a number of Conditions Precedent. These Conditions Precedent are summarised in Section 6.2. If these Conditions Precedent are not satisfied or, if applicable, waived, the Demerger will not proceed, even if it is approved by Cardno Shareholders.

As at the date of this Demerger Scheme Booklet, none of the Conditions Precedent have been satisfied. As at the date of this Demerger Scheme Booklet, the Cardno Board is not aware of any circumstances that would cause a Condition Precedent not to be satisfied.

3 Information on Intega

3.1 Overview of Quality, Testing and Measurement Business

After the Demerger, Intega will own and operate the Quality, Testing and Measurement Business which had around 1,957 employees in 101 permanent offices on 30 June 2019. The business operates primarily in Australia, the United States, Canada and New Zealand. The services that the Quality, Testing and Measurement Business provides include:

- **Construction Materials Testing** (**CMT**): This includes providing conformance tests on construction materials such as soil (earthworks), aggregates, pavement materials, concrete, grout, mortar, and rock. This service also includes concrete mix design and trial mix testing. These tests help determine whether the construction of a project is meeting the standards specified by the designer/owner and the required regulations. CMT is conducted in laboratories which are accredited by regulatory bodies in each operating jurisdiction;

- **Subsurface Utility Engineering Services** (**UES**): This includes mapping the location and condition of subsurface utilities such as pipes and cables, which helps reduce the occurrence of interference and conflict with existing infrastructure before and during construction;

- **Owners' Representative Services** to ensure that the quality requirements of a build meet the agreed specifications and regulations for a project;

- **Environmental Testing**: This includes testing soils, asbestos, groundwater quality, construction noise, dust and vibration levels to ensure that the build of a project meets the required environmental regulations;

- **Geotechnical Engineering**: This includes design of temporary works, bored pile supervision, geotechnical investigation and site classification and pavement design; and

- **Quality Assurance** (**QA**) on critical components for energy companies (both oil and gas and wind farms) to ensure that when parts arrive at a drill rig or a facility, that they are built and function as specified.

The Quality, Testing and Measurement Business' operates three proprietary suites of software which ensure that its services and tests are replicable, auditable and of a high quality. These proprietary suites of software include a laboratory information management system suitable for construction materials testing (COMPLY), a project quality management system (EIVIS) and a quality audit system (QA Reporter). Intega's focus on software enables the business to meet its high-quality standards while employing primarily technically trained employees.

The revenue of the business is linked to infrastructure construction, particularly in Australia, Texas and the broader United States. The business' clients include:

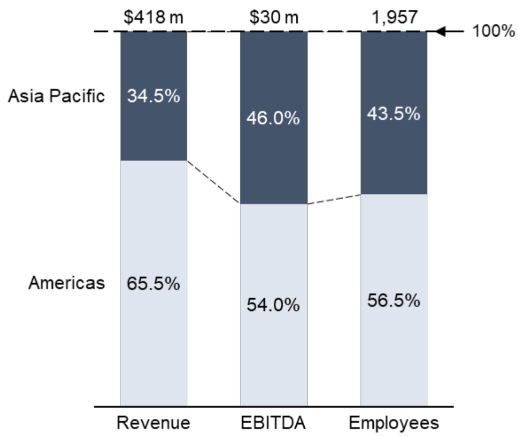
- constructors of infrastructure projects;

- owners of infrastructure projects, education facilities, stadia, and hospitals;

- energy companies;

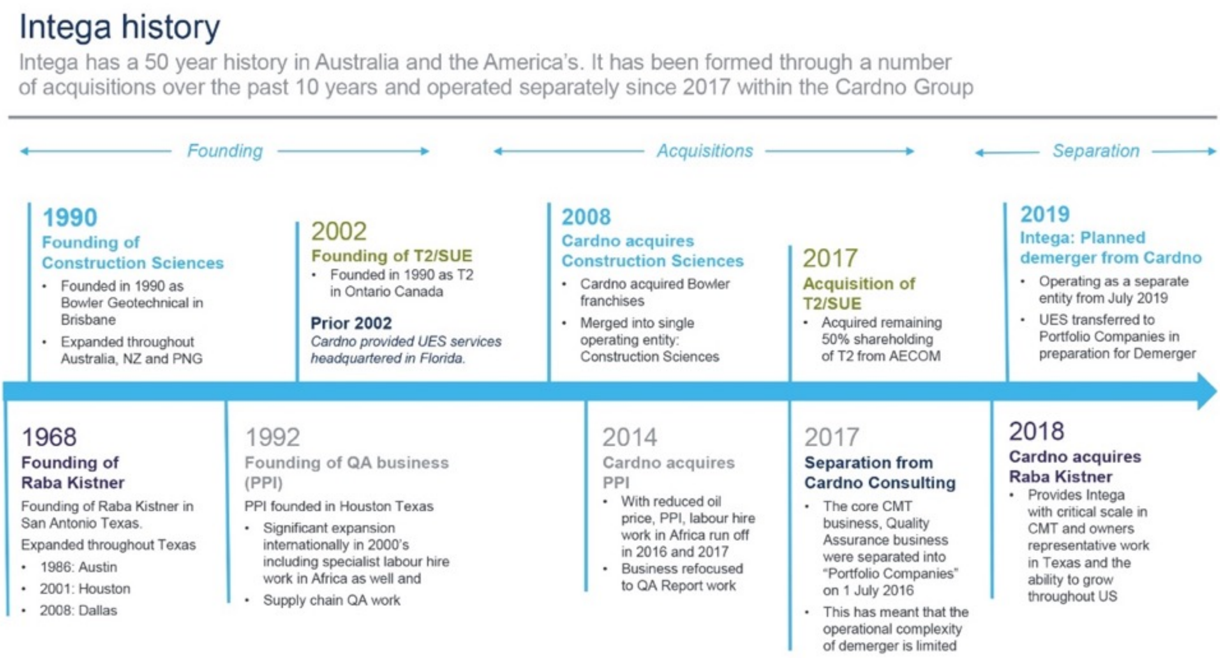
- mining companies; and

- concrete suppliers and quarrying companies.

Breakdown of Intega's pro forma revenue, pro forma EBITDA and employees (FY19)	Key Characteristics
	• The QTM Business has a strong track record in winning CMT tenders in Australia. For example, the QTM business won three of the four available major packages of the $4.9 billion Woolgoolga to Ballina, Pacific Highway Project. • Proprietary software-based solutions across key service lines. • Geographical expansion underway in the United States. In the past three years new projects won in Texas, California, Arizona, Utah and Massachusetts. • $285 million of backlog (circa 9 months of revenue).

3.2 Intega history and background

Intega was incorporated on 1 May 2019 as a wholly-owned subsidiary of Cardno, and as at the date of this Demerger Scheme Booklet it continues to be a wholly-owned subsidiary. Following the Demerger, it is proposed that it will own and operate the Quality, Testing and Measurement Business.



The Quality, Testing and Measurement Business' heritage dates back more than 50 years. The building blocks of the Quality, Testing and Measurement Business have been incorporated into Cardno over the past 11 years through the acquisition of:

- **Construction Sciences (CS)**: CS is a leading Construction Material Testing business in Australia. The business was founded in 1990 and acquired by Cardno in 2008. The business has grown to more than 52 permanent laboratories and 30 mobile laboratories throughout Australia and New Zealand, and provides CMT tests, subsurface utility engineering (UES), environmental testing and geotechnical engineering services.

- **Raba Kistner (RK)**: RK is a leading Texas focused Construction Material Testing business headquartered in San Antonio, Texas. The business was founded in 1968 and acquired by Cardno in 2018. This business is similar to CS but with a geographic focus on Texas. RK has expanded into other regions of the United States, with operations now in California, Arizona, Utah and Massachusetts. RK is focused on owner's representative work (including the provision of the required testing to ensure quality standards are met) in the construction of infrastructure, schools, sports complexes and medical complexes.

- **T2/UES**: T2/UES is a utility engineering business headquartered in Whitby, Ontario, Canada. The T2/UES business was originally founded in 2002 (as TSH/TBE Subsurface Utility Engineers Joint Venture) and later incorporated in 2012 as T2 Utility Engineers Inc. Cardno acquired 100 per cent of T2 Utility Engineers Inc. in 2017. Prior to this time, Cardno operated UES services out of Clearwater, Florida as part of a subdivision of its broader operations. This business has grown to have significant operations in Florida, California, Phoenix and other United States regions. The T2/UES business was separated from the Cardno Consulting business and transferred into Portfolio Companies in July 2019 in preparation for the Demerger.

- **PPI**: PPI was founded in 1992 and acquired by Cardno in 2014. PPI represent customers at vendor facilities, onshore and offshore rig sites, customer facilities, and other locations worldwide. PPI manages and monitors quality and audit plans to observe, verify, and report preventive maintenance, inspection, assembly, and testing activities to ensure compliance with applicable industry codes, standards, specifications, customer requirements, and vendor procedures for equipment and systems. This includes management of drilling and completion equipment, manifold systems, processing equipment, pressure vessels, subsea systems, pipeline systems, and topside structures.

The core of the Quality, Testing and Measurement Business has been run independently from Cardno Consulting since July 2016 as "Cardno Portfolio Companies".[8] This operational separation from more than three years ago means that the complexity of the proposed Demerger is reduced. With the acquisition of Raba Kistner in 2018, the scale of the Quality, Testing and Measurement Business has reached a size sufficient to allow the Cardno Board to propose the separation of the Quality, Testing and Measurement Business from the broader Cardno Group into Intega, a separate ASX-listed business.

3.3 Overview of Intega's divisions

(a) Americas

(i) Operations

In the Americas, the Quality, Testing and Measurement Business had around 1,105 staff and 49 offices as at 30 June 2019. The business is centred around the Raba Kistner business in Texas, the T2/UES business headquartered in Toronto, and the PPI business in Houston. The largest state by revenue in the Americas is Texas, representing 49 per cent of revenue, followed by Canada with nine

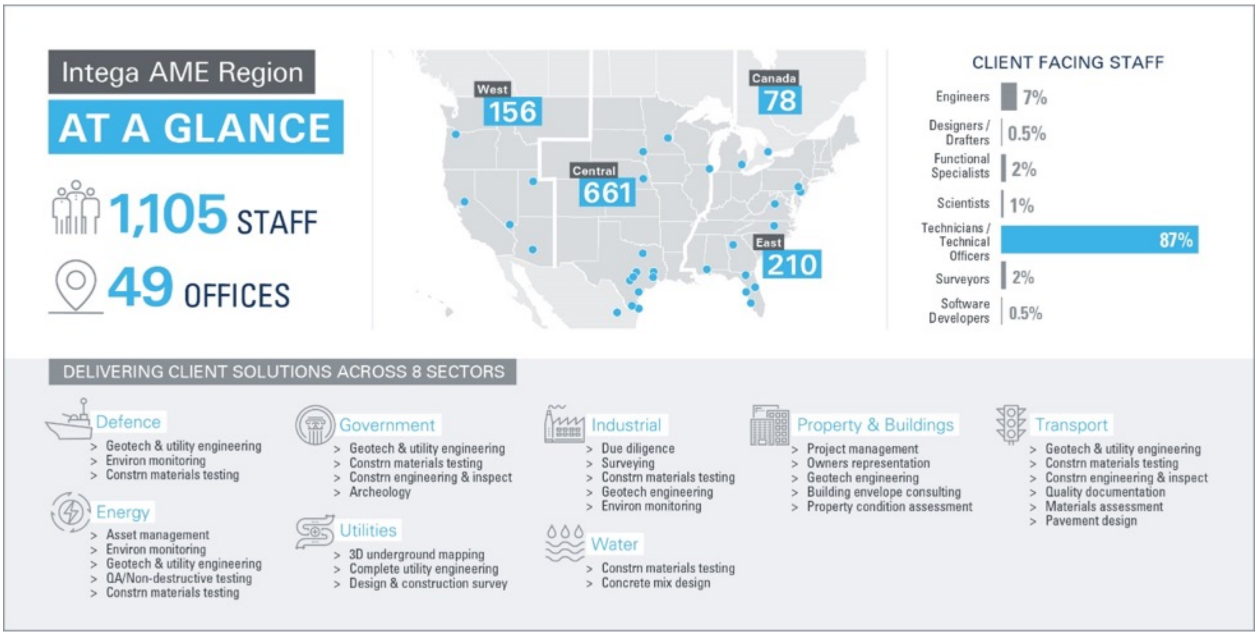
[8] Note that the US T2/UES business was not separated into Portfolio Companies until 15 July 2019.

per cent of revenue, then Florida and California, each with seven per cent of revenue for the 12 months to 30 June 2019.

The Quality, Testing and Measurement Business provides construction materials testing (and related work including environmental testing and project management work) accounting for 58 per cent of revenue, UES work accounting for 28 per cent of revenue and QA work for the energy industry accounting for 14 per cent of revenue.

The geographical centre of the Quality, Testing and Measurement Business is Texas, which had around 330 employees and accounting for 49 per cent of revenue in the year to 30 June 2019. This geographic focus is driven by both the history that Raba Kistner and PPI have in Texas, and the strength of the Texas economy.

Map of Intega's Americas operations



(ii) **Staff**

Intega had around 1,105 staff in the Americas as at 30 June 2019. Of these, 87 per cent were technically qualified staff.

There is no material unionisation of staff in the United States, with the majority of staff other than senior managers being employed 'at will'. All staff are on defined contribution pension schemes with no staff on defined benefit pension schemes.

The Quality, Testing and Measurement Business operates under the Occupational Safety and Health Administration (**OSHA**) regulations and complies with the standards prescribed by its clients.

(iii) **Projects**

Examples of the QTM Business' work includes:

LAX Automated People Mover

Anticipated completion date: 2023

US$2.8 billion project includes a total of six stations that will connect a new consolidated rental car facility, intermodal transportation facilities, expanded airport parking and Metro transit to the airline terminals.

The QTM Business provides a full range of owners' representative services and testing.

Demonstrates capacity of the QTM Business to win projects outside of Texas.

Edmonton SE/W LRT Project

The new Edmonton transit plan involved a new low-floor Light Rail Tunnel (LRT) including 27km of double track with a 500m tunnel and 2km on elevated structure as well as 28 stations.

The QTM Business has conducted field investigations to identify the location of the existing underground utilities and the municipal infrastructure. This has allowed conflicts to be identified for private utilities and the municipal infrastructure and allow for the efficient construction of this project.

Demonstrates the capability of the QTM Business in UES engineering and capabilities in developing quality 3D maps.

Oil and Gas QA

The QTM Business has been contracted by an offshore rig operator to improve quality assurance issues for its development offshore internationally.

The QTM Business has helped eliminate costly non-productive rig time and standby time. The QTM Business personnel verify that purchased or rental

SH249 Extension

The SH249 extension is a $520 million project involving 24 miles of new roadway north of Houston, Texas.

equipment meets specified requirements before equipment is mobilized to the wellsite. The QTM Business data has allowed the operator to reduce standby time resulting in cost savings for the vendor and operator. Demonstrates quality of QA Reporter and the associated software suite.	The QTM Business services include construction materials work, survey work, environmental testing and Geotech engineering. The EIVIS software was used to allow the project to be designed and built, without all plans being completed prior to the start of the project. With more projects being constructed under the design and build model, and risk transfer occurring later, the importance of flexible QA controls and the management thereof is increasing. Demonstrates the QTM Business' relationships within the Texas infrastructure market.

Average revenue for the top 100 customers of the Quality, Testing and Measurement Business in the Americas in FY19 was $1 million. The largest 10 customers accounted for 32 per cent of total revenue in FY19.

(iv) **Demand for services**

Demand for the Quality, Testing and Measurement Business' services is primarily driven by infrastructure expenditure in the US generally and in Texas in particular.

According to the US Census, value of US construction put in place has grown 7.4 per cent over the six years to 2018[9], supported by low interest rates, GDP growth and population growth. From 2018–2022, total construction work put in place is forecast by FMI to grow at 4.5 per cent per annum, to reach US$1.5 trillion[10].

Funding for construction of horizontal transport infrastructure in Texas underpins demand for the QTM Business' testing services. Texas' funding for road construction is forecast to reach US$13.9 billion, up 50 per cent from US$9.3 billion in 2018. Funding is expected to remain at this elevated level into at least 2022 given a key change in funding resulting from Proposition 7, leading to an additional US$3-$4 billion a year in Texas state governmental infrastructure funding.[11][12]

Infrastructure projects in Texas are administered by the Texas Department of Transport, which comprises 25 districts who oversee the design, build, operation and maintenance of transportation for their district. Project funding comes from local sources (e.g. sales tax, levies, etc.), state sources (e.g. gas taxes, vehicle taxes, sales taxes, etc.) and federal sources (e.g. *Fixing America's Surface Transportation Act*, etc.).

[9] US Census Bureau.

[10] FMI, *FMI US Construction Outlook Third Quarter 2018 Report*, 2018.

[11] Texas Department of Transportation, *2017-2020 Statewide Transportation Improvement Program February 2018 Quarterly STIP Revision Highway Statewide Financial Summary*.

[12] Texas Department of Transportation, *2019-2022 Statewide Transportation Improvement Program Statewide Highway Financial*.

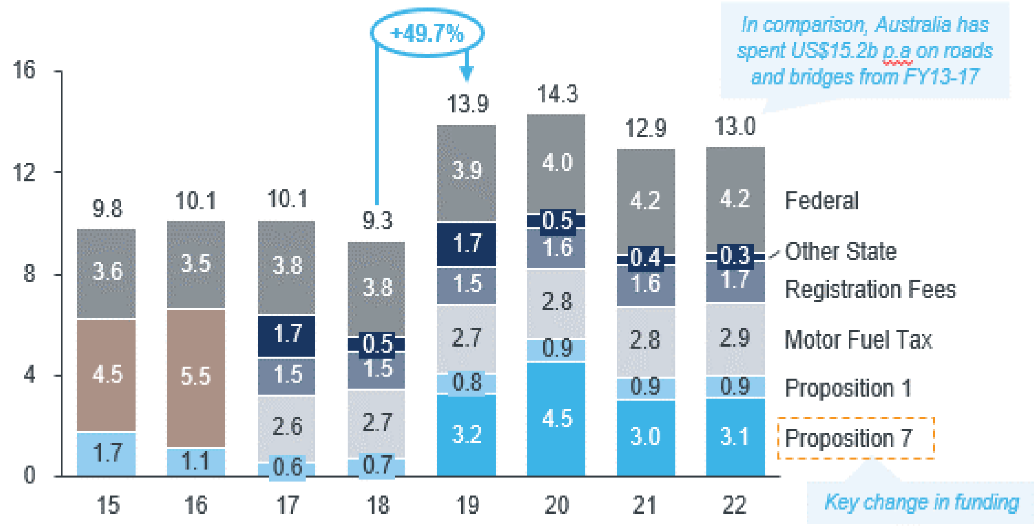


Figure 1 Texas Funding for Highway Construction (US$bn)[11 12]

Texas' construction funding is expected to continue at around the US$13 billion mark over the medium term. According to reports released by the Texas Department of Transport:

- Annually, approximately US$4 billion is forecast to be sourced from the Federal Highway Trust for Texas, one of whose sources of funding is the *Fixing America's Surface Transportation Act* (**FAST Act**). FAST Act was passed in 2015 to inject US$305 billion into the US federal surface transportation spending over five years. As the FAST Act expires in 2020, there have been discussions in the US House of Congress and various transportation departments to reauthorise the FAST Act or advance a more long-term infrastructure funding bill.[11 12]

- Motor fuel tax and registration fees are forecast to provide almost US$2.9 billion and $US1.7 billion a year in funding respectively and these are expected to remain steady.[11 12]

- State funding is expected to drop to approximately US$0.4 billion from a high of US$1.7 billion in 2019 due to funding surpluses from 2017 and 2018.[11 12]

- However, this is offset by a forecast US$0.9 billion from Proposition 1, a constitutional amendment to dedicate a portion of Texas Oil and Gas Production Taxes above a certain threshold to transport infrastructure.[11 12]

- The most significant change in funding is due to Proposition 7, a Texas State constitutional amendment passed in 2016 to dedicate US$2.5 billion of Sales Taxes above the first US$28 billion and 35 per cent of Motor Vehicle Sales Tax above the first US$5 billion after 2020 to transport infrastructure in Texas. This is estimated to add US$3-$4 billion a year in infrastructure funding from 2019.[11 12 13]

[13] Texas Department of Transportation, *Proposition 7 Funds*, 2015.

(v) **Growth opportunities and priorities**

The growth of Intega in the Americas will be driven by:

- Continued organic growth driven by the need for additional investment in infrastructure throughout the United States.

- Geographic expansion outside of core Texas operations. Currently around 70 per cent of Intega's construction material testing work is performed in Texas. Over the past 18 months, the business has started to engage on a number of marquee projects outside of Texas, including the upgrade of the Los Angeles Airport (LAX) and the Boston Underground extension. There is the opportunity for Intega to significantly grow its operations outside of Texas both organically and through acquisitions.

- Improvement of the operational performance of the UES operations in the Americas. In Australia, the UES operations have been integrated into the construction materials testing operations and earns an EBITDA margin consistent with the other operations (around 10 per cent). In the Americas, UES has historically been integrated into Cardno Consulting and achieved approximately a break even position in FY19 at the EBITDA level. The Intega management team believes there is the opportunity to improve the EBITDA margin of UES Americas in the medium term.

- Continued EBITDA margin expansion from the QA division. With the increase in the oil and gas price, the capacity for providers of quality assurance to this sector to increase EBITDA margins has improved.

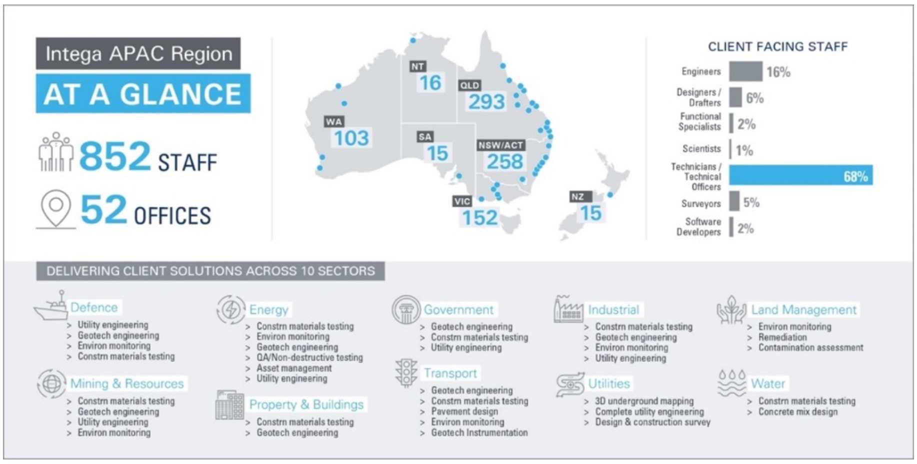
(b) **Asia Pacific**

(i) **Operations**

In Asia Pacific, the Quality, Testing and Measurement Business had around 852 staff and 52 offices as at 30 June 2019. The operations have been integrated into the Construction Sciences brand with permanent operations in Australia and New Zealand. The business has previously worked on projects in Papua New Guinea, New Caledonia and Vanuatu, and can mobilise into these areas opportunistically.

The QTM Business has permanent and mobile operations throughout Australia. The geographical footprint of the QTM Business at any point in time depends on federal, state and local government expenditure on infrastructure, major projects from the private sector (for example LNG, Mining and Energy projects) and other major projects.

Map of Intega's Asia Pacific operations



(ii) **Staff**

The QTM Business had around 852 staff in Asia Pacific as at 30 June 2019. Of these, 68 per cent are technically qualified staff. The QTM Business achieves high-quality results with predominantly technically trained staff, facilitated by both the quality of its software and its sophisticated training programs.

The QTM Business operates primarily under the Manufacturing Award, which is the accepted practice within the business' industry groups. There have been no industrial disputes in the past 10 years. Construction Sciences is also party to several Enterprise Agreements which are registered with Fair Work Australia.

The business operates under the Australian superannuation scheme which does not include any defined benefit obligations.

The QTM Business has implemented OHS compliance systems that have been third-party accredited to both AS/NZS 4801, and OHSAS 18001 standards. The QTM Business complies with audits from mining clients, energy clients and construction companies.

(iii) **Projects**

The QTM Business is a significant provider of construction materials and associated work in Australia. Examples of the work that the QTM Business does in Australia include:

New Parallel Runway: Brisbane Airport	**Pacific Highway Upgrade**
	
$1.5 billion project doubling the capacity of the Brisbane airport. The QTM Business has been involved in the Brisbane Airport Corporation owned site for over 20 years and has provided construction material testing, environmental testing and geotechnical engineering work on this site.	The QTM Business has been involved in the Pacific Highway upgrade since 1993, when it started working on the Chinderah bypass. Construction Sciences is currently working on the Woolgoolga to Ballina extension which is a $4.9 billion project that extends the highway. The QTM Business has provided a full range of services on the Pacific Highway including construction materials work, environmental testing and Geotech engineering.

NorthConnex Tunnel Fitout, Sydney

$3.0 billion project which connects the M1 Pacific Motorway to M2 Hills Motorway involving 18km of tunnelling.

The QTM Business is providing construction materials conformance testing for poured and sprayed concrete structures and tunnel segments, and concrete pavements.

South Flank Bulk Earthworks, WA

>$2.0 billion iron ore mine infrastructure project in the Pilbara.

The QTM Business is providing conformance testing of bulk earthworks, aggregates, concrete and grout. The business is also providing Geotechnical Engineering services.

Average revenue per customer for the Quality, Testing and Measurement Business in Asia Pacific is smaller than that in the Americas, with the exception of one large customer which has outsourced all of its testing to the QTM Business. Typically, revenue ranges from $200,000 to $1 million in size per customer, with the average contract size for the top 100 customers being $500,000. In FY19, only six customers accounted for revenue greater than $1 million. The largest 10 customers for the Quality, Testing and Measurement Business in Asia Pacific represented 56 per cent of revenue in FY19.

(iv) **Demand for services**

Similarly to the Americas, construction of roads and rail in Australia is a fundamental driver of demand for the QTM Business' services in the region.

Australia is experiencing a significant growth in transport infrastructure, with a number of capital city road and rail construction projects in development or underway. According to Macromonitor, over the 12 months to September 2018, $31 billion of transport infrastructure construction work was performed, compared to $20 billion in FY16.14 Transport construction is expected to reach $42 billion in value of work performed in FY22, with roads and bridges being the largest spend category, representing an average annual growth rate of six per cent over FY18–FY22.[14]

[14] Macromonitor, *Australian construction outlook forecasting service: Transport infrastructure – February 2019*, February 2019.

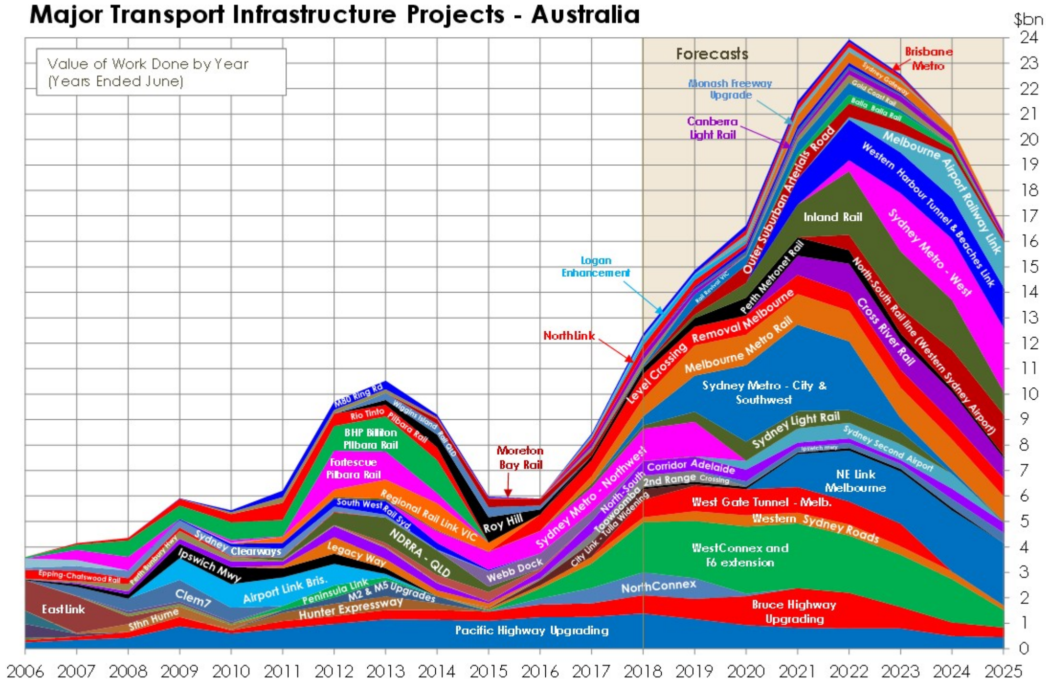


Figure 2 Major Transport Projects in Australia[14]

The four key areas of transport infrastructure construction spend relevant to Intega are:

- **Roads and bridges**: Over the next four years, road construction is expected to increase strongly, supported by major projects such as WestConnex (NSW), Western Habour Tunnel (NSW), F6 Extension (NSW), Beaches Link (NSW), Westgate Tunnel (VIC) and North East Link (VIC). Combined with bridges, construction is expected to reach $26 billion by FY2023.[14]

- **Rail: Rail** construction increased sharply by 55 per cent in FY18, with a further 25 per cent rise in real terms expected in FY19. Spend on rail construction is expected to reach $13 billion by FY23 with key projects including Inland Rail (NSW, VIC, QLD), Melbourne Metro (VIC), and Cross River Rail (QLD). This boost is likely to be furthered by the recovery in the mining and minerals related construction (excluding oil and gas), as a result of a need to acccommodate rising export volumes and the next round of coal and iron ore projects. Significant projects include new railway infrastructure associated with FMG's Eliwana mine, Rio Tinto's Koodaideri mine, Cape Hardy Port, and The Central Eyre Iron project.[14]

- **Harbours**: Construction spend on harbours is expected to reach $2.3 billion by FY23, supported by the coal terminal expansions in Newcastle (NSW), Port Botany expansion (NSW), and Townsville Port Expansion (QLD).[14]

(v) **Growth opportunities and priorities**

The growth of Intega in Asia Pacific will be supported by:

- Continued organic growth driven by the need for additional investment in infrastructure throughout Australia.

- Expansion of service lines: in the past two years, Intega has continued to expand the range of construction related services that it offers to clients. In 2018, Intega acquired a niche provider of geomechanical soil, rock and ore tests and has become a significant provider of these tests in

Australia. Going forward, Intega will continue to invest in ways to improve the efficiency and accuracy of infrastructure construction in Australia.

3.4 Intega Board and senior management

(a) **Intega Board**

Neville Buch: Non-Executive Chairman

Neville Buch joined as a Non-Executive Director of Cardno Limited in November 2015. He was the Interim CEO from November 2016 to March 2018 and was appointed as Deputy Chairman in May 2018. 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.

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.

Neville is the Non-Executive Chair of Viridian, PrimePanels NZ, Hall Contracting and Nude By Nature.

Neville holds a Bachelor of Science in Electronic Engineering and a Master of Business Administration from the University of Witwatersrand, South Africa.

As at the date of this Demerger Scheme Booklet, Neville is on the Cardno Board. Neville will resign from the Cardno Board with effect from implementation of the Demerger.

Matt Courtney: Managing Director and Chief Executive Officer

Matt has more than 30 years' experience providing quality control and quality assurance to all sectors of construction for government and private clients, with multiple delivery modes including JV, Alliances, EPCM, and PPP.

Matt's career started with Queensland Water Resources Commission (now SunWater) a Queensland Government owned corporation, prior to joining Bowler Geotechnical in 1992, and purchasing a franchise in Bowler Geotechnical in 1995.

Bowler Geotechnical was acquired by Cardno in 2008. Matt has held several management roles in Cardno and was appointed CEO of Construction Sciences in 2016. During this period Matt has led the acquisition and integration of a number of businesses in Australia and in the USA.

Matt holds a Masters Degree in Engineering Science from the University of New South Wales and is a member of the Australian Institute of Company Directors.

Michael Alscher: Non-Executive Director

Michael Alscher joined as a Non-Executive Director of Cardno Limited in November 2015. He then became Chairman in January 2016.

He is the Managing Partner and founder of Crescent Capital Partners, a leading Australian based private equity firm with more than $2 billion in funds under management, specialising in high growth companies and certain industries such as healthcare and the services sector across multiple disciplines.

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.

Michael is currently a Non-Executive Director of ClearView Limited and the Non-Executive Chair of Australian Clinical Labs, NHDS and National Dental Care.

Michael holds a Bachelor of Commerce (Finance and Mathematics) from the University of New South Wales.

Jeff Forbes: Independent Non-Executive Director

Jeff 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 the Asia Pacific Region.

Jeff 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.

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.

Jeff holds a Bachelor of Commerce from the University of Newcastle and is a Graduate of the Australian Institute of Company Directors.

Steven Sherman: Independent Non-Executive Director

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.

Steven was previously the National Managing Partner of Ferrier Hodgson based in Sydney. He practiced in the area of financial and operational restructuring and provides professional advice to financiers and lending syndicates, as well as company boards and executives.

Steven has a Bachelor of Commerce from the University of NSW. He is a Fellow of the Institute of Chartered Accountants and a member of the Australian Institute of Company Directors.

(b) **Intega senior management**

Matt Courtney: Managing Director and Chief Executive Officer

See Section 3.4(a).

Shael Munz: Chief Financial Officer

Shael has over 20 years of domestic and international experience in the services, media and banking fields.

Shael began her career in Sydney as an auditor and business services senior before travelling overseas to the United Kingdom to work for several years in finance roles with Merrill Lynch, Westminster Council and Barclays Bank.

In 2006, on returning to Australia, she joined APN News and Media as the Group Financial Controller before moving to Transpacific Industries, now Cleanaway, in 2007 as the Group Reporting and Treasury Manager until the head office relocated to Melbourne in 2015. Shael was appointed Group Financial Controller of Cardno in February 2016 before moving over to the Construction Sciences division as CFO in February 2019.

Shael holds a Bachelor of Business (Accounting) from Charles Sturt University, is a Chartered Accountant (CA 2001) and has completed courses in treasury management (University of Melbourne), leadership (Cert 4 Diploma of Management) and project management (Australian Institute of Management).

3.5 Employees

As at 30 June 2019, the QTM Business had 1,957 employees. A breakdown of this headcount by location is set out below:

Location	Number
Australia	852
Texas	330
Other US states	697
Canada	78

3.6 Intega pro forma historical financial information (including capital structure and dividend policy)

This Section 3.6 contains pro forma historical financial information in relation to Intega (the **Intega Pro Forma Historical Financial Information**) comprising:

- Intega pro forma historical income statements for the years ended 30 June 2017, 30 June 2018 and 30 June 2019;
- Intega pro forma historical balance sheet as at 30 June 2019; and
- Intega pro forma historical cash flows for the years ended 30 June 2017, 30 June 2018 and 30 June 2019.

References in this Demerger Scheme Booklet to the Integа Pro Forma Historical Financial Information are references to the pro forma financial information of Intega for the relevant periods or at the relevant time, being the Quality, Testing and Measurement Business that has been demerged to form Intega as it will exist immediately following implementation of the Demerger.

References to Intega Pro Forma Historical Financial Information refer to Intega on a consolidated basis.

(a) Basis of preparation

The Intega Pro Forma Historical Financial Information has been prepared for illustrative purposes, to assist Cardno Shareholders to understand the financial position, financial performance and cash flows of Intega. By its nature, pro forma historical financial information is illustrative only. Consequently, the pro forma historical financial information does not purport to reflect the actual financial performance, financial position and cash flows that would have occurred if Intega had operated as a standalone entity for the relevant periods.

The Intega Pro Forma Historical Financial Information has been derived from the historical financial information (**accounting records**) directly related to Intega in Cardno's financial statements for the years ended 30 June 2017, 30 June 2018 and 30 June 2019 and from Intega's special purpose aggregated financial statements for the years ended 30 June 2017, 30 June 2018 and 30 June 2019 and adjusted for the effects of the pro forma adjustments described below. These accounting records were used to generate Cardno's financial statements for the years ended 30 June 2017, 30 June 2018 and 30 June 2019. The Cardno financial statements for these periods are available from Cardno's website (www.cardno.com) or the ASX website (www.asx.com.au). Cardno will provide a copy of the financial statement for the year ended 30 June 2019 free of charge to any Cardno Shareholder who requests a copy before the Effective Date. Cardno will provide a copy of the financial statement for the year ended 30 June 2019 free of charge to any Cardno Shareholder who requests a copy before the Effective Date.

The Cardno financial statements for the years ended 30 June 2017, 30 June 2018 and 30 June 2019 have been audited by KPMG in accordance with Australian Auditing Standards (**AAS**). KPMG issued unqualified audit opinions on these financial statements. The financial statements of Intega for the years ended 30 June 2017, 30 June 2018 and 30 June 2019 were audited by KPMG in accordance with AAS. The audit opinions issued to the members of Intega relating to those financial statements were unqualified.

The Intega Pro Forma Historical Financial Information has been prepared in accordance with the recognition and measurement principles contained in Australian Accounting Standards (**AASBs**), other than that it reflects (i) the recognition of certain items in periods different from the applicable period under AASBs (ii) the exclusion of certain transactions that occurred in the relevant periods, and (iii) the impact of certain transactions as if they occurred as at 30 June 2019 in the pro forma historical balance sheet and from FY17 in the pro forma historical income statements and pro forma historical cash flows.

The accounting policies used in the preparation of the Intega Pro Forma Historical Financial Information are consistent with those set out in Cardno's Annual Report for the years ended 30 June 2017, 30 June 2018 and 30 June 2019.

Following the Demerger, Intega will prepare its general purpose financial statements in accordance with AASBs and the Corporations Act. AASBs are subject to amendments from time to time, and any such changes may impact on the balance sheet or income statement of Intega post Demerger. In addition, following the Demerger, Intega may be impacted by accounting policies adopted which are different to existing policies, and differences in interpretations of AASBs.

In respect of an imminent change in AASBs, AASB 16 Leases (**AASB 16**) is effective for Intega from 1 July 2019 and introduces a single lessee accounting model and will require Intega, as lessee, to recognise for all leases with a term of more than 12 months and that are not of assets of low value:

- a right-of-use asset representing its right to use the underlying leased asset; and
- a lease liability representing its obligations to make lease payments.

Information on the undiscounted amount of Intega's operating lease commitments as at 30 June 2019 under AASB 117, the current leases standard, is disclosed at Table 9. Under AASB 16, the present value of these commitments would be shown as a liability on the balance sheet together with an asset representing the right-of-use. The ongoing income statement classification of what is currently presented as occupancy-related expenses is expected to be materially consistent with the future split between amortisation and interest expense. A project team has been working to manage the transition as Intega continues to evaluate the implications of AASB 16.

As part of the 31 December 2019 half year financial report, Intega will prepare a quantitative assessment having regard for:

- the new weighted average cost of capital for Intega;
- a review of updated cash flows from date of Demerger reflecting current trading conditions; and
- details of the status of assignment of leases from date of Demerger reflecting the legal steps undertaken to reassign these contractual arrangements.

The above matters cannot be ascertained as the date of this Demerger Scheme Booklet as these are forward looking matters. A quantitative assessment of the impact of the new standard is expected to be disclosed in Intega's FY20 half-year results.

The Cardno Board does not believe that the financing arrangements and tax structure under which Intega operated during the periods presented in the Intega Pro Forma Historical Financial Information reflect the anticipated financial arrangements and tax structure of Intega following the Demerger. Therefore, the pro forma historical income statements have been presented before net financing costs and income tax, and the pro forma historical cash flows have been presented before financing activities and taxation and after investing activities. Refer to Section 3.6(i) for information regarding the Intega financing facilities and Section 3.6(m) for tax arrangements following the Demerger.

Pro forma adjustments have been made to the Intega pro forma historical income statements to reflect additional corporate costs that Intega will bear after the Demerger and the acquisition of Raba Kistner:

- Additional standalone corporate costs of Intega include listing costs, Directors' and officers' (**D&O**) insurance, long term incentive payments, as well as external audit and director costs.
- Acquisition of Raba Kistner as if this acquisition was effective from FY17 (see Section 3.2 for a description of this business).

The Intega historical balance sheet represents the assets and liabilities held by Intega as at 30 June 2019, prior to the Demerger occurring, as derived from the historical financial information directly related to Intega from the accounting records of Cardno.

Pro forma adjustments have been made in the Intega pro forma historical balance sheet to reflect certain financing arrangements and capital items. The accounting for the Demerger is discussed in Section 4.7(g).

The transaction costs relating to the Demerger are expected to be borne by both Cardno and Intega.

The financial information in this Section 3.6 is presented in an abbreviated form and does not contain all presentation, comparatives and disclosures that are usually provided in an annual financial report prepared in accordance with the Corporations Act.

The Investigating Accountant has prepared an Investigating Accountant's Report in respect of the Intega Pro Forma Historical Financial Information, a copy of which is included in Attachment B.

Figures, amounts, percentages, estimates and calculations are subject to the effect of rounding. Accordingly, totals in tables may not add due to rounding.

The financial information in this Section 3.6 should be read in conjunction with the risks relating to the Demerger and an investment in Intega set out in Section 5.

(b) **Explanation of certain non-IFRS financial measures**

Intega uses certain measures to manage and report on its businesses that are not recognised under AASBs or IFRS. These measures are collectively referred to in this Section 3.6 as non-IFRS financial measures pursuant to Regulatory Guide 230 Disclosing non-IFRS financial information published by ASIC. Management uses these non-IFRS financial measures to evaluate the performance and profitability of the overall business, and they are commonly used performance measures by the investor community. The principal non-IFRS financial measures referred to in this Section 3.6 are as follows:

- **EBIT** is reported earnings before the following:
  - interest revenue, interest expense or financing costs; and

– income taxation expense.

- **EBITDA** is reported earnings before the following:
  - interest revenue, interest expense or financing costs;
  - depreciation and amortisation; and
  - income taxation expense.
- **Net debt** represents total loans and borrowings and bank overdrafts, less cash on deposit.
- **Net capital expenditure** represents capital expenditure less proceeds from the sale of property, plant and equipment, and intangibles.
- **Cash flows** is net operating cash flows after capital expenditure, before financing costs and tax.
- **Working capital** represents inventories, trade and other receivables, and trade and other payables.

(c) Intega pro forma historical income statements

Set out below are the Intega pro forma historical income statements for the years ended 30 June 2017, 30 June 2018 and 30 June 2019.

Table 1: Intega pro forma historical income statements before net financing costs and tax

Intega pro forma historical income statements before net financing costs and tax[1,2]			
$m	**FY17**	**FY18**	**FY19**
Revenue	312.7	332.1	417.7
EBITDA	**6.5**	**20.5**	**29.8**
Depreciation and amortisation[3]	(4.1)	(5.1)	(16.0)
EBIT	**2.4**	**15.4**	**13.8**

Notes:

1 The pro forma historical income statements before net financing costs and tax reflect Intega post Demerger.

2 Raba Kistner's results have been included for FY17, FY18 and FY19 as if this acquisition was effective from FY17 (see Table 2 for details).

3 The amortisation of Raba Kistner's customer relationships and contracts reflects the actual amortisation charge since the acquisition in December 2018 of $4.4 million. Certain intangible assets were recognised with the acquisition of Raba Kistner and the increase in depreciation and amortisation in FY19 reflects the commencement of their amortisation. This has not been retrospectively adjusted in FY17 and FY18.

Table 2: Reconciliation of Intega historical EBIT, as derived from the financial statements of Cardno, to Intega pro forma historical EBIT

Reconciliation of Intega historical EBIT, as derived from the financial statements of Cardno, to Intega pro forma historical EBIT			
$m	**FY17**	**FY18**	**FY19**
Historical EBIT[1]	(21.4)	(4.1)	8.6
Significant items[2]	21.4	15.4	-
Historical EBIT, excluding significant items[2]	-	**11.3**	**8.6**
Pro forma dis-synergies[3]	(1.8)	(1.8)	(1.8)
Pro forma Raba Kistner earnings adjustments[4]	4.2	5.9	7.0
Pro forma historical EBIT	**2.4**	**15.4**	**13.8**

Notes:

1. Represents the historical EBIT of Intega and is prior to the Demerger occurring, as derived from the financial statements of Intega.
2. Significant items for FY17 and FY18 comprise business review costs, redundancy costs associated with restructuring, onerous lease provisions and other costs associated with office rationalisation and consolidation, and debtor provision related to the QTM Business (portfolio companies) as disclosed in the Cardno Limited 2017 and 2018 Annual Reports. In the 2017 Annual Report, the significant items were associated with balance sheet provisions related to the petroleum and gas businesses, the Nigeria business, multi-year projects and litigation. In the 2018 Annual Report, the significant items were associated with the finalisation of matters with respect to release of litigation, overhead rate audit and adjustments to the balance sheet provisions for the closure of the Nigerian business taken up in the prior financial year which were no longer required.
3. Following the Demerger, Intega will be a standalone entity, listed on the ASX. As a standalone entity, Intega is expected to incur net additional operating costs (dis-synergies) of approximately $1.8 million per annum. Since 2017, Cardno's QTM Business has been primarily operationally managed as a "portfolio" business (with the key exception being UES/T2). See Section 3.2 for further details.
4. Represents earnings adjustments in relation to the Raba Kistner acquisition, which was completed in December 2018. The pro forma adjustment reflects the reported impact of this acquisition as if Intega acquired this business effective from FY17.

(d) Pro forma historical segment information

Set out below is the Intega pro forma historical segment information for the years ended 30 June 2017, 30 June 2018 and 30 June 2019.

Intega segments are organised and managed separately according to the geographic regions in which services are performed. The Board and the CFO (the chief operating decision makers) monitor the operating results of the segments separately for the purpose of making decisions about resource allocation and performance assessment.

Table 3: Intega pro forma historical revenue (segment information)

Intega pro forma historical revenue (segment information)			
$m	**FY17**	**FY18**	**FY19**
Americas	224.5	216.3	273.8
APAC	88.3	115.9	143.9
Pro forma historical revenue	**312.7**	**332.1**	**417.7**

Table 4: Intega pro forma historical EBITDA (segment information)

Intega pro forma historical EBITDA (segment information)			
$m	**FY17**	**FY18**	**FY19**
Americas	2.1	9.6	16.1
APAC	4.4	10.9	13.7
Pro forma historical EBITDA	**6.5**	**20.5**	**29.8**

(e) Management commentary on Intega pro forma historical segment information

Commentary on Intega's historical financial performance is outlined below. More information is available in Cardno's annual financial statements for the years ended 30 June 2017, 30 June 2018 and 30 June 2019 which can be found on Cardno's website (www.cardno.com) or the ASX website (www.asx.com.au).

(i) FY17

Intega achieved pro forma revenue of $312.7 million and EBITDA of $6.5 million in FY17. EBITDA was negatively impacted by a loss in the oil and gas operations (PPI) as the business exited its operations in Nigeria and Angola and refocused on quality assurance work.

(ii) FY18

Intega achieved pro forma revenue of $332.1 million and EBITDA of $20.5 million in FY18. The $19.4 million increase in pro forma revenue was driven by additional construction material testing work in Australia and the Americas. This was partially offset by a decline in the oil and gas division due to the full year impact of exiting Nigeria and Angola and the refocus of the PPI business on quality assurance work.

The growth in revenue positively impacted EBITDA by approximately $14.0 million. This growth was primarily due to a $5.2 million improvement in the profitability of PPI as and after the business exited loss making operations in Nigeria and Angola, and strong growth in the profitability of the Construction Sciences business in Australia.

(iii) FY19

Intega achieved pro forma revenue of $417.7 million and EBITDA of $29.8 million in FY19. The $85.6 million increase in pro forma revenue was driven by additional construction material testing work in Australia and the America's, largely through organic revenue growth, and a modest return to profitable growth in PPI's oil and gas operations.

The UES operations in the Americas generated approximately $93.0 million of revenue, however were approximately breakeven at an EBITDA level. This reflects loss making operations in certain regions in the US which offset profitable revenue in Canada and other US regions.

(f) Intega pro forma historical balance sheet

Set out in Table 5 is the Intega pro forma historical balance sheet as at 30 June 2019. For the purpose of presenting the pro forma historical balance sheet, it has been assumed that the Demerger was effected and completed on 30 June 2019.

The Intega pro forma historical balance sheet has been prepared in order to give Cardno Shareholders an indication of the Intega historical balance sheet in the circumstances noted in this Section 3.6, and does not reflect the actual or prospective financial position of Intega at the time of the Demerger. No adjustments have been made to reflect the trading of the QTM Business since 30 June 2019.

Table 5: Intega pro forma historical balance sheet as at 30 June 2019

Intega pro forma historical balance sheet as at 30 June 2019				
$m	Historical as at 30 June 2019[1]	Intercompany and external syndicated loan refinancing[2]	Transaction costs[4]	Pro forma historical Intega as at 30 June 2019
Current assets				
Cash and cash equivalents	13.1		(3.3)	9.8
Trade and other receivables	73.4			73.4
Inventories	22.1			22.1
Other current assets	4.2			4.2
Current tax receivables	0.0			0.0
Total current assets	112.7	-	(3.3)	109.5
Non-current assets				
Other financial assets	0.1	-		0.1
Property, plant & equipment	28.2	-		28.2
Deferred tax assets[3]	3.4	-		3.4
Intangible assets	106.5	-		106.5
Total non-current assets	138.2	-	-	138.2
Total assets	250.9	-	(3.3)	247.7
Current liabilities		-		
Trade and other payables	41.7	(9.2)		32.5
Intercompany payable	32.6	(32.6)		-
Borrowings	2.7	-		2.7
Current tax liabilities	-	-		-
Short term provisions	13.9	(1.0)		12.9
Other current liabilities	0.0	-		0.0
Total current liabilities	90.8	(42.8)	-	48.0
Non-current liabilities				
Trade and other payables	11.4	-		11.4
Borrowings	76.2	(18.3)	(0.8)	57.2
Deferred tax liabilities[3]	13.7	-		13.7
Long term provisions	1.2	-		1.2
Other non-current liabilities	0.2	-		0.2
Total non-current liabilities	102.8	(18.3)	(0.8)	83.8
Total liabilities	193.5	(61.0)	(0.8)	131.8
Net assets	**57.4**	**61.0**	**(2.5)**	**115.9**
Total shareholders equity	**57.4**	**61.0**	**(2.5)**	**115.9**

Notes:

1. Represents the assets and liabilities held by Intega as at 30 June 2019, as derived from the historical financial information directly related to Intega from the accounting records of Cardno and from the financial statements of Intega.
2. Represents the net impact of completing the external syndicated loan refinancing process of the syndicated loan facility of AUD $97.0 million and US $7.0 million as if this occurred on 30 June 2019. As part of the Demerger, certain T2/UES-related balances will be settled on an intercompany basis.
3. Represents the deferred tax assets and liabilities allocated to Intega post-Demerger.
4. Represents one-off transaction costs in connection with the Demerger, which will be borne by Cardno and Intega. No tax deductibility has been assumed.
5. The balance sheet presented above does not include the lease liability and right-of-use asset that will arise on adoption of AASB 16.

Intega's property, plant and equipment assets are depreciated on a straight-line basis over their useful lives. Management reviews the appropriateness of useful lives of assets at least annually, but any changes to useful lives could affect prospective depreciation rates and asset carrying values.

Table 6: Property, plant and equipment

Property, plant and equipment	
$m	Historical as at 30 June 2019
Lab equipment, instruments and amenities	
At cost	35.9
Accumulated depreciation	(25.3)
Lab equipment, instruments and amenities - total carrying value	10.5
Motor vehicles	
At cost	18.9
Accumulated depreciation	(9.4)
Motor vehicles - total carrying value	9.5
Office furniture & equipment	
At cost	15.1
Accumulated depreciation	(9.8)
Office furniture & equipment - total carrying value	5.3
Leasehold improvements	
At cost	4.2
Accumulated depreciation	(2.2)
Leasehold improvements - total carrying value	1.9
Land & buildings	
At cost	0.9
Accumulated depreciation	(0.1)
Land and buildings - total carrying value	0.9
Total property, plant and equipment	**28.2**

(g) Intega pro forma historical cash flows

Set out below are the Intega pro forma historical cash flows showing the net operating cash flows after capital expenditure, before financing costs and tax for the years ended 30 June 2017, 30 June 2018 and 30 June 2019

Table 7: Intega pro forma historical cash flows

Intega pro forma historical cash flows[1]			
$m	FY17	FY18	FY19
EBIT	**2.5**	**15.4**	**13.8**
Depreciation and amortisation	4.1	5.1	16.0
EBITDA	**6.6**	**20.5**	**29.8**
Changes in working capital	11.5	(0.2)	4.1
Other items	-	-	-
Net operating cash flows, before capital expenditure, financing costs and tax	**18.1**	**20.3**	**33.9**
Capital expenditure[2]	(2.1)	(4.6)	(6.9)
Proceeds from sale of property, plant and equipment and intangibles	0.0	0.2	0.1
Net operating cash flows after capital expenditure, before financing costs and tax	**16.0**	**15.9**	**27.1**

Notes:

1. No reconciliation to the Cardno historical cash flow statements has been provided.
2. Capital expenditure is derived from information relating to Intega in the financial statements of Cardno, including pro forma adjustments.

As a standalone entity following the Demerger, Intega may have additional net cash outflows relating to incremental corporate operating costs (refer to Section 3.6(c)), financing activities (refer to Section 3.6(i)), taxation (refer to Section 3.6(m)) and dividends (refer to Section 3.6(n)). Other than the net additional standalone costs and operating costs transferred from Cardno, pro forma adjustments have not been made for these items because the periods presented in the Intega Pro Forma Historical

Financial Information do not reflect Intega's financing facilities, tax arrangements and capital structure following the Demerger.

(h) **Management commentary on Intega pro forma historical cash flows**

Conversion of EBIT into net operating cash flows after capital expenditure, before financing costs and tax is more than 100 per cent in each year.

Items of note in the Intega pro forma historical cash flows in the past three years include:

- The capex of Intega is primarily related to motor vehicles and equipment. The modest capex is in part driven by the policy in the Americas' for the vast majority of vehicles to be on operating lease with the costs of these leases included within EBITDA.
- The $11.5 million inflow of working capital in FY17 was primarily due to the timing of receipts from clients and payments to suppliers through the financial year end of FY16 and FY17.
- The significant step up in the depreciation and amortisation to $16.0 million in FY19 was driven by the amortisation of intangibles related to the acquisition of Raba Kistner. See Table 1 for further details.

(i) **Debt facilities and cash**

Intega has historically been funded through a combination of internally generated cash flows and external financing activities held by Cardno.

Following the Demerger, funding for Intega will be sourced from a combination of its own cash reserves, internally generated cash flows and a AUD $97.0 million and US $7 million syndicated bank loan facility with HSBC USA, HSBC Australia and Investec (**Intega Syndicated Facility**). The Intega Syndicated Facility includes provision for AUD and USD drawings. There is also provision for existing EUR and NZ$ denominated letters of credit and bank guarantees to be grandfathered.

The Intega Board considers that the Intega Syndicated Facility, combined with the cash flow expected to be generated by Intega, will be sufficient to allow Intega to carry out its business and stated objectives immediately following the Demerger, and is appropriate having regard to the financial and investment profile of Intega following the Demerger.

The key terms of the Intega Syndicated Facility are outlined below: These terms and conditions are generally consistent with the position Cardno has negotiated on previous financings.

Table 8: Key terms of the Intega Syndicated Facility

Facility type	Syndicated bank facility
Borrower	Intega Group Limited
Currency	US$ and AUD$
Commitment	AUD $97.0 million and US $7 million
Maturity	3 years
Interest rate	With respect to a utilisation denominated in: • Australian dollars, BBSY Bid; • US dollars, LIBOR;

	• Euro, EURIBOR; or • NZ$, BKBM, plus a margin agreed at commercial rates. The documents contain fallback drafting to manage circumstances where any of the base rates set out above cease operation.
Conditions precedent to initial drawdown	The Intega Syndicated Facility contains conditions precedent to drawing that are customary for a facility of this nature, including conditions precedent requiring certification that: • the Demerger has occurred or will occur concurrently with, financial close, in accordance with the Demerger Scheme documents; and • that an office copy of the court order made under section 411(4)(b) of the Corporations Act approving the Demerger Scheme has been lodged with ASIC.
Security	Each Guarantor will, at the time of becoming a Guarantor, grant security over all of its assets and undertaking. In respect of any asset where consent is required to the granting of security over that asset, that asset will be excluded from the security unless such consent is obtained.
Guarantee	The Intega Syndicated Facility is guaranteed by Intega, each borrower under the Intega Syndicated Facility and such of Intega's wholly-owned subsidiaries that account for not less than 90 per cent of the total assets and 90 per cent of the EBITDA of the Intega Group (excluding non-wholly owned subsidiaries). Each member of the Intega Group which account for more than five per cent of the total assets and EBITDA of the Intega Group (excluding non-wholly owned subsidiaries) must also become guarantors under the Intega Syndicated Facility.
Representations, undertaking and events of default	The Intega Syndicated Facility contains representations, undertakings and events of default that are consistent with the position Cardno has negotiated on previous financings, other than certain thresholds and permitted 'baskets' have been lowered, to reflect the smaller Intega Group, following the implementation of the Demerger Scheme.
Review events	The Intega Syndicated Facility contains the following review events: • if the shares of Intega are suspended from the ASX for longer than 10 consecutive business days (other than for a pending announcement of a major acquisition or merger transaction); • if a person not in control of Intega on the date of the Intega Syndicated Facility thereafter acquires Control of Intega (with Control having the meaning given to it in section 50AA of the Corporations Act); or

	• if the existing Holcim contract is not renewed, extended or replaced by the date which is 90 days after financial close, or (in summary) new contracts representing the forecast revenue of such Holcim contract are not entered into by such date.[15]

As at the date of this Demerger Scheme Booklet, a binding commitment letter has been signed by Cardno (on behalf of Intega) and each of the banks providing the Intega Syndicated Facility, under which the banks have agreed to enter into formal agreements to provide the Intega Syndicated Facility (subject to various conditions being satisfied, included those summarised in Table 8 above). The rights under that commitment are transferable to Intega without any actions required on behalf of any third party. It is expected that Intega will have signed the agreement prior to the Demerger Scheme Meeting.

(j) **Hedging**

Intega may choose to enter into interest rate derivatives or fixed rate bonds to hedge a portion of interest rate risk associated with its debt.

Historically, Cardno has not chosen to hedge its interest rate or foreign exchange positions but has balanced its debt between US dollar borrowings and AUD dollar borrowings to provide a partial natural hedge against foreign exchange fluctuations. It is currently the intention of the Intega Board to continue with this historical practice of Cardno.

(k) **Lease commitments**

Set out below are Intega's operating lease commitments as at 30 June 2019. Property leases account for $29.2 million of the total operating lease commitments balance.

Table 9: Intega operating lease commitments

Intega operating lease commitments	
$m	**Pro forma historical as at 30 June 2019**
Within one year	13.5
Between one and five years	26.3
More than five years	2.9
Total operating lease commitments	**42.7**

The lease commitments set out in Table 9 above are determined in accordance with the currently applicable lease standard and reflect the undiscounted amount of the operating lease commitments at 30 June 2019. A new lease standard will be applicable to Intega from 1 July 2019 as discussed in Section 3.6(a). On adoption of the new lease standard, the present value of these commitments, adjusted for non-lease components and reasonably certain options, terminations and purchases would be shown as a liability on the balance sheet together with an asset representing the right-of-use.

(l) **Shareholders' equity**

Assuming Cardno does not institute a buy back of Cardno Shares between 1 July 2019 and the Demerger being effective, Intega is expected to have approximately 444 million Intega Shares on issue.

[15] The Holcim contract is automatically extended for a further period on its expiry and the parties are currently negotiating the fee rates which will apply during the extended term. This is why the renewal or extension of the Holcim contract is included as a Review Event in the Intega Syndicated Facility. The parties are currently in the process of finalising and documenting the revised fee rates.

Further potential issuances of Intega Shares include shares to be issued under employee incentive plans for senior executives (discussed further in Section 6.7).

(m) **Taxation**

Tax is currently accounted for and paid on behalf of Intega as part of Cardno's Group taxation arrangements. At the time of the Demerger, Intega will exit Cardno's Australian, United States and New Zealand tax consolidated groups. The Cardno Australian tax consolidated group will retain all Australian tax losses incurred prior to the Demerger. After the Demerger, Intega will retain a portion of United States tax losses incurred prior to the Demerger to the extent they relate to the QTM Business. In other jurisdictions, such as Canada and the United Kingdom, Intega will remain a stand-alone taxpayer. The effective tax rate of Intega may vary from what it would have been if it remained part of Cardno.

(n) **Dividend policy**

The Intega dividend policy will operate on the basis that the Intega Board will make a determination as to the level of dividends to be paid for each reporting period, taking into account Intega's financial performance, funding position and a range of forward looking factors.

The current intention of the Intega Board is to continue Cardno's existing dividend policy which is to not issue any dividends but to use excess cash flows for share buy backs, acquisitions and the pay down of debt. The Intega Board may choose to change this policy depending on franking credits and other factors going forward.

(o) **Material changes in Intega financial position since the most recent balance date**

The most recent published financial statements of Cardno are provided in the financial report for the year ended 30 June 2019, which was released to the ASX on 21 August 2019. To the knowledge of the Cardno Board, there has not been any material change in the financial position of Intega since 30 June 2019, except as disclosed in this Demerger Scheme Booklet or otherwise in announcements to the ASX.

3.7 Information technology

The QTM Business has an independent information technology environment and network supporting its business operations, which are both internally managed as well as supported by third-party service providers. The business has its own agreements in place with third-party hardware, software and service providers for its information technology systems and infrastructure.

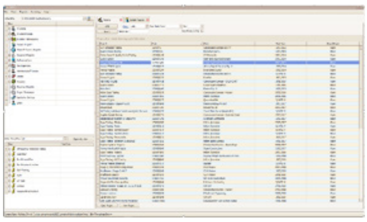
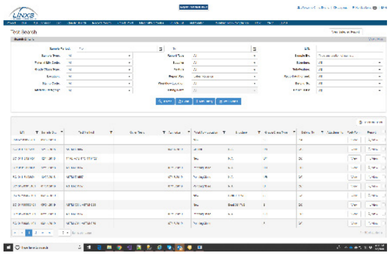
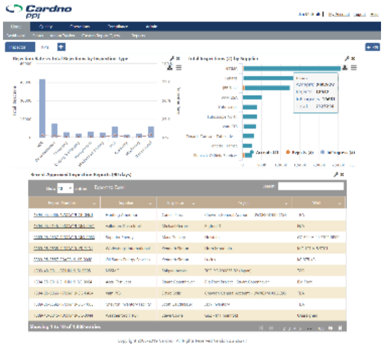
Following the Demerger, Intega will continue to receive some corporate and business services from Cardno supported by Cardno information technology systems. These include IT support services and IT infrastructure and hardware (including assistance and setup). Cardno will not support the proprietary IT systems that are central to the competitive advantages of Intega, and which will be supported within Intega.

Intega's Software Suites

A core advantage for Intega is its proprietary software systems. These include:

- **COMPLY:** a software suite that tracks test results, laboratory performance, individual technician performance and the trending of material and test results.
- **EIVIS:** an engineering and laboratory vital information system, EIVIS is customised to each project and reflects the way construction projects in the US are managed. It also allows the business to act effectively as the owners' representative on projects, ensuring that quality control is achieved in a real-time and transparent manner. The software also ensures that construction hold point elements are adhered to, limiting room for human error.

- **QA Reporter:** this software enables technicians to monitor the manufacturing and inspection of components including drilling equipment, petrochemical processing components, pipeline systems and turbine elements. Ultimately, this helps to minimise downtime and delays by ensuring that equipment meets specifications and quality standards before it arrives on site. The software also tracks client owned inventory.

COMPLY	EIVIS	QA Reporter
		

These proprietary software suites have been built with technicians' and clients' input and are practical software suites that improve the quality, auditability and accessibility of projects.

Apart from the proprietary software suites, the QTM Business operates its finance and other business operations on third party systems including BST, Microsoft office, GeoStudio, gInt, and Autodesk.

3.8 Corporate governance

This Section 3.8 explains how the Intega Board will oversee the management of the QTM Business. The Intega Board is responsible for and oversees the governance of Intega. Details of Intega's key policies and the charters for the Intega Board, which will take effect at the ASX Listing, are available at www.intega.net.

The Intega Board is responsible for ensuring that an effective corporate governance structure operates in Intega. The Intega Board will set reasonable profit and growth targets, while properly managing risk and taking into account the interests of Intega's stakeholders. The Intega Board is committed to promoting a good corporate culture and the highest standards of accountability. Accordingly, the Intega Board has created a framework for managing Intega, including adopting relevant internal controls, risk management processes and corporate governance policies and practices to promote accountability, good governance practice and the responsible management and conduct of Intega.

The main policies and charters adopted by Intega, which will take effect from the ASX Listing, are summarised below. In addition, many governance practices are contained in the Intega Constitution, which is summarised in Section 8.6.

(a) **ASX Corporate Governance Council's Corporate Governance Principles and Recommendations**

Intega intends to apply for admission to the Official List and for Official Quotation of the Intega Shares on the ASX. The ASX Corporate Governance Council has developed the fourth edition of the Corporate Governance Principles and Recommendations (**ASX Recommendations**) for entities listed on the ASX in order to promote investor confidence, achieve good governance outcomes and to assist companies in meeting stakeholder expectations. The fourth edition of the ASX Recommendations will come into force on 1 January 2020.

The ASX Recommendations are not prescriptions, but guidelines against which entities report on an "if not, why not" basis. Under the ASX Listing Rules, Intega will be required to provide a corporate governance statement in its annual report disclosing the extent to which it has followed the ASX Recommendations during each reporting period. Where Intega does not follow an ASX Recommendation, it must identify the recommendation and the period during which it was not followed and state its reasons for not following it.

(b) **Intega Board of Directors**

The current intention of the Intega Board is that it will consist of five directors, but the Board may choose to adjust the number of Board members depending on future changes in Intega's circumstances and the needs of the Board. The Board aims to have a board of directors which has, at all times, the appropriate mix of skills, experience, expertise and diversity relevant to Intega's business and the Board's duties and responsibilities.

Biographies of the Intega Board are provided in Section 3.4(a).

The composition, structure and proceedings of the Board are primarily governed by Intega's Constitution. The Board, with the assistance of the Nomination Committee, will regularly review the composition and structure and performance of the Board.

The Chair of the Intega Board is not an independent director and the Intega Board will not be comprised of a majority of independent directors. This is a departure from the ASX Recommendations which suggest that the chair of the board of a listed entity should be an independent director and a majority of the board should be independent directors.

(c) **Intega Board Charter**

The Intega Board charter sets out the functions of the Board by describing the structure of the Board and its committees, the need for independence and other obligations of directors. The Intega Board's role includes to:

(i) define Intega's purpose and set its strategies, budgets and business plans and oversee management in its implementation of these objectives;

(ii) approve Intega's statement of values and code of conduct to underpin a culture of acting lawfully, ethically and responsibly;

(iii) satisfy itself that Intega has in place an appropriate risk management framework (for both financial and non-financial risks) and set the risk appetite within which the Board expects management to operate;

(iv) satisfy itself that Intega's remuneration policies are aligned with its purpose, values, strategic objectives and risk appetite;

(v) monitor performance of senior management;

(vi) approve major borrowing and debt arrangements, the acquisition, establishment, disposal or cessation of any significant business of the company, any significant transaction or capital expenditure and the issue of any shares, options, equity instruments or other securities in Intega;

(vii) approve Intega's annual report including the financial statements, directors' report, remuneration report and corporate governance statement, with advice from the Remuneration Committee, Nomination Committee and the Audit, Risk and Compliance Committee, as appropriate;

(viii) oversee Intega's process for making timely and balanced disclosure of all material information concerning Intega that a reasonable person would expect to have a material effect on the price or value of the Intega's securities;

(ix) satisfy itself that an appropriate framework exists for relevant information to be reported to the Board by management;

(x) consider the economic, occupational health and safety, environmental and social sustainability risks of Intega's activities;

(xi) ensure that Intega acts legally and responsibly on all matters and that the highest ethical standards are maintained;

(xii) develop an investor relations program to facilitate effective two-way communication with investors; and

(xiii) maintain a constructive and ongoing relationship with the ASX and regulators, and approving policies regarding disclosure and communications with the market and Intega's Shareholders.

The Board has delegated the management of the business and affairs of Intega to the Managing Director, supported by his direct reports. Management must regularly report to the Board with accurate, timely and clear information to allow the Board to discharge their obligations effectively and in the best interests of shareholders and Intega.

(d) **Intega Board Committees**

The Board has established the following committees to assist in carrying out its responsibilities. Each committee has a charter which sets out the roles, responsibilities, membership and procedure of each committee. Other committees may be established by the Intega Board when required in the circumstances.

(i) **Remuneration Committee**

The role of the Remuneration Committee is to assist the Board in fulfilling its responsibilities in relation to the Intega remuneration policies. The Remuneration Committee's responsibilities include:

(A) assisting the Board to determine a remuneration strategy that ensures all staff are aligned to achieving the business strategies of Intega and delivering value to shareholders;

(B) monitoring that appropriate performance management, succession planning and talent development programs are carried out by management so the link between performance and reward is maintained (including in relation to new incentive and/or equity plans);

(C) providing effective oversight of the development of remuneration policies and practices to enable Intega to attract and retain senior management; and

(D) overseeing management's preparation of the annual remuneration report for inclusion in the Intega annual report and recommending the report to the Board for approval.

Under the Remuneration Committee charter, the Remuneration Committee will be comprised of at least three members and be comprised solely of non-executive directors. The committee will initially be comprised of two independent and two non-independent directors and chaired by a non-independent director. This is a departure from the ASX Recommendations which recommend that the majority of the members of the Remuneration Committee should be independent directors and the committee should be chaired by an independent director.

(ii) **Nomination Committee**

The role of the Nomination Committee is to assist the Board in fulfilling its responsibilities in relation to determining the composition of the Board and its committees, identifying qualified individuals to become Board members and overseeing the evaluation of the Board and its committees. The responsibilities of the Nomination Committee include:

(A) determining the competencies required of directors for the Board;

(B) developing and recommending a Board succession plan;

(C) developing and recommending to the Board induction and continuing professional development programs to enhance director competencies;

(D) developing and recommending an annual performance evaluation of the Board and its committees;

(E) evaluating and recommending the appointment and removal of directors; and

(F) ensuring there are plans in place to manage the succession of the Managing Director and other senior executives.

Under the Nomination Committee charter, the Nomination Committee will be comprised of at least three members. The committee will initially be comprised of two independent and two non-independent directors and chaired by a non-independent director. This is a departure from the ASX Recommendations which suggest that the majority of the members of the Nomination Committee should be independent directors and the committee should be chaired by an independent director.

(iii) **Audit, Risk and Compliance Committee**

The role of the Audit, Risk and Compliance Committee is to assist the Board in fulfilling its responsibilities in relation to Intega's risk management strategy and framework, corporate reporting and internal and external audit functions. The Audit, Risk and Compliance Committee's responsibilities include:

(A) serving as an independent and objective party to review the financial information presented by management to the Board and the general public;

(B) ensuring implementation and management of a risk management system;

(C) ensuring identification, assessment and management of Intega's significant risks;

(D) serving as an independent and objective party to review the efficiency and effectiveness of the information presented by management to the Board concerning risk management, quality management and occupational health and safety;

(E) overseeing and appraising the quality of audits conducted by Intega's internal and external auditors;

(F) advising the Board of possible conflicts of interest and/or loss of independence by Intega's internal and external auditors in respect of work proposed to be undertaken by the auditors;

(G) maintaining, by scheduling regular meetings, open lines of communication among the Board and the internal and external auditors to exchange views and information, as well as confirm their respective authority and responsibilities; and

(H) determining the efficiency and effectiveness of administrative operating and accounting controls used by the company.

Under the Audit, Risk and Compliance Committee charter, the Audit, Risk and Compliance Committee will be comprised of at least three members, the majority of whom are independent, and will be comprised solely of non-executive directors. The Committee will be chaired by an independent director who is not the chair of the Intega Board.

(e) **Corporate Governance Policies**

The Intega Board has adopted the following corporate governance policies, each of which has been prepared having regard to the ASX Recommendations. The corporate governance policies will be reviewed regularly or as often as the Board considers necessary to ensure each policy is operating effectively and in accordance with best practice.

The corporate governance policies, which will take effect from the ASX Listing, are available on the Intega website at www.intega.net.

(i) **Code of Conduct**

Intega is committed to acting with the highest standard of integrity, honesty and ethical standards in all business practices. Accordingly, Intega has adopted a Code of Conduct which sets out the standards of professional conduct that Intega expects of its business and people as it strives to achieve its underlying vision.

The key aspects of the Code of Conduct include:

- creating a safe environment for Intega people, clients and the communities Intega operates in;
- acting in accordance with all Intega policies and all laws and regulations that apply;
- acting ethically, honestly and responsibly in dealings with customers, suppliers and other internal or external parties; and
- setting out what Intega expects of its leaders and staff.

The Code of Conduct applies to all Intega Directors, officers, employees, contractors, consultants and suppliers.

(ii) **Diversity and Inclusion Policy**

Intega recognises the positive outcomes and better overall performance that can be achieved through a diverse workplace. The Intega Diversity and Inclusion Policy reflects Intega's commitment to building a workplace that promotes respect, fairness, inclusion and equity.

Intega is committed to inclusion at all levels of the organisation, regardless of gender, marital or family status, sexual orientation, gender identity, age, disabilities, ethnicity, religious beliefs, cultural background, socio-economic background, perspective and experience.

The Intega Board has designed and implemented programs to facilitate the organisation's gender diversity objectives, which the Board will annually set in accordance with the Diversity and Inclusion Policy.

(iii) **Shareholder Communication Policy**

Intega recognises that shareholders and other stakeholders are entitled to be informed in a timely and readily accessible manner of all major developments affecting Intega. The Board has adopted the Shareholder Communication Policy to facilitate effective communication with shareholders and other stakeholders and encourage participation by shareholders and other stakeholders on Intega's business, governance, financial performance and prospects.

From the ASX Listing, information will be provided to shareholders and other stakeholders through a range of forums and publications including:

- releases to the market via the ASX in accordance with continuous disclosure obligations;
- post and electronic mail;
- the corporate and investor sections of Intega's website; and
- the Intega AGM.

(iv) **Continuous Disclosure Policy**

Once listed, Intega will be required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. Intega has adopted a Continuous Disclosure Policy to reflect its compliance with the continuous disclosure obligations imposed by the law and reinforce Intega's commitment to providing accurate, balanced and clear announcements that allow investors to assess the impact of the information when making investment decisions.

The Continuous Disclosure Policy establishes internal procedures and processes aimed at ensuring Intega fulfils its obligations in relation to the timely disclosure of material price sensitive information concerning Intega.

(v) **Securities Trading Policy**

Intega has adopted a Securities Trading Policy which provides a summary on the legal prohibitions on insider training in Australia and details the procedure for the buying and selling of Intega securities. The requirements imposed by the Securities Trading Policy are in addition to any legal prohibitions on insider trading.

The policy applies to all Intega Directors, officers, employees and other designated persons. Under the policy, these persons are not permitted at any time to buy or sell securities where that person possesses inside information.

The Securities Trading Policy imposes additional restrictions on Intega Directors, managers and financial services employees, who must not deal in Intega securities during blackout periods. Outside of the blackout periods, these restricted persons must receive prior approval for any proposed dealing in Intega securities, subject to the prohibitions where that person possesses inside information.

(vi) **Whistleblower Policy**

Intega has adopted a Whistleblower Policy to support the Code of Conduct and Intega's commitment to ethical behaviour, honesty and integrity in business practice. The policy provides a mechanism for individuals to raise concerns about unethical conduct, financial malpractice, impropriety or fraud, contravention of legal or regulatory provisions or a breach of the Intega Code of Conduct or policies.

The policy establishes a procedure for the proper investigation of all disclosures while maintaining the anonymity of whistleblowers.

(vii) **Anti-Corruption and Bribery Policy**

The Intega Anti-Bribery and Corruption Policy applies to all Intega employees, officers, directors and in certain circumstances, consultants, secondees, contractors, agents and intermediaries. The policy supports Intega's Code of Conduct and, in particular, Intega's firm commitment to operating an ethical business organisation.

The Board has adopted the policy to reinforce the strict prohibition on the offer, provision, solicitation or acceptance of bribes. In addition, the Anti-Corruption and Bribery Policy sets out the procedures in place to ensure compliance with anti-corruption and bribery laws in all countries which may have jurisdiction over Intega's operations.

3.9 Intega Directors' interests and remuneration

(a) **Executive director remuneration**

A description of the remuneration arrangements for Matt Courtney, the Managing Director and CEO of Intega, is set out below.

Position	As at the date of this Demerger Scheme Booklet, Mr Courtney is employed by CCS Staff Pty Ltd as the Chief Executive Officer of Construction Sciences. From the Demerger Implementation Date, Mr Courtney will be appointed Chief Executive Officer and Managing Director of Intega under an executive contract with Intega.
Employer	Intega Group Limited
Total fixed remuneration	Under the terms of his executive contract with Intega, Mr Courtney is entitled to $400,000 per annum as fixed annual remuneration (inclusive of salary and superannuation) (**FAR**). In addition to the FAR, Mr Courtney will be provided with a car allowance of $6,000 per annum as a package benefit.
Short term incentive	Mr Courtney is eligible to receive a cash short-term incentive (**STI**) payment for each financial year of up to 40 per cent of FAR. The STI will be payable subject to the satisfaction of certain performance hurdles which are to be determined by the Intega Board on an annual basis. The executive contract currently envisages the following hurdles and corresponding STI payment: • if less than 90 per cent of the budgeted EBITDA for the Intega Group (Group EBITDA Budget) is achieved in a financial year, zero STI is payable; • if between 90 per cent and 100 per cent of the Group EBITDA Budget is achieved in a financial year, STI payment is calculated on a pro-rata basis between the performance corridors; • if 100 per cent of the Group EBITDA Budget is achieved in a financial year, STI of 30 per cent of FAR is payable; and

	• if at least 105 per cent of the Group EBITDA Budget is achieved in a financial year, the maximum STI of 40 per cent of FAR is payable.
Long term incentive	Mr Courtney may participate in the Intega Plan. It is intended that, shortly after the ASX Listing, Mr Courtney will be issued Options over Intega Shares to the value of $120,000 pursuant to the offer of Options to Intega executives described at Section 3.10(b)(iii).
Replacement incentives	As at the date of this Demerger Scheme Booklet, Mr Courtney holds 119,724 FY16 Cardno Performance Rights, 79,102 FY17 Cardno Performance Rights and 88,040 FY18 Cardno Performance Rights under the Previous Cardno Plan. The treatment of Mr Courtney's FY16 Performance Rights depends on the satisfaction of certain hurdles described in Section 3.10(b)(i) below. It is intended that Mr Courtney's existing FY17 and FY18 Performance Rights will be cancelled on the Demerger Implementation Date and will be replaced by the grant of 79,102 FY17 Intega Performance Rights and 88,040 FY18 Intega Performance Rights under the Intega Plan on the terms set out at Section 3.10(b)(ii) below.
Termination	Mr Courtney's employment may be terminated by either party upon giving six months' written notice. Intega may provide payment in lieu of all or part of the notice period. Intega may terminate Mr Courtney's employment without notice if, in Intega's opinion, Mr Courtney's conduct amounts to serious misconduct or if Mr Courtney breaches a material provision of the executive contract. On termination of employment, Mr Courtney will be subject to a restraint of trade for up to 12 months. Any termination payments to Mr Courtney will be subject to the ASX Listing Rules, the Corporations Act and other applicable laws and will be reduced to a level that does not infringe such laws (as determined by Intega, acting reasonably).

(b) **Non-executive director remuneration**

Under the Intega Constitution, the Intega Board may decide the remuneration to which each Intega Director is entitled for his or her services as a director. In accordance with the Intega Constitution and the ASX Listing Rules, the total amount given to all directors for their services as directors must not exceed in aggregate in any financial year the amount fixed by Intega in general meeting. This amount has been fixed by Intega at $850,000 per annum with the intention that this will be sufficient to attract and retain high-quality directors.

The current annual directors' fees, inclusive of superannuation, agreed to be paid by Intega are $120,000 (inclusive of any Committee fees) to the chairperson and $60,000 to each other non-executive director. In addition, the chair of the Audit and Risk Committee will be paid an additional

$15,000 per annum. Non-executive directors will receive an additional $10,000 per annum for each Committee in which they participate.

Intega has entered into deeds of indemnity and deeds of access with each of the Intega Directors.

(c) **Other interests and benefits**

Intega Directors are entitled to be paid for all travelling and other expenses they incur in attending to the company's affairs, including attending and returning from general meetings of the company or meetings of the directors or of committees of the directors. Any director who devotes special attention to the business of the company, or who otherwise performs services which in the opinion of the directors are outside the scope of the ordinary duties of a director, or who at the request of the directors engages in any journey on the business of the company, may be paid extra remuneration as determined by the directors.

Intega may, subject to the Corporations Act and the ASX Listing Rules, pay, make or provide any payment or other benefit to an Intega Director, a director of a Related Body Corporate of Intega or any other person in connection with that person's or someone else's retirement, resignation from or loss of office, or death while in office.

(d) **Interests in Intega Shares**

Under the Intega Constitution, an Intega Director is not required to hold Intega Shares in order to qualify for appointment.

It is expected that, on implementation of the Demerger, the Intega Directors will hold (either personally or through associated entities) one Intega Share for every Cardno Share held by that Intega Director (or their associated entity, as the case may be) at the Demerger Scheme Record Date (if any). The Intega Directors' interests in Cardno Shares are set out at Section 8.1. The Intega Directors' shareholdings in Intega will be notified to the ASX upon the listing of Intega on the Official List.

3.10 Intega executive remuneration

(a) **Intega senior management**

A description of the remuneration arrangements for Matt Courtney, the Managing Director and CEO of Intega, is set out at Section 3.9(a).

A description of the remuneration arrangements for Shael Munz, the CFO of Intega, is set out below.

Position	As at the date of this Demerger Scheme Booklet, Ms Munz is employed by CCS Staff Pty Ltd as the Chief Financial Officer of Construction Sciences. From the Demerger Implementation Date, Ms Munz will be appointed Chief Financial Officer of Intega under an executive contract with Intega.
Employer	Intega Group Limited

Total fixed remuneration	Under the terms of her executive contract with Intega, Ms Munz is entitled to $300,000 per annum as fixed annual remuneration (inclusive of salary and superannuation) (**FAR**).
Short term incentive	Ms Munz is eligible to receive a cash short-term incentive (**STI**) payment for each financial year of up to 32.5 per cent of FAR. The STI will be payable subject to the satisfaction of certain performance hurdles which are to be determined by the Intega Board on an annual basis. The executive contract current envisages the following hurdles and corresponding STI payment: • if less than 90 per cent of the budgeted EBITDA for the Intega Group (Group EBITDA Budget) is achieved in a financial year, zero STI is payable; • if between 90 per cent and 100 per cent of the Group EBITDA Budget is achieved in a financial year, STI payment is calculated on a pro-rata basis between the performance corridors; • if 100 per cent of the Group EBITDA Budget is achieved in a financial year, STI of 25 per cent of FAR is payable; and • if at least 105 per cent of the Group EBITDA Budget is achieved in a financial year, the maximum STI of 32.5 per cent of FAR is payable.
Long term incentive	As at the date of this Demerger Scheme Booklet, Ms Munz holds 150,000 FY16 Cardno Performance Rights under the Previous Cardno Plan. The treatment of Ms Munz's existing FY16 Performance Rights is described in Section 3.10(b)(i). Ms Munz may participate in the Intega Plan. It is intended that, shortly after the ASX Listing, Ms Munz will be issued Options over Intega Shares to the value of $75,000 pursuant to the offer of Options to Intega executives described at Section 3.10(b)(iii).
Termination	Ms Munz's employment may be terminated by either party upon giving six months' written notice. Intega may provide payment in lieu of all or part of the notice period. Intega may terminate Ms Munz's employment without notice if, in Intega's opinion, Ms Munz's conduct amounts to serious misconduct or if Ms Munz breaches a material provision of the executive contract. On termination of employment, Ms Munz will be subject to a restraint of trade for between six and 12 months. Any termination payments to Ms Munz will be subject to the ASX Listing Rules, the Corporations Act and other applicable laws and will

	be reduced to a level that does not infringe such laws (as determined by Intega, acting reasonably).

(b) **Employee incentive arrangements**

Intega has established the Intega Group Limited Performance Equity Plan (**Intega Plan**) to assist in the reward, retention and motivation of certain employees and to align the interests of those employees with the shareholders of Intega.

Under the Intega Plan, the Intega Board may offer Intega full-time employees, part-time employees or directors Performance Rights, Options or shares on the terms set out in the Intega Plan on terms determined by the Intega Board.

The Intega Board intends to grant the awards described below to certain executive employees under the Intega Plan on Demerger to replace their existing incentive arrangements with Cardno which will be cancelled on the Demerger Implementation Date.

Within the 12-month period following the Demerger, the Intega Board intends to allocate up to an additional $350,000 of awards per annum to other management personnel in addition to the replacement awards described in Section 3.10(b)(ii)below.

(i) **FY16 awards**

As at the date of the Demerger Scheme, the following Intega employees hold existing FY16 Performance Rights under the Previous Cardno Plan:

- Matt Courtney (CEO and Managing Director of Intega) – 119,724 FY16 Performance Rights; and
- Shael Munz (CFO of Intega) – 150,000 FY16 Performance Rights.

These Performance Rights are due to vest on 1 November 2019, subject to the relevant performance hurdles being satisfied.

In respect of the FY16 Performance Rights granted to Matt Courtney, 50 per cent of the Performance Rights are subject to an EBITDA hurdle, and the remaining 50 per cent are subject to a share price hurdle. In respect of the FY16 Performance Rights granted to Shael Munz, 100 per cent of the Performance Rights are subject to an EBITDA hurdle.

As at the date of this Demerger Scheme Booklet, it has been determined that the EBITDA hurdle has not been satisfied in respect of the FY16 Performance Rights held by Mr Courtney and Ms Munz. Accordingly, the Cardno Board have exercised their discretion under rules 5.3 and 5.6 of the Previous Cardno Plan such that:

- The 59,862 FY16 Performance rights held by Mr Courtney and the 150,000 FY16 Performance Rights held by Ms Munz subject to the EBITDA hurdle will lapse on 15 October 2019.
- In respect of the 59,862 FY16 Performance Rights held by Mr Courtney subject to the share price hurdle, if the share price hurdle is satisfied on 9 October 2019, the FY16 Performance Rights will be vested early on 15 October 2019 and, if the share price hurdle is not satisfied on 9 October 2019, the FY16 Performance Rights will lapse on 15 October 2019. Any vested FY16 Performance Rights will be automatically exercised on 15 October 2019 and the Participants will be issued Cardno Shares in accordance with the terms of grant. Any Cardno Shares issued in accordance with the exercise of vested FY16 Performance Rights will be entitled to participate in the Demerger.

(ii) **FY17 and FY18 awards**

As at the date of this Demerger Scheme Booklet, Matt Courtney, CEO and Managing Director of Intega, holds existing FY17 and FY18 Performance Rights under the Previous Cardno Plan. In order to ensure Mr Courtney is not disadvantaged by the Demerger and the overall value of the Performance Rights granted to Mr Courtney under the Previous Cardno Plan is preserved, it is intended that Mr Courtney's existing Cardno FY17 Performance Rights and FY18 Performance Rights granted under the Previous Cardno Plan will be cancelled on the Demerger Implementation Date and replaced with the Performance Rights described below. The replacement FY17 Performance Rights and FY18 Performance Rights will be issued under the Intega Plan on substantially the same terms and conditions as the existing FY17 Performance Rights and FY18 Performance Rights.

FY17 awards

It is intended that the 79,102 FY17 Performance Rights held by Mr Courtney as at the date of this Demerger Scheme Booklet will be cancelled on the Demerger Implementation Date and replaced with new Performance Rights granted under the Intega Plan on the following terms:

Number of Performance Rights	**79,102 Performance Rights issued in two tranches:** • Tranche 1: 39,551 Performance Rights • Tranche 2: 39,551 Performance Rights
Nature of Performance Rights	Each Performance Right constitutes a right to receive, subject to the terms and conditions of the Intega Plan, a number of Intega Shares calculated in accordance with the following formula (with the aggregate number of Intega Shares being rounded down to the nearest whole number): $\frac{\textit{Combined Share Price}}{\textit{SP(Intega)}}$ Where: **Combined Share Price** has the meaning set out in the "Vesting conditions" row below, except that the 'Reference Date' for the purpose of this formula means the date immediately prior to the date of vesting of the Performance Right. **Reference Date**, for the purposes of this formula, means the date immediately prior to the date of vesting of the Performance Right. **SP(Intega)** means the VWAP of ordinary shares in Intega over a 20-day trading period ending on and including the Reference Date. **VWAP** means the volume weighted average price on the ASX over the relevant reference trading period.
Settlement mechanism	The Performance Rights will be equity settled and Mr Courtney will receive Intega Shares (either directly, or via an employee share trust).
Commencement Date	1 November 2017, being the date that the existing Cardno FY17 Performance Rights were granted under the Previous Cardno Plan.

Issue Price	Nil.
Exercise Price	Nil.
Vesting conditions	The Performance Rights will be subject to the following vesting conditions. The Performance Rights will vest on the issue by Intega of a notice to Mr Courtney informing him that the vesting conditions in relation to the relevant Performance Rights have been met. <u>Tranche 1 vesting conditions (39,551 Performance Rights)</u> The Tranche 1 Performance Rights will vest on 1 November 2020 subject to the Combined Share Price hurdle being achieved. The Combined Share Price hurdle will be satisfied if the Combined Share Price as at the close of the trading day immediately prior to Cardno's 2020 annual general meeting is equal to at least $1.10 on a per share basis. The Combined Share Price will be determined by the Intega Board according to the following formula: $\text{Combined Share Price} = \frac{(SP\,(Cardno) \times NS\,(Cardno)) + (SP(Intega) \times NS(Intega))}{\text{Number of Cardno Shares}}$ Where: **NS(Cardno)** means the total number of ordinary shares in Cardno on issue on the Reference Date. **NS(Intega)** means the total number of ordinary shares in Intega on issue on the Reference Date. **Number of Cardno Shares** means the total number of ordinary shares in Cardno on issue on the date immediately prior to completion of the Demerger. **Reference Date** means the trading day on the ASX that immediately precedes the date of the 2020 annual general meeting for Cardno. **SP(Cardno)** means the VWAP of an ordinary share in Cardno over a 20-day trading period ending on and including the Reference Date. **SP(Intega)** means the VWAP of ordinary shares in Intega over a 20-day trading period ending on and including the Reference Date. **VWAP** means the volume weighted average price on the ASX over the relevant reference trading period. <u>Tranche 2 vesting conditions (39,551 Performance Rights)</u> The Tranche 2 Performance Rights will vest on 1 November 2020 subject to the Combined EBITDA hurdle being achieved.

	The Combined EBITDA hurdle will be satisfied if the Combined EBITDA for the full FY20 exceeds $60 million. Combined EBITDA will be determined by the Intega Board according to the following formula: *Combined EBITDA = Cardno EBITDA + Intega EBITDA* Where: **Intega EBITDA** means the EBITDA for Intega for the financial year to 30 June 2020. **Cardno EBITDA** means the EBITDA for Cardno for the financial year to 30 June 2020. **EBITDA** means, in relation to an entity, the audited consolidated profit from ordinary activities of that entity before borrowing costs and income tax, plus depreciation, plus amortisation of identifiable, intangible assets for the relevant corporate group, determined on a consistent basis with the entity's statutory accounts, adjusted for the impact of any acquisition, divestment or changes to the planned capital expenditure determined by the board of that entity in its absolute discretion at the time of the acquisition, divestment of change to planned capital expenditure.
Exercise conditions	Nil. The Performance Rights will be deemed exercised on vesting.
Voting and dividend entitlements	Prior to exercise, the Performance Rights do not entitle Mr Courtney to a right to notice of, or to vote at or attend a meeting of Intega Shareholders nor to receive any dividends declared by Intega.
Restrictions on disposal	The Performance Rights may not be transferred. Mr Courtney will be free to deal with the Intega Shares he receives subject to the requirements of Intega's Securities Trading Policy (if any) and applicable laws.
Leaver provisions	If Mr Courtney ceases to be employed or engaged by the Intega Group, all of his unvested Performance Rights and vested Performance Rights that have not yet been settled at the relevant date will lapse.
Change of Control	Under the Intega Plan Rules and the terms of the offer invitation, if there is a change of control event in respect of Intega, Intega may determine that Mr Courtney's unvested Performance Rights will vest.
Clawback	If the Intega Board becomes aware of a material misstatement in Intega's financial statements or some other event has occurred which, as a result, means that the vesting conditions in respect of certain vested Performance Rights were not, or should not have been determined to have been, satisfied, then Mr Courtney will cease to be entitled to the vested Performance Rights and the

	Intega Board may cancel those Performance Rights for no consideration or adjust fixed remuneration, incentives or participation in the Intega Plan of Mr Courtney in the current year or any future year to take account of the after tax value of the Performance Rights.

FY18 awards

It is intended that the 88,040 FY18 Performance Rights held by Mr Courtney as at the date of this Demerger Scheme Booklet will be cancelled on the Demerger Implementation Date and replaced with new FY18 Performance Rights granted under the Intega Plan on the following terms:

Number of Performance Rights	88,040 Performance Rights
Nature of Performance Rights	Each Performance Right constitutes a right to receive a number of Intega Shares calculated in accordance with the following formula (with the aggregate number of Intega Shares being rounded down to the nearest whole number): $\frac{(SP(Cardno) \times NS(Cardno)) + (SP(Intega) \times NS(Intega))}{\text{Number of Cardno Shares}} \times \frac{1}{SP(Intega)}$ Where: **NS(Cardno)** means the total number of ordinary shares in Cardno on issue on the Reference Date. **NS(Intega)** means the total number of ordinary shares in Intega on issue on the Reference Date. **Number of Cardno Shares** means the total number of ordinary shares in Cardno on issue on the date immediately prior to completion of the Demerger. **Reference Date** means the date immediately prior to the date of vesting of the Performance Right. **SP(Cardno)** means the VWAP of an ordinary share in Cardno over a 20-day trading period ending on and including the Reference Date. **SP(Intega)** means the VWAP of an ordinary share in Intega over a 20-day trading period ending on and including the Reference Date. **VWAP** means the volume weighted average price on the ASX over the relevant reference trading period.
Settlement mechanism	The Performance Rights will be equity settled and Mr Courtney will receive Intega Shares (either directly, or via an employee share trust).
Commencement Date	1 November 2018, being the date that the existing Cardno FY18 Performance Rights were granted under the Previous Cardno Plan.

Issue Price	Nil.
Exercise Price	Nil.
Vesting conditions	The Performance Rights will be subject to the following vesting condition. The Performance Rights will vest on the issue by Intega of a notice to Mr Courtney informing him that the vesting condition in relation to the relevant Performance Rights have been met. 50 per cent or more of the Performance Rights will vest on 1 November 2021 subject to the Combined EBITDA hurdle being achieved. 50 per cent of the Performance Rights will vest if the Combined EBITDA Hurdle for the full 2021 financial year exceeds $73.5 million, with the remaining 50 per cent vesting in straight line growth against a Combined EBITDA of $77.5 million. Combined EBITDA will be determined by the Intega Board according to the following formula: *Combined EBITDA = Cardno EBITDA + Intega EBITDA* Where: **Intega EBITDA** means the EBITDA for Intega for the financial year to 30 June 2021. **Cardno EBITDA** means the EBITDA for Cardno for the financial year to 30 June 2021. **EBITDA** means, in relation to an entity, the audited consolidated profit from ordinary activities of that entity before borrowing costs and income tax, plus depreciation, plus amortisation of identifiable, intangible assets for the relevant corporate group, determined on a consistent basis with the entity's statutory accounts, adjusted for the impact of any acquisition, divestment or changes to the planned capital expenditure determined by the board of that entity in its absolute discretion at the time of the acquisition, divestment of change to planned capital expenditure.
Exercise conditions	Nil. The Performance Rights will be deemed exercised on vesting.
Voting and dividend entitlements	Prior to exercise, the Performance Rights do not entitle Mr Courtney to a right to notice of, or to vote at or attend a meeting of Intega Shareholders nor to receive any dividends declared by Intega.
Restrictions on disposal	The Performance Rights may not be transferred. Mr Courtney will be free to deal with the Intega Shares he receives subject to the requirements of Intega's Securities Trading Policy (if any) and applicable laws.

Leaver provisions	If Mr Courtney ceases to be employed or engaged by the Intega Group, all of his unvested Performance Rights and vested Performance Rights that have not yet been settled at the relevant date will lapse.
Change of Control	Under the Intega Plan Rules and the terms of the offer invitation, if there is a change of control event in respect of Intega, then Intega may determine that Mr Courtney's unvested Performance Rights will vest.
Clawback	If the Intega Board becomes aware of a material misstatement in Intega's financial statements or some other event has occurred which, as a result, means that the vesting conditions in respect of certain vested Performance Rights were not, or should not have been determined to have been, satisfied, then Mr Courtney will cease to be entitled to the vested Performance Rights and the Intega Board may cancel those Performance Rights for no consideration or adjust fixed remuneration, incentives or participation in the Intega Plan of Mr Courtney in the current year or any future year to take account of the after tax value of the Performance Rights.

(iii) **Chief Executive Officer and Managing Director, Chief Financial Officer and other senior management – New Option awards**

Shortly after the ASX Listing, Intega intends to make a grant of Options over Intega Shares under the Intega Plan with a value of $120,000 to Matt Courtney (CEO and Managing Director), $75,000 to Shael Munz (CFO), and up to an aggregate of $350,000 to other select members of the senior management team.

The key terms of the offer are set out below.

Number of Options	The number of Options to be granted to the relevant participant will be the total dollar value of Options issued to them divided by the VWAP of an ordinary share in Intega over a 20-day trading period on the ASX ending on and including 11 December 2019. **VWAP** for this purpose means volume weighted average price.
Nature of Options	Each Option constitutes a right to receive one (1) ordinary share in Intega.
Issue Price	Nil.
Exercise Price	The exercise price per Option will be calculated in accordance with the following formula: 1.5 x the VWAP of an ordinary share in Intega over a 20-day trading period on the ASX ending on and including 11 December 2019.

Vesting conditions	Options will vest on the 3rd anniversary of the grant date, subject to the executive remaining continuously employed by the Intega Group from the grant date until that time.
Exercise conditions	Nil. Once the vesting conditions in respect of an Option are satisfied or waived, the Option will vest and be capable of exercise and Intega will notify the holder. The holder may then, subject to the Intega Plan Rules, exercise an Option at any time up until the last exercise date by: • providing Intega with a signed exercise notice; and • paying the exercise price to or as directed by the Company. Following the exercise of an Option, Intega will determine whether the Option will be: • equity settled; or • cash settled (i.e., holder receives a cash payment equal to the number of Intega Shares to which the holder is entitled, multiplied by the volume weighted average price of an Intega Share at the close of trading over the 20 trading days prior to the date of vesting (or such other date reasonably determined by the Intega Board)), in either case, as soon as reasonably practicable following the date of exercise. If an Option is cash settled, an amount may be deducted by Intega from the cash payment on account of any applicable taxes, brokerage commissions and fees that Intega is liable to withhold and/or pay in relation to the exercise and settlement of that Option.
Expiry Date	5.00pm on the 8th anniversary of the grant date of the Options.
Voting and dividend entitlements	Prior to exercise, the Options do not entitle the executive to a right to notice of, or to vote or attend, a meeting of Intega Shareholders nor to receive any dividends declared by Intega.
Restrictions on disposal	The Options may not be transferred. If equity settled on exercise, the executives will be free to deal with the Intega Shares they received subject to the requirements of Intega's Securities Trading Policy (if any) and applicable laws.
Leaver provisions	If an executive ceases to be employed or engaged by Intega, their entitlement to the Options will depend on the circumstances of cessation of employment or engagement. If the executive ceases to be employed or engaged by Intega in special circumstances (being death, terminal illness or total and permanent disability), they will retain any vested Options and (unless the Intega Board determines otherwise) forfeit all unvested Options.

	In any other circumstance in which an executive ceases to be employed or engaged by Intega, all vested but unexercised Options and all unvested Options will be forfeited (unless the Intega Board determines otherwise).
Change of Control	Under the Intega Plan Rules and the terms of the offer invitation, if the Intega Board determines that a change of control event is likely to occur then the Intega Board (in its absolute discretion) may determine the manner in which any or all of the executive's unvested Options will be dealt with if a change of control event occurs and may determine that any of the executive's vested but unexercised Options are cancelled for market value.
Clawback	If the Intega Board becomes aware of a material misstatement in Intega Group's financial statements or some other event has occurred which, as a result, means that the vesting conditions in respect of certain vested Options were not, or should not have been determined to have been satisfied, then the executive will cease to be entitled to those vested Options and the Intega Board may cancel those Options for no consideration or adjust fixed remuneration, incentives or participation in the Intega Plan of the executive in the current year or any future year to take account of the after tax value of the Options.

4 Information on Cardno after the Demerger

4.1 Overview of Cardno Consulting

Cardno Consulting is an environmental, infrastructure and development consulting business which had around 4,482 employees in 124 permanent offices as at 30 June 2019. The services that Cardno Consulting focuses on include:

- **Environmental Consulting**: Services include environmental assessment, applied toxicology, permitting, restoration, remediation, environmental management and litigation support in Asia Pacific and the Americas.

- **Infrastructure Consulting**: Services include civil engineering, construction engineering inspection, asset management, planning, structural engineering and master planning.

- **International Development**: Services include developing and managing development solutions for the Australian Department of Foreign Affairs and Trade (DFAT), the United States Agency for International Development (USAID), the United Kingdom Foreign and Commonwealth Office (FCO) and Department for International Development (DFID), the European Union, and for other governments, international agencies, non-government organisations and private sector clients.

Cardno Consulting operates three divisions: Asia Pacific, the Americas, and International Development. The Americas itself has three sub-divisions: Science and Environment, Government Services and Infrastructure. Cardno can operate with broad functional teams that assist clients with both the engineering and the environmental elements of a project. International Development operates as one functional division given the global nature of its services.

Key drivers of Cardno Consulting's revenue are urban development projects in both Australia and the US, environmental permitting, compliance, and restoration for the oil and gas, power and defence sectors, and litigation support for the private sector. In addition, Cardno's International Development division's revenue is driven by projects managing international development initiatives from governmental and non-governmental organisations and private sector companies in a large number of developing nations. Key client categories include:

- constructors/contractors of infrastructure and development projects;

- owners of infrastructure and development projects;

- urban developers;

- energy companies;

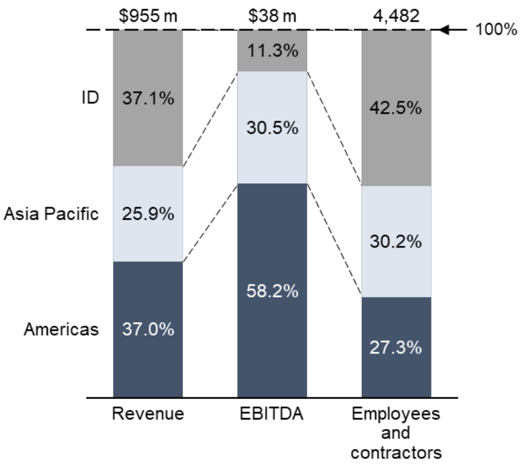
- mining companies;

- Municipal, county, state and federal governments; and

- funders of international development.

Individual infrastructure and environmental consulting task orders typically generate $10,000 to $2 million in contracted revenue. Cardno Consulting does not take material construction risk but instead focuses on the assessment, planning, permitting, design, construction engineering inspection and management of projects. International Development projects are larger in size; however, financial risk is limited as most projects are generally contracted as cost pass through arrangements.

Breakdown of Cardno Consulting pro forma revenue, pro forma EBITDA and employees and contractors (FY19)[16]



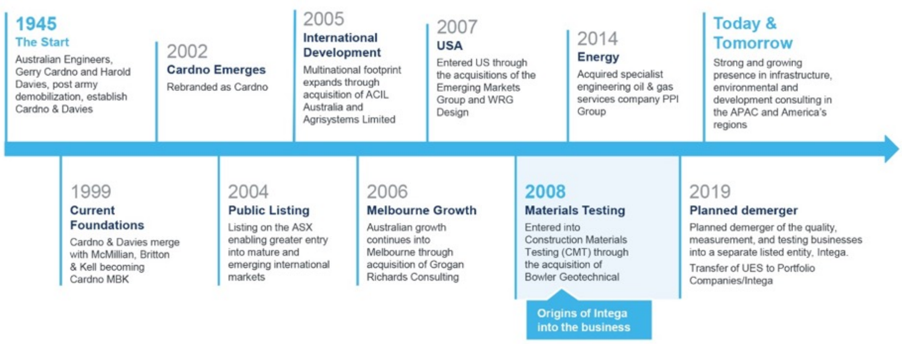
Key Characteristics

- International Development (**ID**) revenue involves significant revenue pass through (with limited financial risk).
- Americas consulting was 58 per cent of profitability.
- There is significant EBITDA growth opportunity in Asia Pacific region if that region is able to achieve margin improvement.
- $1.2 billion of backlog (16 months of revenue).

4.2 Cardno history and background

Cardno's heritage dates back 75 years. Gerry Cardno and Harold Davies established Cardno in Brisbane after they were demobilised from the army after World War II. Cardno was instrumental in Queensland's development during the post-war boom, designing and managing the construction of numerous water and sewerage plants, dams, bridges and roads across the state. Cardno has since become an international consulting business with more than $900 million in revenue, with operations in the Asia Pacific, the Americas and globally through the international development consulting market.

Cardno Consulting is focused on delivering client-centric solutions that enable efficient and effective project assessment, planning, design and regulatory approval by focusing on both the environmental and engineering design elements of projects to ensure that the built environment is sustainable and effective for the owners, the users and the environment.



[16] Note that the revenue of International Development includes significant pass through revenue. In addition, the employee number includes significant numbers of contractors and subconsultants.

4.3 Overview of Cardno Consulting's divisions

(a) **Americas**

(i) **Operations**

In the Americas, Cardno Consulting had approximately 1,223 staff and 86 offices as at 30 June 2019. It offered a broad suite of environmental and infrastructural consulting services to private and public sector clients. Cardno Consulting's service line offerings in the Americas include:

- **Natural Resources Consulting**: Cardno Consulting has an integrated line of services to assist clients with their natural resources assessment permitting and compliance needs. Services include mitigation planning, environmental policy support, site and linear asset permitting, water quality and supply, biological resources, cultural resources, natural resources damage assessments, wildlife assessments, litigation support, assessment, sustainability, master planning, geospatial planning, encroachment, construction oversight, compliance monitoring, modelling and natural resources information management. Cardno Consulting assesses and permits complex projects, with specialties in hydroelectric dam relicensing, oil and gas facilities, asset permitting and compliance, and US Department of Defence National Environmental Policy Act (**NEPA**) compliance. Natural Resources Consulting also provides spill and incident response services, including all aspects of spill and incident response from pre-planning and training to emergency response and restoration work. For instance, Cardno was the lead NRDA contractor on the management of the BP Deep Water Horizon oil spill in the Gulf of Mexico.

- **Environmental Assessment & Remediation Consulting**: Cardno Consulting provides environmental assessment and remediation services to both public and private sector clients. Services include due diligence, site characterisation, remediation design, feasibility assessments, decommissioning and demolition.

- **Restoration Services**: Restoration implementation services include restoration engineering, geomorphology, and stream and habitat restoration, complemented by the Cardno Native Plant Nursery.

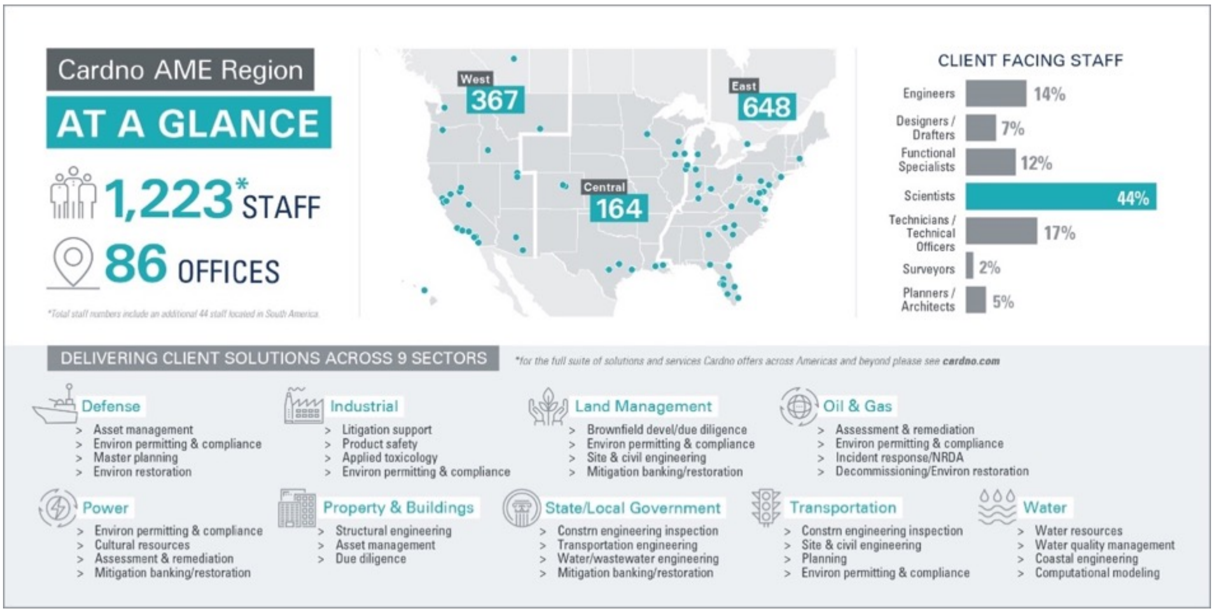
- **Toxicology and Epidemiology Consulting**: Cardno ChemRisk is a leader in applied toxicology, computational modelling, product and food safety, litigation support, contaminated sites and environmental, health and safety. Cardno ChemRisk's world class experts research and assist companies to assess the impact of toxins on human health.

- **Asset Management**: Cardno Consulting is a global supplier of asset management services. Asset management is an increasingly important service as organisations grapple with prioritising operation and maintenance funds, extending asset life, in addition to dealing with climate change and its impacts on the vulnerability of assets.

- **Civil Engineering**: Cardno Consulting provides engineering consulting services for public and private infrastructure projects. Services include roadway and bridge design, traffic and safety consulting, site civil engineering, landscape architecture, master planning, water and wastewater engineering, water resources engineering, and construction engineering inspection. The Florida Department of Transportation (FDOT) is a key client of Cardno Consulting.

- **Structural Engineering**: Cardno Consulting provides structural engineering consulting services from two locations in Texas (Austin and Houston) and Virginia (Reston). High profile projects have included the new ExxonMobil campus, the Museum of Fine Arts, Houston, and the Texas Methodist Hospital.

In the Americas, for the year to 30 June 2019, science and environment consulting accounts for 58 per cent of revenue, government services consulting accounts for 18 per cent of revenue and infrastructure consulting accounts for 24 per cent of work.



(ii) **Projects**

Examples of Cardno Consulting Americas work include:

Environmental Impact Statement for Guam

Cardno Consulting completed an Environmental Impact Statement (EIS) on the impact of the largest proposed U.S. Department of Defence construction program in the Pacific since World War II.

Cardno Consulting's objective for the EIS was to inform U.S. government agency stakeholders and the public of the environmental, cultural, biological, social and infrastructure impacts to Guam resulting from the construction of facilities and infrastructure to support relocation of Marines and their dependents from Okinawa to Guam.

Kaweah Hydro relicensing

Cardno Consulting is supporting Southern California Edison Company (SCE) with relicensing of the Kaweah Hydroelectric Project.

Cardno Consulting assisted with stakeholder outreach and the analysis of aquatic, cultural, land, recreation and terrestrial resources in the project area. This included extensive research, field data collection, modelling and analysis.

Throughout the process Cardno Consulting has supported SCE during consultation efforts with state and federal resources agencies, Native

	American tribes, non-governmental organisations, and members of the public.
SR580 Engineering Design Services	**Chicago Parks District restoration**
	
Cardno Consulting's range of engineering services contributed to improving safety along this heavily travelled SR580. Cardno Consulting was selected to provide professional engineering services to the Florida Department of Transportation for milling and resurfacing and widening a 3.7-mile segment of SR 580 from Air Cargo Road to North Lee Place in Hillsborough County. Cardno Consulting provided engineering design services for the roadway, drainage, signing and pavement marking, and signalisation, as well as permitting, survey and subsurface utility engineering services.	Cardno Consulting is assisting the Chicago Park District, the largest municipal park manager in America and owner of more than 8,100 acres of green space, with the restoration of more than 1,500 acres of natural areas. Cardno Consulting is delivering a range of services, including native flora management, invasive species management, prescribed burn management, and restoration planning that will make the park more aesthetically pleasing. Cardno Consulting is transforming the former industrial and commercial spaces into green spaces by remediating contaminated industrial sites, planning, and incorporating restoration techniques such as treating invasive species.

For Cardno Consulting in the Americas, project task order size typically ranges from $40,000 to $2 million. In terms of customers, the top 10 customers accounted for approximately 25 per cent of FY19 revenue.

(iii) **Demand for services**

Demand for Cardno Consulting's services in the Americas is driven by infrastructure expenditure and robust environmental regulations in the US.

From 2013 – 2018, value of US construction put in place has grown at 7.4 per cent,[17] supported by low interest rates, strong GDP and population growth. From 2018 – 2022, total construction work put in place is forecast by FMI to grow at 4.5 per cent per annum to reach $1.5 trillion.[18]

- **Residential**: Residential work experienced the strongest growth of 10.7 per cent,[17] underpinned by low interest rates and improving household finances. Residential construction is expected to continue to grow at 5.8 per cent over the forecast period.[18]

[17] US Census Bureau.

[18] FMI, *FMI US Construction Outlook Third Quarter 2018 Report*, 2018.

- **Non-residential**: Growth is expected to slow to four per cent per annum in this segment to reach approximately US$600 billion, with mixed growth rates across lodging, office, education, commercial and health care.[18]

- **Non-building / infrastructure construction**: Funding into infrastructure has been maintained at approximately US$230 billion since 2013 and is forecast to reach US$267 billion by 2022. Key drivers of infrastructure spend include the continual shift from coal to natural gas and other renewable fuel sources, increased state funding into the construction of highways and streets via increased gas taxes and user fees, stable power transmission and distribution spending, and a potential reauthorisation of the FAST Act to maintain federal funding for infrastructure projects.[18]

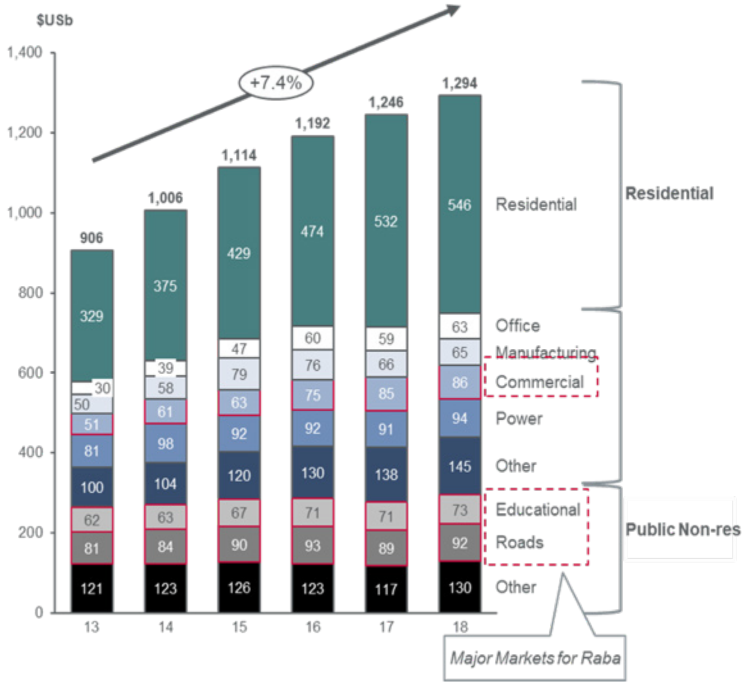


Figure 3 Value of US Construction Put in Place, 2013 – 2018 (US$bn). Source: US Bureau of Census

The demand for Cardno Consulting services is also supported by:

- **Environmental regulations**: In addition to construction spending, increasing environmental regulations drive demand for Cardno Consulting's environment consultancy services as governments (federal, state and local) and industries strive to work towards sustainable development and promote environmental protection. The environmental consulting services market in North America accounted for more than half of the global environmental consulting services market, which is expected to grow at an annual rate of three per cent from 2017 – 2021, according to The Business Research Company.[19] High demand for environmental reclamation planning services from oil and gas and mining companies, the shift from coal to other renewable fuel sources, more stringent environmental standards imposed by the government, and rising awareness of environmental concerns and the effects of sustainable environmental planning drive demand for Cardno Consulting's services.

- **Defence expenditure**: Defence expenditure also underlies demand for Cardno Consulting's asset management services. According to the Stockholm International Peace Research Institute

[19] The Business Research Company, *Environmental Consulting Services Global Market Opportunities and Strategies to 2021*, July 2018.

(SIPRI), the US has the largest military expenditure in 2018 at US$649 billion, accounting for 36 per cent of global spend. This represents the first rise in military spend for seven years, at 4.6 per cent in 2018 and yet this is still below its peak in 2010.[20] It is anticipated that military spending in the US will rise, as exemplified by the US Department of Defence's 2020 budget proposal of US$750 billion released in March 2019.[21]

(iv) **Growth opportunities and priorities**

There has been material growth in the earnings of the Cardno Consulting Americas' business over the past three years as a result of integration of past acquisitions, operating and financial discipline, systems implementation, workforce development and engagement, key account planning business development and improved execution, with a tighter investment focus.

Cardno expects that the Americas consulting business will continue to grow through:

- continued organic growth driven by deeper penetration into key accounts and leverage of current geographic market positions;
- accelerating growth of successful service lines through acquisitions and strategic hiring;
- potential acquisitions of adjacent service lines; and
- implementing digital transformation across the business with specific client facing offerings and internal process improvements.

(b) **Asia Pacific**

(i) **Operations**

Cardno Consulting has a significant presence in the Asia Pacific region, delivering consulting, engineering and design services across Australia, New Zealand and Asia. In Asia Pacific, Cardno Consulting had approximately 1,352 staff across 29 offices as at 30 June 2019.

Cardno Consulting's service line offerings in Asia Pacific include:

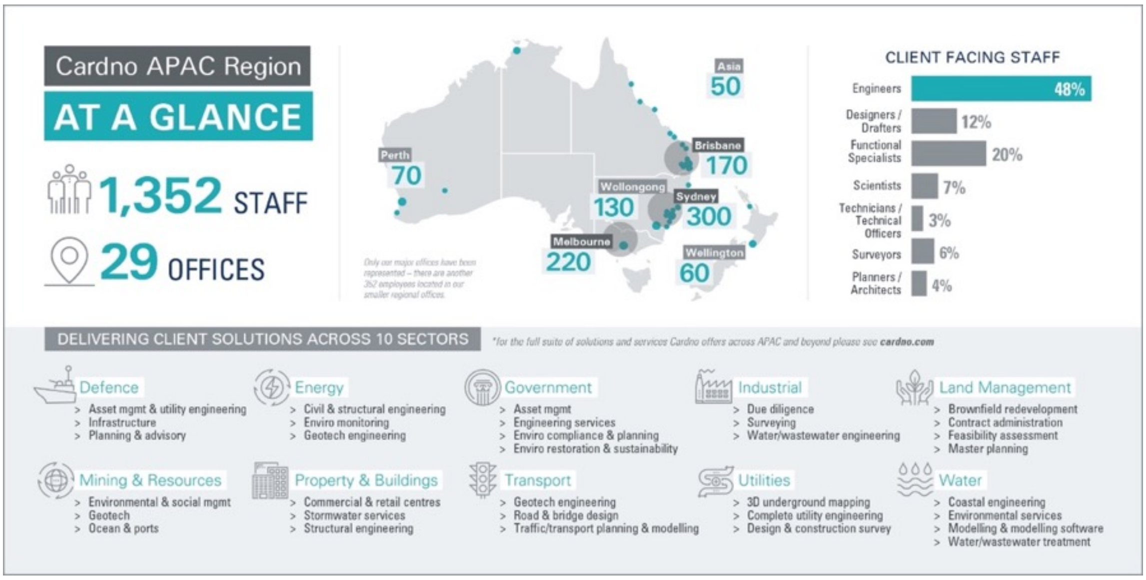
- **Urban and regional planning**: A range of urban and regional planning services by multi-disciplinary teams including engineers, drafters, surveyors, town planners and scientists. Cardno Consulting has experience in the master planning of developments including environmental permitting, civil engineering and contract administration. Cardno Consulting has been involved in a number of large-scale master planning and urban development projects across the region for new communities and cities including Springfield, Ripley and Yarrabilba.
- **Environmental and Sustainability**: Cardno Consulting offers end to end environment and sustainability services with expertise in environmental assessment, water management and permitting, and a track record of delivery for governments, developers, contractors and asset owners.
- **Water and Wastewater**: Cardno Consulting offers a comprehensive range of networking and design services for both water and wastewater schemes including the design of all water and wastewater infrastructure such as water and wastewater treatment plants, distribution and storage systems. Cardno Consulting has successfully delivered projects for both the private and public sectors in water and wastewater.

[20] Stockholm International Peace Research Institute, *Trends in World Military Expenditure, 2018*, 2018.

[21] US Department of Defence, *DOD Releases Fiscal Year 2020 Budget Proposal*, March 2019.

- **Transport projects**: Cardno Consulting offers a full range of technical solutions across the road and port sub-sectors, as well as a limited range of services in rail and airport sub-sectors, for the entire duration of the asset lifecycle: from feasibility through planning, design and construction to operations and maintenance. Cardno Consulting has undertaken a range of small, medium and large-scale transport multidisciplinary projects for both the public and private sectors. Cardno Consulting is also part of a number of transport related panels for local, state and federal authorities across the region.

Cardno Consulting Asia Pacific has a number of major operating centres with multidisciplinary teams of engineers, scientists and technicians to design and manage client projects. In addition, a strength of Cardno Consulting Asia Pacific is its footprint in regional areas across most Australian states.



(ii) **Projects**

Cardno Consulting's Asia Pacific division has been involved in the delivery of significant projects including:

Inpex Ichthys LNG Plant

$35 billion project to provide nearshore marine environmental monitoring services for the large-scale Ichthys Gas Field Development Project. The delivery of this project protected the Gas Export Pipeline and provided a safe access channel for shipping.

Cardno Consulting's scope included 12 work packages relating to the assessment of potential environmental effects as a result of dredging and soil disposal activities.

Legacy Way

$1.5 billion project to carry out the tender and detailed design for construction of the Legacy Way tunnel as part of a design joint venture. The delivery of this 4.6km tunnel connected the Inner City Bypass with the Western Freeway in Brisbane.

Cardno Consulting's scope included road design covering traffic design and coordination; civil design works including bridge, tunnel, structural design; drainage design; service relocations; construction site design and layouts; environmental approvals and management plan; hydrology design; durability and materials engineering; electrical and mechanical design; and geotechnical design and site investigations.

Springfield

Springfield is the largest privately-owned master planned city in Australia with the Cardno Consulting team partnering with Springfield City Group since 2000.

A wide range of consultancy services were delivered across several market sectors including engineering, urban development, traffic and transport, buildings,

Logan Water and Wastewater Alliance

The Logan Water Infrastructure Alliance is one of the largest water infrastructure delivery programs in Australia, capable of delivering in excess of $80 million capital and renewal works annually.

Scope includes technical advice across water and wastewater systems which has been utilised across the program, from the planning and design of key infrastructure such as reservoirs, pump stations and treatment plant upgrades through to the renewal of

infrastructure, project and asset management, geotechnical and materials testing as well as water and wastewater services.	localised infrastructure such as water reticulation mains.

Cardno Consulting's top 10 customers represented approximately 14 per cent of revenue in FY19.

(iii) **Demand for services**

Construction spending in Australia, including residential, commercial and infrastructure, is a fundamental driver for Cardno Consulting's services in Asia Pacific. Demand for these services is affected by:

- **Infrastructure**: The current infrastructure expenditure in Australia, especially in New South Wales (NSW), Victoria (VIC) and Queensland (QLD), has witnessed an elevated level of spending in road and rail construction. According to Macromonitor, over the 12 months to September 2018, $31 billion of transport infrastructure construction work was done, compared to $20 billion in FY16. Transport construction is expected to reach $42 billion in value of work performed in FY22, with roads and bridges being the largest spend category, representing an average annual growth rate of six per cent over FY18 – FY22. Major projects such as WestConnex (NSW), Western Harbour Tunnel (NSW), F6 Extension (NSW), Beaches Link (NSW), Westgate Tunnel (VIC) and North East Link (VIC) drive road construction, whilst Inland Rail (NSW, VIC, QLD), Melbourne Metro (VIC), and Cross River Rail (QLD) underpin rail construction. Rail construction is expected to reach $13 billion by FY23.[22]

- **Residential**: In residential construction, total investment in housing is forecast to remain elevated into FY22, underpinned by population growth and low interest rates. As the recent housing investment cycle has started to come off its peak, new housing starts are expected to decline, primarily driven by multi-units. House starts are forecast by HIA to remain at the current level of approximately 110,000 starts per annum whilst multi-units are likely to drop below its peak in 2016 to around 70,000 - 80,000 starts per annum. This is offset by housing renovations, with investment expected to increase at 1.5 per cent per annum into FY22, keeping total investment into housing stable around the $90 billion mark[23].

- **Environment regulations**: Similar to trends observed in the Americas and globally, environmental consulting continues to grow in Australia, in response to the country's significant mining industry, giving rise to the need for site remediation and the treatment of toxic substances, as well as the public's and government's focus on environmental protection.

- **Defence**: In terms of defence spending, the Australian government has most recently committed to growing the defence budget to two per cent of GDP by 2020-21 and allocated $38.7 billion to defence in 2019-20 and $175.8 billion in 2022-23. It is anticipated this will ensure a gradual upward trajectory for spend, which will boost demand for Cardno's Consulting services in the region.[24]

(iv) **Growth opportunities and priorities**

Growth of Cardno Consulting in Asia Pacific will be driven by:

- Continued organic growth through an increase in demand generated by the additional investment in significant transport infrastructure projects throughout Australia. Both state and

[22] Macromonitor, *Australian construction outlook forecasting service: Transport infrastructure – February 2019*, February 2019.

[23] HIA, *HIA National Outlook, Autumn edition 2018*, 2018.

[24] Department of Defence, *A safer Australia – Budget 2019-20 – Defence overview*, April 2019.

federal Governments have committed significant levels of investment for comprehensive infrastructure programs, specifically across New South Wales, Victoria and Queensland.

- Further organic growth may be achieved through the expansion of Cardno Consulting's capability in the provision of Environment Services to support the significant infrastructure programs across most of the region.
- Improving Cardno Consulting's win rate on larger projects: over the past three years, Cardno Consulting has invested significantly in building capabilities and skills in tendering on larger projects.
- Consolidation of individual geographical practices e.g., Water and Environment, into a national business to increase Cardno Consulting's relevance in the market and allow it to focus on large multidisciplinary projects.
- Offshoring and digital transformation, including the hiring of a Chief Digital Officer and increased investment in offshoring capabilities in Manila. In an increasingly competitive market, offshoring and digital transformation will assist the business in achieving historical EBITDA margins over time.

(c) **Cardno International Development**

(i) **Operations**

Cardno International Development had approximately 1,907 staff (with the majority of these staff being locally sourced staff, contractors and sub-consultants), 11 permanent offices and multiple site offices as at 30 June 2019. Cardno International Development provides a range of development consulting services including social, physical and economic infrastructure consulting. In particular, Cardno International Development has strong service line offerings in:

- **Agriculture and Rural Development**: Cardno International Development delivers programs that improve access to training and resources in agricultural technologies and natural resource management to enrich rural development. Examples include USAID's Avansa Agrikultura Project, and Cambodia Agricultural Value Chain Program Phase 2.
- **Climate Change**: Cardno International Development provides services designed to establish sustainable climate change adaptation, mitigation and integration measures, addressing complex scenarios brought to the forefront of development by the effects of climate change on infrastructure, the environment, and people. Examples include Climate Information Prize and the Research for Community Access Partnership.
- **Education**: Cardno International Development designs and implements programs to increase access to education and life-long learning. Cardno's programs and studies span across all levels of education, from capacity building in ministries and government to assisting local schools. Examples include Basic Education Sector Transformation and Djibouti Workforce Development Program.
- **Economic Growth**: Cardno International Development works with businesses and governments to facilitate activities that have meaningful and broad economic impact for communities. Examples include technical assistance for business licensing, registration and support services, and Serbia Competitive Systems Strengthening Project.
- **Gender and Inclusion**: Cardno International Development has significant experience and expertise in the implementation of gender and social inclusion considerations as cross-cutting issues within development programs. Cardno works in collaboration with key government, private sector and civil society actors; the programs enable women and men to work for

improved gender equality and women's empowerment. Examples include National Community Driven Development Project, and Women's Leadership Initiative.

- **Governance**: Cardno International Development has five decades of experience in governance that includes a range of initiatives aimed at improving public and private sector development, strengthening law and justice and protecting human rights. Examples of projects that Cardno has been involved in include Governance for Development, and Serbia Cooperation for Growth.

- **Global Health**: Cardno International Development's work focusses on strengthening the health systems through private and non-profit sector solutions to address global health issues. The business designs and implements programs that build healthcare capacity through reform, training, education, procurement and facility upgrade. Examples include US Centers for Disease Control and Prevention's Public Private Partnerships in PEPFAR Countries Project.

- **Public Finance Management**: Cardno International Development provides support for strategic, social, institutional and public sector expenditure reforms to gain the trust of communities and, through decentralisation, increase their participation. Cardno International Development is a leader in assessing, designing and implementing successful, transparent and sound procurement and financial systems and procedures. Examples include Benin Fiscal Agent, and Namibia Road Asset Management Framework.

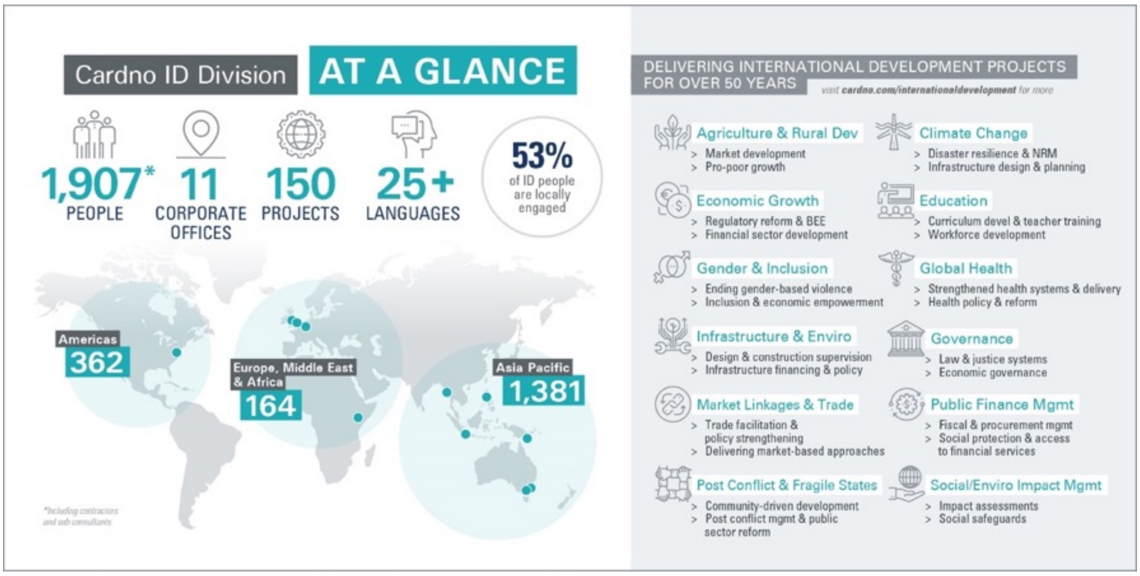
- **Post-conflict and Fragile States**: Cardno International Development has extensive experience in delivering programs in post-conflict and other complex situations, including working with senior lawmakers and government officials in public sector reform and rule of law, and improving state and civil society engagement. Examples include Supporting Partnerships for Accountability and Civic Engagement (**SPACE**) in Burma.

- **Social and Environmental Management**: Cardno International Development helps businesses to conceptualise, deliver and review their social investment initiatives, providing support to align business and societal benefits and measure return on investment and level of community impact. The business works closely with companies, governments and communities to assess investment impacts, and design strategies to mitigate risks, and promote benefits for communities. Examples include Kenya Development of Environmental and Social Impact Assessment (**ESIA**) Guidelines for the Petroleum Sector, and Zambia Livelihood Restoration Program Consultant Services.

- **Market Linkages and Trade**: Cardno International Development establishes and strengthens market linkages and trade by advising and implementing modern trade policies with up-to-date legislative and regulatory frameworks. Cardno International Development has delivered specialist expertise in the management of large trade related projects globally. Examples include the EU Gateway Programme, EU Green Gateway to Japan, and Sustainable Development in Mining in Rwanda.

- **Infrastructure and Environment**: Cardno International Development has extensive experience in providing project design, consultation and construction with a focus on sustainability and environment. The business provides infrastructure services from initial project conception through to detailed design and construction supervision to a wide range of projects including roads, ports, water and wastewater systems, hospitals and schools. Examples include the Liberia Road Safety Action Plan, Improving Road Access to Tanzania and the PNG Technical Enabling Unit.

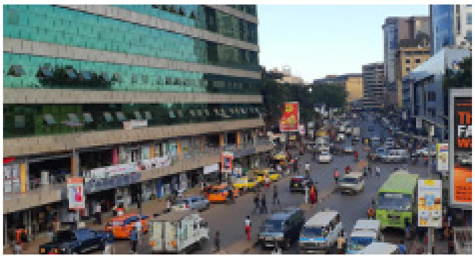
Cardno International Development is one of the largest international development contractors to the Australian Department of Foreign Affairs and Trade (**DFAT**) and is a significant provider of projects to US AID, the UK DFID, Millennium Challenge Corporation and non-government bodies. The business is building a private client business segment offering shared value consulting, and helping companies comply with their anti-Modern Day Slavery requirements.



(ii) **Projects**

Examples of the projects that Cardno International Development has completed include:

USAID Avansa Agrikultura	Nepal MCC Procurement and Fiscal Agents
	
$30.2 million USAID funded project in Timor-Leste. Cardno International Development is assisting subsistence farmers develop into commercial growers, boosting nutrition and livelihoods, and unlocking the profitability of Timor-Leste's horticulture value chain. The work includes market-facilitation work, cultural work and training solutions to small-scale producers.	$18 million MCC funded project in Nepal. Cardno International Development is helping the MCC Compact in Nepal to increase the availability of electricity and lower the cost of transportation through targeted activities. Cardno International Development is performing all financial tasks from budgeting to controls to disbursements, accounting and reporting, and ensures compliance with Compact Agreements and MCC guidelines and being the Procurement Agent.

CIG Uganda	ARISE Indonesia
	
$38 million DFID funded program providing demand-driven technical assistance to Ugandan municipal authorities and public agencies. Cardno International Development is helping to address constraints to private and public infrastructure investment, building capabilities for sector management, and supporting the creation of competitive cities. This includes building of public sector capacity in urban management, power sector development and infrastructure service delivery.	$16 million EU funded programme. Cardno International Development is providing technical assistance to contribute to Indonesia's trade preparedness and enhance Indonesia's competitiveness in global value chains through specific support targeted at national and sub-national levels. This includes technical advice on trade and investment policy, trade facilitation, export quality infrastructure and intellectual property rights.

The top 10 projects for Cardno International Development represented approximately 45 per cent of FY19 revenue, with the Department of Foreign Affairs and Trade being the largest client. The majority of the revenue for Cardno International Development projects is pass through costs reimbursed or paid by the client.

(iii) Demand for services

Demand for Cardno International Development's services is driven primarily by expenditures of the Australian Department of Foreign Affairs and Trade (**DFAT**), United States Agency for International Development (**USAID**), Department for International Development (**DFID**) and other government and non-governmental bodies.

- Australian Official Development Assistance (**ODA**), administered by DFAT, was $4.2 billion in 2018-19, with the main focus being to contribute to sustainable economic development and poverty reduction in the Indo-Pacific region[25]. ODA is anticipated to remain at around this $4 billion mark until 2022-23, where indexing of the aid budget in line with inflation commences.[26]

- USAID's key role is to manage US foreign aid. US foreign assistance totalled US$49.9 billion in FY17, equivalent to 1.2 per cent of total federal budget authority[27]. 44 per cent of this amount was for bilateral economic development programs, 35 per cent for military aid and non-military security assistance, 18 per cent for humanitarian activities and four per cent to support the work of multilateral institutions[28]. US foreign aid is expected to drop to US$40 billion in FY20.[29]

[25] Department of Foreign Affairs and Trade, *Australia's Official Development Assistance: Statistical Summary and Time Series Data*, December 2018.

[26] Parliament of Australia, *Official Development Assistance (ODA): a quick guide*, April 2019.

[27] US AID, *US Overseas Loans and Grants (Greenbook)*, 2017.

[28] Congressional Research Service, *Foreign Aid: An Introduction to US Programs and Policy*, April 2019.

[29] US AID, *Budget*, April 2019.

- Spending by the World Bank's International Development Association (**IDA**) is another source of funding for projects that aim to achieve the organisation's overarching goals of ending extreme poverty by 2030. In FY18, IDA had US$24 billion of commitments, the highest amount for a full year in its history. FY18 was also the first year of IDA18, a framework to mobilise finances from both member contributions and market debt to allow IDA to expand its funding. IDA18 has a three-year funding cycle until FY20 with the agreed resource envelope totalling US$75 billion over this period.[30]

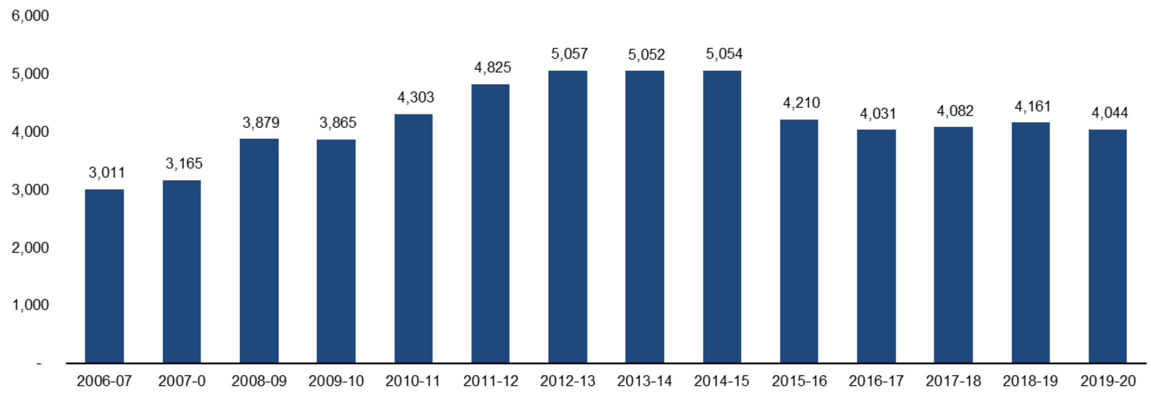


Figure 1 Australia ODA: FY2007 - FY2020 (A$m)[25]

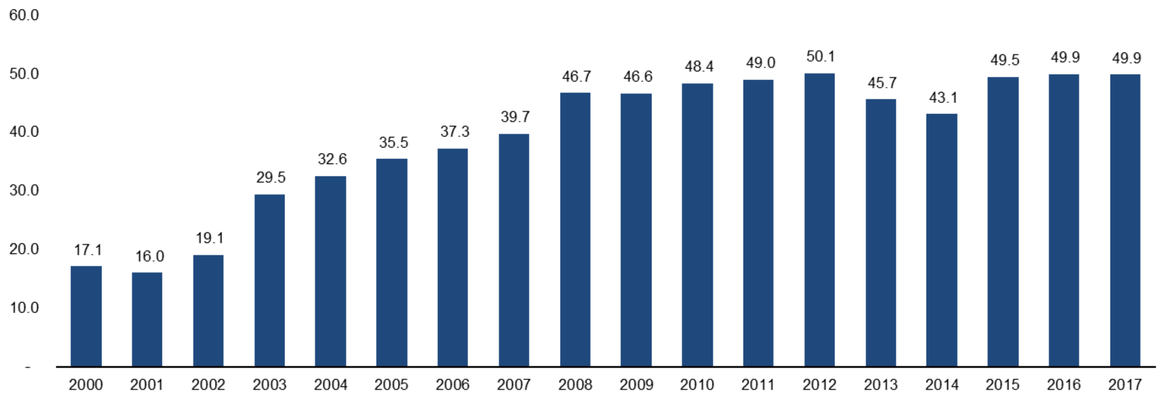


Figure 2 US Foreign Aid: FY2000-FY2017 (US$bn)[27]

(iv) Growth opportunities and priorities

The growth of Cardno's International Development consulting division will be supported by:

- The investment that Cardno International Development has made in additional business development and management resources in the Americas and Europe in the past 12 months. In 2019, Cardno International Development made investments in additional business development costs which is affecting short term earnings but is expected to allow the business to grow both its international operations and services to the private sector.

[30] The World Bank, The International Bank for Reconstruction and Development (IBRD) and The International Development Association (IDA), *Annual Report: Management's Discussion & Analysis and Financial Statements (Fiscal 2018)*, 2018.

- Cardno International Development's network and credentials in the Asia Pacific region, which provides Cardno International Development with the capacity to assist both the US and the Australian governments in supporting the development of infrastructure and energy investments in the region.

- Investment in private sector work. In the past two years, Cardno International Development has been investing in developing a number of service lines for the private sector including shared value, ESG consulting, impact investing assistance, and Modern-Day Slavery compliance and mitigation.

4.4 Key focus

Cardno Consulting is focused on three key areas of Excellence. These are Client Excellence, Operational Excellence and People Excellence.

1	Client Excellence	> Key account program in each Division driving a client centric approach, focusing on sustained advisory relationships enabled by significant investments in Business Development > Roll-out of pipeline tool to measure, build and progress backlog > Collection of independent client feedback
2	Operational Excellence	> Focus on our end to end bid/deliver/bill/collect processes to improve the commercial and risk management aspects of our business > Standardizing, simplifying and digitizing our processes > Appointment of a Chief Digital Officer and Chief Technology Officer to capture more benefits from technology innovation
3	People Excellence	> Improved leadership engagement and communication > Introduction of clearer KPIs, performance assessments and development plans > Drive diversity, inclusion and gender parity > Expand career development options for staff > New "Employee Value Proposition" to drive staff engagement

4.5 Cardno Board and senior management

(a) Cardno Board

Michael Alscher: Non-Executive Chairman

Michael Alscher joined as a Non-Executive Director of Cardno Limited in November 2015. He then became Chairman in January 2016.

He is the Managing Partner and founder of Crescent Capital Partners, a leading Australian based private equity firm with more than $2 billion in funds under management, specialising in high growth companies and certain industries such as healthcare and the services sector across multiple disciplines.

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.

Michael is currently a Non-Executive Director of ClearView Limited and the Non-Executive Chair of Australian Clinical Labs, NHDS and National Dental Care.

Michael holds a Bachelor of Commerce (Finance and Mathematics) from the University of New South Wales.

Ian Ball: Managing Director and Chief Executive Officer

Ian brings more than 30 years' international experience in consulting and professional services leadership within the fields of financial services, technology, innovation and Federal government. He joined Cardno following an extensive candidate search by the Cardno Board.

Ian's career started as a consultant at Bain & Company before moving to become a founding member of Kalchas, a boutique consulting company. The company was bought by CSC where he stayed as Head of Strategic Consulting before moving to Mainspring, which subsequently executed a successful IPO and was acquired by IBM in 2001. Ian progressed through the leadership ranks of IBM before joining Silver Lake in 2008 as the Value Creation Leader for Europe.

In 2009, Ian joined Ernst & Young (**EY**) as the Chief Operating Officer for Advisory across Asia Pacific. In 2012, he became Markets Leader and Deputy Chief Executive Officer for the whole EY firm in Oceania.

Ian holds a Bachelor of Science (Mechanical Engineering) from the University of Bristol (UK) and has completed the Executive Strategic Management Program at INSEAD in France and the Executive Strategic Leaders Course at Harvard Business School in the US.

Jeff Forbes: Independent Non-Executive Director

Jeff 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.

Jeff 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.

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.

Jeff holds a Bachelor of Commerce from the University of Newcastle and is a Graduate of the Australian Institute of Company Directors.

Rebecca Ranich: Independent Non-Executive Director

Rebecca Ranich joined Cardno Limited as a Non-Executive Director in March 2018. She has nearly 30 years of experience, and over her career, has led transformational business initiatives, forged global strategic alliances and led new market ventures in the energy and infrastructure sectors.

Rebecca is a former Director at Deloitte Consulting, LLP where she led Energy and Sustainability Investment Advisory services for public sector clients. Prior to Deloitte, she was a Vice President at Michael Baker Corporation (Baker).

Rebecca also serves as a Director on the Board of the National Fuel Gas Corporation (NYSE: NFG, (Chair, Governance and Nominating Committee and member, Audit Committee)); she is a Supervisory Board member of Uniper SE (DAX: UN01); a Vice-Chairman of the Board of the Gas Technology Institute (and Chair Investment Committee) and serves on the Advisory Board of Yet Analytics, Inc.

Steven Sherman: Independent Non-Executive Director

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.

Steven was previously the National Managing Partner of Ferrier Hodgson based in Sydney. He practiced in the area of financial and operational restructuring and provides professional advice to financiers and lending syndicates, as well as company boards and executives.

Steven has a Bachelor of Commerce from the University of NSW. He is a Fellow of the Institute of Chartered Accountants and a member of the Australian Institute of Company Directors.

Nathanial Thomson: Non-Executive Director

Nathanial Thomson became a Non-Executive Director of Cardno Limited in May 2016. He is a Partner at Crescent Capital Partners and is responsible for the assessment of potential investment opportunities and management of investee companies.

Prior to joining Crescent in 2004, Nathanial was a strategy Consultant for McKinsey & Co. where he executed multiple strategy and operational assignments across various industry sectors and geographies.

He is currently a Non-Executive Director of ClearView Limited, National Home Doctor Service, Australian Clinical Labs and National Dental Care.

Nathanial holds a BCom with honours and an LLB with honours from the University of Western Australia.

(b) **Cardno senior management**

Ian Ball: Managing Director and Chief Executive Officer

See Section 4.5(a) above.

Peter Barker: Chief Financial Officer

Peter has 30 years of domestic and international experience in the services, technology and mining fields.

Prior to joining Cardno in January 2016, Peter held senior financial management positions across a range of industries, such as information technology, professional services, telecommunications, and mining and resources.

He was previously CFO of Computershare Ltd, and his career has seen him live and work in several countries, including Australia, Hong Kong, Singapore, the Netherlands, Ireland, the United Kingdom and the United States.

Peter holds a Bachelor of Commerce from the University of Queensland, a Master of Business Administration from Heriot-Watt University, is a Fellow of CPA Australia and has completed the Advanced Management Program at The Wharton School (U.Penn). Peter is also a Board Member and Honorary Treasurer at mental health not-for-profit Grow Australia.

4.6 Employees

As at 30 June 2019, Cardno Consulting had approximately 4,482 employees. A breakdown of this headcount by location is set out below:

Location	Number
Australia	1,317
Asia Pacific ex-Australia	1,416
United States	1,238
Americas ex-United States	44
Other countries	467

Within Asia Pacific, the significant majority of Cardno Consulting's workforce are on salary contracts. Cardno Consulting operates global professional development programs, including a range of region-specific programs to support its employees through various phases of their careers including Graduate Programs and Future Leaders Programs.

4.7 Cardno pro forma historical financial information

This Section 4.7 contains the historical financial information of Cardno (hereafter the **Cardno Limited Historical Financial Information**) comprising:

- Cardno Limited historical income statements for the years ended 30 June 2017, 30 June 2018 and 30 June 2019. These include both Intega and the remaining Cardno Consulting business;
- Cardno Limited historical balance sheet as at 30 June 2019; and
- Cardno Limited historical cash flows for the years ended 30 June 2017, 30 June 2018 and 30 June 2019.

This Section 4.7 also contains pro forma financial information of Cardno after the Demerger excluding Intega (hereafter the **Cardno Consulting Pro Forma Historical Financial Information**), comprising:

- Cardno Consulting pro forma historical income statements for the years ended 30 June 2017, 30 June 2018 and 30 June 2019;
- Cardno Consulting pro forma historical balance sheet as at 30 June 2019; and
- Cardno Consulting pro forma historical cash flows for the years ended 30 June 2017, 30 June 2018 and 30 June 2019.

(a) Basis of preparation

(i) Cardno Limited Historical Financial Information

The Cardno Limited Historical Financial Information has been derived from the financial statements of Cardno Limited for the years ended 30 June 2017, 30 June 2018 and 30 June 2019, which were audited by KPMG in accordance with Australian Auditing Standards. KPMG issued unqualified audit opinions on these financial statements. The financial statements for these periods are available from Cardno's website (www.cardno.com) or the ASX website (www.asx.com.au). Cardno will provide a copy of the financial statement for the year ended 30 June 2019 free of charge to any Cardno Shareholder who requests a copy before the Effective Date.

The Cardno Limited Historical Financial Information has been prepared in accordance with the recognition and measurement principles contained in AASBs.

(ii) Cardno Consulting Pro Forma Historical Financial Information

The Cardno Consulting Pro Forma Historical Financial Information has been prepared for illustrative purposes, to assist Cardno Shareholders to understand the impact of the Demerger and the financial performance, financial position and cash flows of Cardno Consulting. By its nature, pro forma historical financial information is illustrative only. Consequently, the Cardno Consulting Pro Forma Historical Financial Information does not purport to reflect the actual or future financial performance or cash flows for the relevant period, nor does it reflect the actual financial position of Cardno Consulting at the relevant time.

The Cardno Consulting Pro Forma Historical Financial Information has been derived from the Cardno Limited Historical Financial Information and adjusted for the effects of pro forma adjustments described below.

The Cardno Consulting Pro Forma Historical Financial Information has been prepared in accordance with the recognition and measurement principles contained in AASBs, other than that it reflects (i) the recognition of certain items in periods different from the applicable period under AASBs (ii) the exclusion of certain transactions that occurred in the relevant periods and (iii) the impact of certain transactions as if they occurred as at 30 June 2019 in the pro forma historical balance sheet and from FY17 in the pro forma historical income statements and pro forma historical cash flows.

The Cardno Consulting Pro Forma Historical Financial Information has been prepared on a consistent basis to the accounting policies set out in Cardno's Annual Reports for the years ended 30 June 2017, 30 June 2018 and 30 June 2019.

Cardno Limited prepares its general purpose financial statements in accordance with AASBs and the Corporations Act. The AASBs are subject to amendments from time to time, and any such changes may impact the balance sheet or income statement of Cardno Consulting.

In respect of an imminent change in AASBs, AASB 16 is effective for Cardno Consulting from 1 July 2019 and introduces a single lessee accounting model and will require Cardno Limited, as lessees, to recognise, for all leases with a term of more than 12 months and that are not of assets of low value:

- a right-of-use asset representing its right to use the underlying leased asset; and
- a lease liability representing its obligations to make lease payments.

Information on the undiscounted amount of Cardno Limited operating lease commitments as at 30 June 2019 under AASB 117, the current leases standard, is disclosed at Table 21. Under AASB 16, the present value of these commitments would be shown as a liability on the balance sheet together with an asset representing the right-of-use. The ongoing income statement classification of what is currently predominantly presented as occupancy-related expenses is expected to be materially consistent with the future split between amortisation and interest expense. Cardno Limited plans to adopt the modified retrospective transition approach whereby there is an option on a lease-by-lease basis to calculate the right-of-use asset as either equal to the lease liability or with respect to historical lease payments. Under this method, there is no requirement to restate comparatives.

A project team has been working to manage the transition as Cardno Limited continues to evaluate the implications of AASB 16. A qualitative assessment of the impact of the new standard is expected to be disclosed in Cardno Consulting's FY20 half-year results.

The project team has focused on:

- implementation of a new system for ongoing compliance with AASB 16;
- determining appropriate discount rates for calculating the present value of future lease payments on transition;
- judgments in determining if a decision to exercise options to extend, terminate or purchase the leased asset is reasonably certain; and
- judgments in assessing non-lease components that will be excluded from the right-of-use asset.

The project team continues to report to the audit and risk committee on the progress of implementation.

Pro forma adjustments have been made in the Cardno Limited historical balance sheet to reflect certain financing arrangements. It includes the payment of transaction costs associated with the Demerger. The accounting for the Demerger is discussed in Section 4.7(g).

The financial information in this Section 4.7 is presented in an abbreviated form and does not contain all of the presentation, comparatives and disclosures that are usually provided in an annual financial report prepared in accordance with the Corporations Act.

The Investigating Accountant has prepared an Investigating Accountant's Report in respect of the Cardno Consulting Pro Forma Historical Financial Information, a copy of which is included in Attachment B.

Figures, amounts, percentages, estimates and calculations are subject to the effect of rounding. Accordingly, totals in tables may not add due to rounding.

The financial information in this Section 4.7 should be read in conjunction with the risks relating to the Demerger and an investment in Intega set out in Section 5.

(b) **Explanation of certain non-IFRS financial measures**

Cardno Limited uses certain measures to manage and report on its businesses that are not recognised under AASBs or IFRS. These measures are collectively referred to in this Section 4.7 as non-IFRS financial measures, pursuant to Regulatory Guide 230 Disclosing non-IFRS financial information, published by ASIC. Management uses these non-IFRS financial measures to evaluate the performance and profitability of the overall business. The principal non-IFRS financial measures referred to in this Section 4.7 are as follows:

- **EBIT** is reported earnings of continuing operations before the following:
  - interest revenue, interest expense or financing costs; and
  - income taxation expense.
- **EBIT, excluding significant items** is EBIT excluding those items presented in the Cardno Limited segment note as expense items not included in the results, being business review costs, redundancy costs associated with restructuring, onerous lease provisions and other costs associated with office rationalisation and consolidation, and certain debtor provisions.
- **EBITDA** is reported earnings of continuing operations before the following:
  - interest revenue, interest expense or financing costs;
  - depreciation and amortisation; and
  - income taxation expense.
- **EBITDA, excluding significant items** is EBITDA excluding those items presented in the Cardno Limited segment note as expense items not included in the results, being business review costs, redundancy costs associated with restructuring, onerous lease provisions and other costs associated with office rationalisation and consolidation, and certain debtor provisions.
- **Net capital expenditure** represents capital expenditure less proceeds from the sale of property, plant and equipment and intangibles.
- **Net debt** represents total loans and borrowings and bank overdrafts, less cash on deposit.
- **Cash flows** is net operating cash flows after net capital expenditure, before financing costs and tax.

- **Working capital** represents inventories, trade and other receivables and trade and other payables.

- **Significant items** being business review costs, redundancy costs associated with restructuring, onerous lease provisions and other costs associated with office rationalisation and consolidation, and certain debtor provisions.

(c) Cardno Limited historical income statements

Set out below are Cardno Limited's historical income statements for the years ended 30 June 2017, 30 June 2018 and 30 June 2019.

Table 10: Cardno Limited historical income statements

Cardno Limited historical income statements			
$m	**FY17**	**FY18**	**FY19**
Revenue from continuing operations	**1,182.0**	**1,117.0**	**1,319.3**
Other income	2.5	1.4	1.2
Employee benefits	(538.9)	(520.5)	(627.0)
Consumables and materials	(369.9)	(336.2)	(359.6)
Sub-consultant and contractor costs	(194.7)	(175.1)	(230.9)
Other expenses	(37.0)	(30.4)	(40.9)
EBITDA, excluding significant items[1]	**44.0**	**56.2**	**62.0**
Depreciation and amortisation	(16.5)	(14.6)	(27.0)
EBIT, excluding significant items[1]	**27.5**	**41.6**	**35.0**
Significant items[1]	(63.1)	(3.0)	(57.7)
EBIT	**(35.6)**	**38.6**	**(22.7)**
Financing costs	(7.2)	(3.4)	(7.7)
Income tax expense	23.5	(49.1)	(14.1)
Net profit/(loss) after tax – continuing operations	**(19.4)**	**(14.0)**	**(44.5)**
Net profit/(loss) after tax - discontinued operations[2]	27.9	-	-
Profit/(loss) for the year[3]	**8.6**	**(14.0)**	**(44.5)**

Notes:

1. Significant items for FY17 and FY18 comprise business review costs, redundancy costs associated with restructuring, onerous lease provision and other costs associated with office rationalisation and consolidation and debtor provision. Significant items in FY19 include approximately $46.3 million relating to Asia Pacific impairment and additional one-off costs.
2. Discontinued operations reflect the result and net gain on disposal of discontinued operations including XP Solutions and Mining in the current year and ATC and ECS sold in the prior financial year.
3. Represents the historical profit attributable to members of Cardno, as derived from the financial statements of Cardno for the respective year.

(d) Management commentary on historical results

Commentary on Cardno's historical financial performance is outlined below. More information is available in Cardno's annual financial statements for the years ended 30 June 2017, 30 June 2018 and 30 June 2019 which can be found on Cardno's website (www.cardno.com).

(i) FY17

Cardno achieved fee revenue from continuing operations of $1,182.0 million, EBITDA (excluding significant items) of $44.0 million, and NPAT of $8.6 million for the year.

Following the Cardno Board and senior management changes in FY16, the company engaged in a substantial review of its various businesses, resulting in a number of significant items that were charged to the FY17 historical income statement. Included in significant items are business review and restructure costs of $56.0 million and accelerated depreciation of capitalised software of $7.0 million. The $56.0 million in business review and restructure costs incurred during the year comprised:

- $9.0 million of redundancy and restructuring costs;
- $10.7 million of costs associated with closing and/or consolidating 32 offices;
- $23.3 million provision relating to the closure of a number of loss making divisions following the business review, and downward adjustments to the realisable value of assets recorded on the balance sheet;
- $11.5 million increase in the provision for debtors to account for unrecoverable debtor balances in Angola and Nigeria; and
- $1.5 million of indirect tax.

The company recorded an income tax credit associated with the loss before tax and the tax effect of the significant items and underlying adjustments.

(ii) **FY18**

Cardno achieved fee revenue from continuing operations of $1,117.0 million and EBITDA (excluding significant items) of $56.2 million and NPAT (loss) of -$14.0 million for the year.

The Americas Engineering and Environmental divisions' performance continued to steadily improve with the EBITDA margin expanding from 1.6 per cent to 4.8 per cent. While this remains below industry averages, the division continued to build on positive momentum.

The EBITDA margin in the Asia Pacific Engineering division declined from 10.9 per cent to 7.5 per cent driven by the roll off of a number of major projects as well as certain specific project related provisions. In addition, there was a general wind down in LATAM projects and operations, consistent with management expectations.

The Construction Sciences business showed marked improvement with revenues and EBITDA up 26.2 per cent and 84.6 per cent year on year. This reflected both revenue growth from a number of project wins and operational improvement following the decision in 2016 to split and run the business as a portfolio company.

While the company recorded a profit before tax of $35.1 million, income tax expense of $49.1 million resulted in a net loss after tax. The abnormally large income tax expense results from a charge to deferred tax assets associated with the reduction in the US federal corporate income tax rate from 35 per cent to 21 per cent.

(iii) **FY19**

Cardno achieved fee revenue from continuing operations of $1,319.3 million, EBITDA (excluding significant items) of $62.0 million and NPAT(loss) of -$44.5 million for the year.

During the year, Cardno completed four acquisitions, further expanding the Consulting Engineering footprint in Regional Victoria, the Florida Keys and the Construction Materials Testing footprint in the United States and Australia.

The Americas Consulting division's performance again continues to improve with revenue up 14.3 per cent on prior year comparative. EBITDA margin increased from 4.8 per cent to 5.1 per cent. Asia Pacific Engineering revenues are down 4.1 per cent on prior year comparative and EBITDA margin is down from 5.6 per cent to 4.5 per cent driven by the full year effect of the roll off and non-replacement of a number of major projects. Management actions taken to address this are discussed in the review of FY19 for Cardno Consulting in Section 4.7(h).

The company recorded an impairment charge of $46.3 million for the year ended 30 June 2019 relating to the carrying value of the Asia Pacific division's intangible assets, principally goodwill.

(e) Cardno Consulting pro forma historical income statements

Set out below are the Cardno Consulting pro forma historical income statements for the years ended 30 June 2017, 30 June 2018 and 30 June 2019.

Table 11: Cardno Consulting pro forma historical income statements

Cardno Consulting pro forma historical income statements			
$m	**FY17**	**FY18**	**FY19**
Revenue	949.1	880.8	955.4
Employee benefits	(398.7)	(384.7)	(420.1)
Consumables and materials used	(323.3)	(287.0)	(300.1)
Sub-consultant and contractor costs	(172.9)	(159.7)	(190.3)
Other expenses	(13.3)	(8.7)	(6.8)
EBITDA	**40.9**	**40.8**	**38.0**
Depreciation and amortisation	(12.8)	(9.9)	(11.3)
EBIT	**28.1**	**30.8**	**26.7**
Financing costs	(6.0)	(3.3)	(6.7)
Income tax expense	(3.5)	(13.6)	(9.4)
Net profit/(loss) after tax – continuing operations	**18.6**	**13.9**	**10.6**
Net profit/(loss) after tax - discontinued operations[1]	27.9	-	-
Profit/(loss) for the year	**46.5**	**13.9**	**10.6**

Notes:

1. Discontinued operations reflect the net gain on disposal of discontinued operations including XP Solutions, Mining and ECS sold in the prior financial year.

(f) Reconciliation of Cardno Limited historical income statements to Cardno Consulting pro forma historical income statements

Reconciliations of the Cardno Limited historical income statements to the Cardno Consulting pro forma historical income statements for the years ended 30 June 2017, 30 June 2018 and 30 June 2019 are shown in the following tables.

Table 12: Reconciliation of Cardno Limited historical EBIT to Cardno Consulting pro forma EBIT, excluding significant items

Reconciliation of Cardno Limited historical EBIT, as derived from the financial statements of Cardno, to Cardno Consulting pro forma historical EBIT			
$m	**FY17**	**FY18**	**FY19**
Historical EBIT	**(35.6)**	**38.6**	**(22.7)**
Significant items[1]	63.1	3.0	57.7
Historical EBIT, excluding significant items[1]	**27.5**	**41.6**	**35.0**
Intega historical EBIT[2]	-	(11.3)	(8.6)
Cardno Consulting cost savings[3]	0.5	0.5	0.5
Pro forma historical EBIT, excluding significant items	**28.1**	**30.8**	**26.7**

Notes:

1. Significant items for FY17 and FY18 comprise business review costs, redundancy costs associated with restructuring, onerous lease provision and other costs associated with office rationalisation and consolidation and debtor provision. Significant items in FY19 include $46.3 million relating to Asia Pacific impairment and one-off costs.
2. Represents the historical EBIT of Intega and is prior to the Demerger occurring, as derived from the financial statements of Cardno for the respective years and is before significant items (see Table 2 for further details).
3. Represents the $0.5 million cost savings for Cardno Consulting, including those related to directors, audit fees, D&O costs, listing costs and long term incentive costs.

Table 13: Reconciliation of Cardno Limited historical income statements to Cardno Consulting pro forma historical income statements

Cardno Limited historical NPAT to pro forma Cardno Consulting historical NPAT			
$m	**FY17**	**FY18**	**FY19**
Historical NPAT - continuing operations	(19.4)	(14.0)	(44.5)
Significant items, above EBIT			57.7
Significant items, below EBIT			3.1
Intega historical EBIT[1]			(8.6)
Operating costs transferred to Intega[2]			0.5
Financing costs[3]			0.5
Income tax expense[4]			2.0
Pro forma historical NPAT - continuing operations			**10.6**

Notes:

1. Represents the historical EBIT of Intega and is prior to the Demerger occurring, as derived from the financial statements of Cardno for the respective years.
2. Represents the $0.5 million cost savings for Cardno Consulting, including those related to directors, audit, D&O costs, listing costs and LTI costs.
3. Financing costs represent proposed interest costs to be borne by Intega.
4. Income tax expense adjustment represents the tax effect of the pro forma adjustments outlined above.

(g) Pro forma historical Cardno Consulting segment information

Set out below is the Cardno Consulting pro forma historical segment information for the years ended 30 June 2017, 30 June 2018 and 30 June 2019.

Cardno Consulting segments are organised and managed separately by either the geographic regions in which services are performed or business line. The Cardno Board and the CFO (the chief operating decision makers) monitor the operating results of the segments separately for the purpose of making decisions about resource allocation and performance assessment.

Table 14: Cardno Consulting pro forma historical revenue (segment information)

Cardno Consulting pro forma historical revenue (segment information)			
$m	**FY17**	**FY18**	**FY19**
Asia Pacific	266.1	253.7	247.5
Americas	340.8	303.7	353.4
International Development	342.3	323.5	354.2
Pro forma historical revenue	**949.1**	**880.8**	**955.1**

Table 15: Cardno Consulting pro forma historical EBITDA (segment information)

Cardno Consulting pro forma historical EBITDA (segment information)			
$m	**FY17**	**FY18**	**FY19**
Asia Pacific	25.5	21.1	11.6
Americas	9.6	14.5	22.1
International Development	5.9	5.2	4.3
Pro forma historical EBITDA	**40.9**	**40.8**	**38.0**

(h) Management commentary on Cardno Consulting pro forma historical segment information

Commentary on Cardno Consulting's post Demerger pro forma historical financial performance is outlined below. More information is available in Cardno's annual financial statements for the years ended 30 June 2017, 30 June 2018 and 30 June 2019, which can be found on Cardno's website (www.cardno.com).

(i) **FY17**

Cardno Consulting achieved pro forma revenue of $949.1 million and EBITDA of $40.9 million in FY17. The Asia Pacific consulting division accounted for 62 per cent of EBITDA for Cardno Consulting.

Cardno Limited conducted a significant review of operations, with a focus on the US operations. This involved the consolidation of offices and closure of a number of loss making divisions.

(ii) **FY18**

Cardno Consulting achieved pro forma revenue of $880.8 million and EBITDA of $40.8 million in FY18. Revenue declined $37.1 million in the Americas business due to prior year underinvestment in business development. The Americas business achieved a $4.9 million increase in EBITDA following the closure of loss making offices.

Asia Pacific revenue declined $12.4 million due to the wind down of three major projects mid-way through the financial year that were not replaced. As management believed that Cardno would win additional major project work in the short term, there was no material change in cost structure, and accordingly, this loss of revenue led to a $4.4 million decrease in EBITDA.

International Development revenue declined $18.8 million due to decreases in client expenditure in the UK and the United States. This led to a $0.7 million decline in EBITDA.

(iii) **FY19**

Cardno Consulting achieved pro forma revenue of $955.1 million and EBITDA of $38.0 million in FY19. Revenue increased $49.7 million in the Americas, primarily driven by organic growth. The Americas achieved a $7.6 million increase in EBITDA driven by the increased revenue and improved project and operating discipline.

Asia Pacific revenue declined $6.2 million primarily due to the full year effect of the wind down of major projects in FY18, offset by the inclusion of a not material acquisition. As management did not make any material change in cost structure on the expectation that further major project work would be won and started, the negative revenue impact and the implementation of operational disciplines and associated “project clean up” costs led to a $9.5 million decline in EBITDA. In June 2019, Cardno implemented a material cost improvement program that removed operating costs from the Asia Pacific division.

International Development revenue increased $30.7 million due to additional project wins primarily in the Asia Pacific region. International Development invested in business development activities to generate additional revenue and capability for the division. This growth in cost structure led to a $0.9 million decline in EBITDA as the incremental cost was not fully offset in the first year by growth in revenue.

(i) **Cardno Limited historical and Cardno Consulting pro forma historical balance sheet**

The following table sets out the Cardno Limited historical balance sheet and the Cardno Consulting pro forma historical balance sheet as at 30 June 2019.

For the purposes of presenting the Cardno Consulting pro forma historical balance sheet, it has been assumed that the Demerger was effected and completed on 30 June 2019.

The Cardno Consulting pro forma historical balance sheet has been prepared in order to give Cardno’s Shareholders an indication of the Cardno Consulting balance sheet in the circumstances noted in this Section 4.7, and does not reflect the actual or prospective financial position of Cardno at the time of the Demerger. No adjustments have been made to reflect the trading of Cardno Consulting or Intega since 30 June 2019.

Table 16: Cardno Limited historical and Cardno Consulting pro forma historical balance sheet.

Cardno Limited historical and Cardno Consulting pro forma historical balance sheet					
$m	**Historical as at 30 June 2019**	**Intega historical[1]**	**Intercompany and external syndicated loan refinancing[2]**	**Transaction costs[4]**	**Pro forma historical as at 30 June 2019**
Current assets					
Cash and cash equivalents	55.5	(13.1)		(3.3)	39.2
Trade and other receivables	228.4	(73.4)			155.0
Inventories	89.6	(22.1)			67.5
Other current assets	14.9	(4.2)			10.8
Current tax receivables	0.0	(0.0)			(0.0)
Total current assets	**388.5**	**(112.7)**	**0.0**	**(3.3)**	**272.6**
Non-current assets					
Other financial assets	1.2	(0.1)			1.2
Property, plant and equipment	52.2	(28.2)			24.0
Deferred tax assets[3]	97.3	(3.4)			93.9
Intangible assets	359.1	(106.5)			252.5
Total non-current assets	**509.8**	**(138.2)**		**0.0**	**371.6**
Total assets	**898.3**	**(250.9)**	**0.0**	**(3.3)**	**644.1**
Current liabilities					
Trade and other payables	158.8	(41.7)	14.2		131.3
Inter-company payable	0.0	(32.6)	32.6		0.0
Borrowings	2.8	(2.7)			0.1
Current tax liabilities	5.6	0.0			5.6
Short term provisions	44.4	(13.9)	1.0		31.5
Other current liabilities	39.3	(0.0)			39.3
Total current liabilities	**250.8**	**(90.8)**	**47.8**	**0.0**	**207.8**
Non-current liabilities					
Trade and other payables	14.4	(11.4)			3.0
Borrowings	146.4	(76.2)	13.3	(0.8)	82.8
Deferred tax liabilities[3]	1.0	(13.7)			(12.7)
Long term provisions	4.9	(1.2)			3.7
Other non-current liabilities	2.1	(0.2)			1.9
Total non-current liabilities	**168.8**	**(102.8)**	**13.3**	**(0.8)**	**78.6**
Total liabilities	**419.6**	**(193.5)**	**61.0**	**(0.8)**	**286.4**
Net assets	**478.7**	**(57.4)**	**(61.0)**	**(2.5)**	**357.8**
Total shareholders equity	**478.7**	**(57.4)**	**(61.0)**	**(2.5)**	**357.8**

Notes:

1. Represents the assets and liabilities held in Intega as at 30 June 2019 prior to the Demerger occurring, as derived from the financial information directly related to Intega from the accounting records of Cardno.
2. Represents the net impact of Intega completing the external syndicated loan refinancing process.
3. Represents the deferred tax assets and liabilities allocated to Cardno Consulting post Demerger.
4. Represents one-off transaction costs in connection with the Demerger, which will be borne by Cardno and Intega. No tax deductibility has been assumed.

(j) Cardno Limited historical cash flows

Set out below are the Cardno Limited historical cash flow statements for the years ended 30 June 2017, 30 June 2018 and 30 June 2019.

Table 17: Cardno Limited historical cash flows

Cardno Limited historical cash flows			
$m	**FY17**	**FY18**	**FY19**
EBIT[1]	**27.5**	**41.6**	**35.0**
Significant items, above EBIT	(56.0)	(1.7)	(11.4)
Discontinued operations	27.9	-	-
Depreciation and amortisation	16.5	14.6	27.0
EBITDA[1]	**15.9**	**54.5**	**50.6**
Other items	-	-	-
Change in working capital	(13.7)	(1.2)	(2.2)
Operating cash flows before capital expenditure, financing costs and tax	**2.3**	**53.4**	**48.4**
Net capital expenditure	(11.3)	(18.8)	(9.6)
Operating cash flows after net capital expenditure, before financing costs and tax	**(9.1)**	**34.6**	**38.8**
Financing costs	(5.4)	(3.7)	(6.9)
Income tax paid	(1.4)	(4.7)	(1.2)
Operating cash flows after net capital expenditure, financing costs and tax	**(15.8)**	**26.2**	**30.8**
Net proceeds from sale of businesses and associates	58.0	-	-
Acquisition of subsidiaries, net of cash acquired	(6.2)	(10.7)	(77.0)
Net proceeds/(repayments) of borrowings	(55.5)	(11.2)	53.5
Debt & equity raising costs	-	-	(0.8)
Share buy-back (Cancellation of shares)	(5.7)	(13.9)	(21.5)
Repayment of lease liabilities	(2.1)	(2.0)	(3.4)
Others	0.7	0.7	0.4
Net increase/(decrease) in cash and cash equivalents	**(26.6)**	**(11.0)**	**(17.9)**
Cash and cash equivalents at the beginning of the year	105.6	80.0	71.1
Cash included in group held for sale	1.5	-	-
FX	(0.5)	2.1	2.4
Cash and cash equivalents at the end of the year	**80.0**	**71.1**	**55.5**

Note:

1. Represents EBIT and EBITDA from continuing operations, excluding significant items.

(k) Management commentary on Cardno historical cash flows

(i) FY17

FY17 net cash from operating activities was $2.3 million. This was impacted by a $13.7 million negative working capital movement and was reflective of the timing of receipts from key large government department clients through year end. The company sold XP Solutions in late calendar year 2016 and these funds were used to pay down borrowings.

(ii) FY18

By contrast, in FY18 the timing of receipts from key large government department clients through year end had a positive effect on the movement in working capital. FY18 net cash from operating activities was $53.4 million. FY18 capital expenditure increased by approximately $5.0 million as the fit out of two major regional offices was completed in the year, funded by long term lease rebates that were received in FY19.

(iii) FY19

FY19 net cash from operating activities was $48.4 million. The Raba Kistner acquisition included certain identifiable intangible assets (customer contracts) which began to be amortised upon acquisition. See Table 1 for further details.

(l) Cardno Consulting pro forma historical cash flows

Set out below are the Cardno Consulting pro forma historical cash flows for the years ended 30 June 2017, 30 June 2018 and 30 June 2019.

Pro forma adjustments have not been made to the Cardno Consulting pro forma historical cash flows for financing and tax, as the financing facilities, tax consolidation status and capital structure will change following the Demerger.

Table 18: Cardno Consulting pro forma historical cash flows

Cardno Consulting pro forma historical cash flows			
$m	**FY17**	**FY18**	**FY19**
EBIT[1]	**28.1**	**30.8**	**26.7**
Depreciation and amortisation	12.8	9.9	11.3
EBITDA	**40.9**	**40.8**	**38.0**
Changes in working capital	(43.2)	8.7	(17.4)
Net operating cash flows, before capital expenditure, financing costs and tax	**(2.3)**	**49.5**	**20.6**
Capital expenditure	(10.6)	(15.2)	(10.7)
Proceeds from sale of property, plant and equipment and intangibles	0.9	0.3	7.6
Net operating cash flows after capital expenditure, before financing costs and tax	**(12.0)**	**34.5**	**17.5**
Financing costs[2]	(16.1)	(40.0)	(51.7)
Income tax paid	(1.4)	(3.6)	(1.2)
Net operating cash flows after capital expenditure, financing costs and tax	**(29.5)**	**(9.0)**	**(35.3)**

Notes:

1. Represents pro forma historical EBIT from continuing operations, excluding significant items. See Table 11.
2. Net financing cash flows include repayment of borrowings, share buy-backs and repayment of lease liabilities.

(m) Reconciliation of Cardno Limited historical cash flows to Cardno Consulting pro forma historical cash flows

Reconciliations of the Cardno Limited historical cash flows to the Cardno Consulting pro forma historical cash flows for the years ended 30 June 2017, 30 June 2018 and 30 June 2019 are shown in the following tables.

Table 19: Reconciliation of Cardno Limited historical operating cash flows after capital expenditure, before financing costs and tax to Cardno Consulting pro forma historical operating cash flows after capital expenditure, before financing costs and tax

Cardno historical operating cash flows after capex, before financing costs and tax to Cardno Consulting pro forma historical operating cash flows after capex, before financing costs and tax			
$m	**FY17**	**FY18**	**FY19**
Historical operating cash flows after net capital expenditure, before financing costs and tax	**(9.1)**	**34.6**	**38.8**
Discontinued operations[1]	27.9	-	-
Intega historical operating cash flows, net of intercompany working capital movements[2]	(27.7)	(1.6)	(22.1)
Operating costs transferred to Intega[3]	0.5	0.5	0.5
Other movements related to significant items	(3.8)	1.1	0.3
Pro forma historical operating cash flows after net capital expenditure, before financing costs and tax	**(12.1)**	**34.5**	**17.5**

Notes:

1. Discontinued operations reflect XP Solutions, Mining and ECS sold in the prior financial year.
2. Represents the Intega historical operating cash flows after capital expenditure, before financing costs and tax and prior to the Demerger occurring, as derived from the financial information directly related to Intega from the accounting records of Cardno. Intercompany working capital movements are treated as operating for statutory purposes.
3. Represents the reduction in operating costs incurred by Cardno Limited as a result of the proposed Demerger.

(n) Debt facilities and cash

Cardno has historically been funded through a combination of cash flows generated by Cardno including the QTM Business, as well as external financing activities held by Cardno.

Following the Demerger, funding for Cardno will be sourced from a combination of its own cash reserves, internally generated cash flows and a AUD$189.5 million and US$3 million syndicated bank loan facility with HSBC Australia, HSBC USA, NAB and Investec (**Cardno Syndicated Facility**). The

Cardno Syndicated Facility includes provision for AUD and USD drawings. There is also provision for existing EUR and NZ $ denominated letters of credit and bank guarantees to be grandfathered.

The Cardno Board considers that the Cardno Syndicated Facility, combined with the cash flow expected to be generated by Cardno, will be sufficient to allow Cardno to carry out its business and stated objectives immediately following the Demerger, and is appropriate having regard to the financial and investment profile of Cardno following the Demerger.

The key terms of the Cardno Syndicated Facility are outlined below. These terms and conditions are generally consistent with the with the position Cardno has negotiated on previous financings.

Table 20: Key terms of the Cardno Syndicated Facility

Facility type	Syndicated bank facility
Borrower	Cardno Limited
Currency	US$ and AUD$ There is also provision for existing EUR and NZ $ denominated letters of credit and bank guarantees to be grandfathered.
Commitment	AUD$189.5 million US$3 million
Maturity	3 years
Interest rate	With respect to a utilisation denominated in: • Australian dollars, BBSY Bid; • US dollars, LIBOR; • Euro, EURIBOR; or • NZ$, BKBM, plus a margin agreed at commercial rates. The documents contain fallback drafting to manage circumstances where any of the base rates set out above cease operation.
Condition precedent to initial drawdown	The Cardno Syndicated Facility contains conditions precedent to drawing that are customary for a facility of this nature, including conditions precedent requiring certification that: • the Demerger has occurred or will occur concurrently with, financial close, in accordance with the Demerger Scheme documents; and • that an office copy of the court order made under section 411(4)(b) of the Corporations Act approving the Demerger Scheme has been lodged with ASIC.

Security	Each Guarantor will, at the time of becoming a Guarantor, grant security over all of its assets and undertaking. In respect of any asset where consent is required to the granting of security over that asset, that asset will be excluded from the security unless such consent is obtained.
Guarantee	The Cardno Syndicated Facility is guaranteed by Cardno, each borrower under the Cardno Syndicated Facility and such of Cardno's wholly-owned subsidiaries that account for not less than 90 per cent of the total assets and EBITDA of the Cardno Group (excluding non-wholly owned subsidiaries). Each member of the Cardno Group which account for more than five per cent of the total assets and EBITDA of the Cardno Group (excluding non-wholly owned subsidiaries) must also become guarantors under the Cardno Syndicated Facility.
Representations, undertaking and events of default	The Cardno Syndicated Facility contains representations, undertaking and events of default that are consistent with the position Cardno has negotiated on previous financings, other than certain thresholds and permitted 'baskets' have been lowered, to reflect the smaller Intega Group, following the implementation of the Demerger Scheme.
Review events	The Cardno Syndicated Facility contains review events that are customary for a facility of this nature including: if the shares of Cardno are suspended from the ASX for longer than 10 consecutive business days (other than for a pending announcement of a major acquisition or merger transaction); or if a person not in control of Cardno on the date of the Cardno Syndicated Facility thereafter acquires Control of Cardno (with Control having the meaning given to it in section 50AA of the Corporations Act).

As at the date of this Demerger Scheme Booklet, a binding commitment letter has been signed by Cardno and each of the banks providing the Cardno Syndicated Facility, under which the banks have agreed to enter into formal agreements to provide the Cardno Syndicated Facility (subject to various conditions being satisfied, included those summarised in Table 20 above). It is expected that Cardno will have signed the agreement prior to the Demerger Scheme Meeting.

(o) **Hedging**

Cardno may choose to enter into interest rate derivatives or fixed rate bonds to hedge a portion of interest rate risk associated with its debt.

Historically, Cardno has not chosen to hedge its interest rate or foreign exchange positions but has balanced its debt between US dollar borrowings and AUD dollar borrowings to provide a partial natural hedge against foreign exchange fluctuations. It is currently the intention of the Cardno Board to continue this practice.

(p) **Lease commitments**

Set out below are the Cardno Consulting pro forma historical operating lease commitments as at 30 June 2019:

Table 21: Cardno Consulting operating lease commitments

Cardno Consulting operating lease commitments			
$m	Cardno Limited historical	Less Intega historical	Cardno Consulting pro forma historical
Lease expenditure contracted but not provided for or payable:			
Within one year	41.4	(13.5)	28.0
Between one and five years	105.3	(26.3)	79.0
More than five years	34.4	(2.9)	31.5
Total operating lease commitments	**181.2**	**(42.7)**	**138.5**

The lease commitments outlined in Table 21 above are determined consistent with the currently applicable lease standard and reflect the undiscounted amount of the operating lease commitments at 30 June 2019. A new lease standard is applicable to Cardno Limited from 1 July 2019. This is discussed in Section 4.7(a)(ii). On adoption of the new lease standard the present value of these commitments, adjusted for non-lease components and reasonably certain options, terminations and purchases, would be shown as a liability on the balance sheet together with an asset representing the right-of-use.

(q) **Demerger accounting**

Accounting for demerger transactions is addressed in IFRIC 17 “Distributions of Non-cash Assets to Owners”. This interpretation requires that a financial liability be recognised for a company’s distribution obligation to its shareholders in accordance with AASB 137 “Provisions, Contingent Liabilities and Contingent Assets” (**AASB 137**). This liability for distributions payable should be measured at the fair value of the assets to be distributed. The fair value of the assets of Intega will be determined by reference to the Intega Shares as traded on the ASX (whether on an ordinary or deferred settlement basis).

As no guidance is provided in AASBs as to where the debit to equity should be recognised for the distribution liability, the value of the Capital Reduction is to be determined in accordance with the Demerger allocation between capital and dividend specified in the ATO Class Ruling. As it would not be feasible to identify an amount of capital contributed by Cardno Limited’s shareholders that was directed to the investment in Intega, the approach to identifying the capital element of the Demerger allocation for tax purposes is to debit Cardno Limited’s capital account by the ratio of the Intega fair market value (determined by reference to the Intega Shares as traded on the ASX) to the total enterprise market value (i.e. Cardno Limited and Intega). Within Cardno Consulting’s equity accounts, the fair value of Intega Shares will be allocated to the Capital Reduction.

On the Effective Date, Cardno Consulting will recognise a provision based on the estimated fair value of Intega Shares, which is expected to exceed Intega’s book value of its net assets. This liability will be settled through the transfer of the Intega Shares under the Demerger Scheme. At that time, the difference between the book value of the net assets transferred and the fair value of Intega Shares will be recognised as income to Cardno Consulting and included in Cardno Consulting’s FY20 income statement within discontinued operations. As outlined above, the Demerger allocation to capital will be determined at the time the Demerger of the Intega Shares takes place.

(r) **Demerger costs**

The total one-off transaction costs of the Demerger are estimated to be approximately $6.5 million. Of these costs, $5.0 million will be incurred prior to the Meetings, and $1.5 million is contingent on the successful completion of the Demerger. In addition, there are estimated to be $6.6 million of separation implementation costs.

In particular, Cardno has estimated total Demerger costs as:

- $5.0 million of advisory fees including financial, legal, tax due diligence and other advisory costs. These advisory fees are payable irrespective of whether a transaction occurs and will all be incurred prior to the Meetings;
- $1.5 million of restructuring costs, including stamp duty and debt fees associated with the establishment of new debt facilities. These costs are contingent on the Demerger occurring; and
- $6.6 million of separation implementation costs related to the costs of setting up and changing systems and processes for both Intega and Cardno as a result of the Demerger.

These separation implementation costs are estimates and the actual costs and timing may vary from these estimated costs and the differences from these estimates may be significant. These costs are uncertain and depend on the decisions made by the Boards of Cardno and Intega and have not been included in these estimates of Demerger costs.

(s) **Shareholders' equity**

Assuming Cardno does not institute a buy back of Cardno Shares between 1 July 2019 and this Demerger Scheme being effective, Cardno is expected to have approximately 444 million Cardno Shares on issue.

(t) **Taxation**

Tax is currently accounted for and paid in relation to Cardno's Group taxation arrangements. At the time of the Demerger, Intega will exit Cardno's Australian, United States and New Zealand tax consolidated groups. The Cardno Australian tax consolidated group will retain all Australian tax losses incurred prior to the Demerger. After the Demerger, Intega will retain a portion of United States tax losses incurred prior to the Demerger to the extent they relate to the QTM Business.

A Private Ruling has been sought to confirm that no adverse Australian tax consequences should arise for either Cardno or Intega as a result of the Demerger.

(u) **Dividend policy**

The Cardno dividend policy will operate on the basis that the Cardno Directors will make a determination as to the level of dividends to be paid for each reporting period, taking into account Cardno's financial performance, funding position and a range of forward looking factors.

The current intention of the Cardno Board is to continue Cardno's existing dividend policy which is to not issue any dividends but to use excess cash flows for share buy backs, acquisitions and pay down of debt. The Cardno Board may choose to change this policy depending on franking credits and other factors going forward.

5 Risks relating to the Demerger and an investment in Intega

5.1 Introduction

If the Demerger is implemented, Cardno Shareholders, who previously had an indirect interest in the QTM Business (through their shareholding in Cardno), will have a direct interest in Intega and, accordingly, will be directly subject to a number of risks affecting Intega, its business, its operations and its financial condition.

Most of the risks currently faced by Cardno will continue to be faced by Cardno after the Demerger. Cardno Shareholders are already exposed to these risks through their shareholding in Cardno, and these have previously been disclosed by Cardno. However, other risks arise as a result of Cardno becoming a smaller and less diversified business after implementation of the Demerger than it is at the date of this Demerger Scheme Booklet.

Cardno Shareholders should carefully consider the risks and uncertainties associated with:

- Intega Shares, Intega’s business and the industry in which it operates; and
- Cardno Shares and Cardno’s business after the Demerger is implemented, and the industry in which it operates,

together with all of the other information in this Demerger Scheme Booklet before making any decision as to whether or not to vote in favour of the Demerger Resolutions to be considered at the Meetings.

This Section describes the risk factors which may be relevant to your decision whether to vote in favour of the Demerger Scheme and the related Capital Reduction. These risks include those that:

- relate to the Demerger;
- are specific to an investment in Intega; and
- are specific to an investment in Cardno after the Demerger.

Sections 5.2 and 5.3 below are a summary of risks that could have an impact on the Demerger and an investment in Intega Shares and Cardno Shares after the Demerger, and do not purport to list every risk that may be associated with the Demerger or an investment in Intega Shares or Cardno Shares after the Demerger, whether now or in the future. The selection of risks described in these sections has been based on an assessment of a combination of the probability of the risk occurring and impact of the risk if it did occur. The assessment is based on the knowledge of the Cardno Directors as at the date of this Demerger Scheme Booklet, but there is no guarantee or assurance that the importance of different risks will not change or other risks will not emerge.

You should carefully consider the risks described below, together with all other information in this Demerger Scheme Booklet, before making a decision on whether or not to vote in favour of the Demerger. Sections 5.2 and 5.3 below are general in nature only and do not take into account your individual objectives, financial situation, taxation position or particular needs.

5.2 Risks relating to the Demerger

(a) Advantages of the Demerger may not materialise

After the Demerger, Cardno or Intega may not be able to achieve some or all of the expected potential advantages of the Demerger as outlined in Section 2.2 “Advantages of the Demerger and reasons to vote in favour of the Demerger”. If that occurs, the business, financial condition and prospects of Intega and/or Cardno after the Demerger may be materially adversely affected.

(b) **Uncertainty about the combined market value and trading of Intega Shares and Cardno Shares after the Demerger**

As it is not possible to predict the market value of Intega Shares or Cardno Shares after the Demerger, there can be no assurance that Intega Shares or Cardno Shares will trade at any particular price after the ASX Listing. Following the Demerger, some Intega Shareholders or Cardno Shareholders may increase or decrease their holdings in Intega or Cardno. There is a risk that the combined market value of Intega and Cardno after the Demerger may be less than the market value of Cardno before the Demerger.

In addition, if the market value of either business does not meet the requirements for inclusion in the ASX300, there is the potential that that business will exit this index and lead to additional selling of shares by some investors. This may further affect the share price of Intega Shares and/or Cardno Shares.

Cardno Shareholders should also note that if the Demerger does not proceed, there is no assurance that Cardno Shares will continue to trade at prices in line with recent levels.

(c) **Potential for delays, unexpected costs and other issues in establishing Intega as a standalone legal entity**

As part of the implementation of the Demerger, Intega is replacing corporate office and support services currently provided by Cardno (including group accounting, treasury, taxation, legal, insurance administration, investor relations and general human resources) with internal capability and third-party contracts.

As described in Section 6.10(d), Cardno and Intega will enter into the Transitional Services Agreement to formalise the terms upon which Cardno will provide Intega services including IT support services, internal audit and tax advice, accounts payable and receivables management, fixed asset accounting, facilities management services and 401K and benefits services. The following support services will not be provided under the Transitional Services Agreement and have been already established internally within Intega operations: executive costs, legal costs, financial accounting, company secretarial work, procurement, insurance, payroll, LTI management, proprietary software support and external audit work. Cardno will provide the relevant services to Intega under the Transitional Services Agreement for a transitional period after implementation of the Demerger to minimise any potential disruption to the QTM Business while it establishes its alternative arrangements.

There is a risk that Intega's performance of these functions will be negatively affected during the period of transition to a standalone, ASX-listed entity as the relevant systems and processes are implemented. Notwithstanding the provision of services by Cardno to Intega under the Transitional Services Agreement, during Intega's transition to becoming a standalone, ASX-listed entity, it may incur increased costs to implement the relevant systems and processes and it may take some time to ensure that all required systems and processes are operating fully and efficiently. There is a risk that the establishment of these systems and processes may take longer than expected or may involve greater costs than anticipated.

(d) **Intega's historical financial information may not reflect the results of a standalone, ASX-listed company**

Intega does not have an operating history as a standalone, ASX-listed company. The Intega Pro Forma Historical Financial Information included in Section 3.6 may not reflect the financial condition and performance (including results of operations and cash flows) that Intega would have achieved as a standalone, ASX-listed company during the periods presented or those that it will achieve in the future as the QTM Business has been operated by Cardno as part of its broader corporate organisation and has been supported by Cardno's corporate infrastructure, including group accounting, treasury, taxation, legal, insurance administration, investor relations and general human resources. The Intega Pro Forma Historical Financial Information included in Section 3.6 reflects allocations of corporate expenses from Cardno for these and similar functions. These allocations may be more or less than the comparable expenses that Intega would have incurred had it operated as a standalone, ASX-listed company.

(e) **Potential inability to obtain third party consents**

Certain contracts to which Intega or Cardno entities are party (including customer and supplier contracts and leases) contain provisions enabling the counterparty to terminate the contract in the event of a change of Control of the relevant Intega or Cardno entity, or the assignment of the contract by the relevant Intega or Cardno entity, without the counterparty's consent. Whether such clauses are triggered depends on the wording of the clause and, as such, not all such clauses will be triggered by the Demerger or the Restructure. Management of Intega and Cardno have assessed the need to obtain consents from key customers, suppliers and lessors and have begun the process of contacting the relevant counterparties. If Intega or Cardno (as the case may be) does not obtain the consent of the counterparty under the agreement, there is a risk that the counterparty may allege that the contract terms have been breached and terminate the contract.

(f) **The Court may not approve the Demerger or its approval may be delayed**

As is the case with all schemes of arrangement in Australia, there is a risk that the Court may not approve the Demerger or that the approval of the Court is delayed.

5.3 Risks specific to an investment in Intega

(a) **Overview**

This Section describes a number of risks specific to an investment in Intega following the Demerger. The risks set out in this Section 5.3 may adversely affect the operating or financial performance of Intega, and the investment returns or value of Intega Shares, after the Demerger. Some of these risks may be mitigated by appropriate controls, systems and other actions, but others will be outside the control of Intega.

Many of the risks described in this Section 5.3 are risks to which Cardno Shareholders are indirectly exposed as at the date of this Demerger Scheme Booklet as a result of their shareholding in Cardno, while others arise as a result of Intega becoming a standalone ASX-listed entity, independent from Cardno following the Demerger.

This Section 5.3 should be read in conjunction with Section 2, which sets out (among other things) the advantages and disadvantages of the Demerger, Section 5.2, which sets out the risks relating to the Demerger, and Section 5.4, which sets out the risks specific to an investment in Cardno after the Demerger.

(b) **Existing business risks**

(i) **Intega is subject to competition risk in each of the markets in which it operates**

Intega operates in a competitive business environment in Australia and the US. Each of the markets in which Intega operates is characterised by competition on the basis of quality, price and customer service. Consequently, Intega's financial performance, revenues and market share may be adversely affected by the actions of its competitors, such as price discounting, and Intega's response to such actions.

(ii) **Branding and reputational risk**

Intega's divisions have generally not traded solely under the Cardno brand, but under Construction Sciences, Raba Kistner and PPI. Construction Sciences traded as Cardno until July 2015 and Cardno PPI will soon rebrand to PPI. These brands will continue to be owned by Intega and divisions will continue to trade under their current operating brands following the Demerger. Additionally, some parts of UES operations have traded as Cardno in the United States and there have been some links to Cardno brands for all divisions.

However, the new Intega name may create some branding risk as it is a new and unfamiliar name to potential employees and clients.

(iii) **Professional negligence**

As a professional services provider, claims of professional negligence may be made against Intega. Intega maintains appropriate professional indemnity insurance to mitigate its exposure to liability.

(iv) **A cyclical downturn in Asia Pacific or the Americas may adversely impact Intega's financial performance**

Intega primarily provides its quality, assurance, measurement and testing work for owners and builders of infrastructure. An economic downturn in Asia Pacific or the Americas may decrease the demand for Intega's services through reduced private spending and government investment in infrastructure. A decline in the demand for Intega's services has the potential to have a significant effect on Intega's future financial performance.

Materially adverse changes in the general domestic and international economic climate may also impact Intega's performance. These general economic conditions are influenced by factors including economic growth, infrastructure spend, interest rates, inflation, employment levels and consumer and business sentiment.

(v) **Integration of acquisitions based on its growth strategy**

Over the past three years, Intega has successfully selected, conducted diligence on and integrated acquisitions. While Intega intends to continue to pursue a growth strategy partly through acquisitions, it may fail to integrate these acquisitions properly, the costs of integration may be higher than expected or Intega may fail to realise expected synergies.

(vi) **Disruption of the proprietary software underpinning Intega's services**

Intega operates a number of proprietary software suites including COMPLY, which is a software suite that tracks test results, laboratory performance, individual technician performance, EIVIS, which is an Engineering and Laboratory Vital Information System and QA Reporter, which enables technicians to monitor the manufacturing and inspection of components. Any failure of, or disruption to, the proprietary software owned by either Construction Sciences or Raba Kistner could impede or limit Intega's ability to carry out its operations.

(vii) **Intega is vulnerable to decreases in oil and gas prices**

The quality assurance work that Intega (through PPI) conducts is primarily for the Oil and Gas sector. If there is a decline in oil and gas prices, demand for quality assurance work or pricing for this work may decrease. This could create financial pressure on Intega.

(viii) **Risk of losing major customers**

Intega has a number of large customers with which it has strong relationships. Any loss or significant change to Intega's key customer relationships could have a material impact on its operating and financial performance. For example, Intega currently has a construction materials testing contract which represents less than 10 per cent of Intega's pro-forma FY19 revenue. Some of Intega's contracts contain clauses which entitle the customer to terminate on notice (regardless of whether there has been a breach of the contract), however this is common practice in the industry in which Intega operates.

(ix) **Risk of losing key personnel**

Intega's profitability depends on the talent and experience of its senior management and staff. New management and staff do not have the institutional knowledge and experience with the QTM Business available to existing employees. Therefore, to manage and operate its business effectively, Intega must aim to retain its high performing and experienced staff.

Intega also faces the challenge of maintaining a reputation as an attractive place to work and to enable talented individuals to be developed and promoted within Intega. To do so, Intega must ensure it has a remuneration structure that meets market expectations, quality human resources and training systems and opportunities for advancement. If Intega fails to attract, develop and retain sufficient high performing key personnel, it may not manage its business effectively and may not be able to meet its growth objectives.

(x) **There is a risk that industrial disputes and increases in labour rates have the potential to adverse effect reputation and the financial performance of Intega**

A failure to successfully manage industrial relations or ensure proper processes and culture at Intega offices could result in industrial disputes that cause adverse reputational, financial, legal, productivity or morale impacts. Intega seeks to mitigate these risks with a targeted industrial relations strategy.

(xi) **Intega is exposed to movements in foreign exchange rates which may impact its financial performance**

Intega, through reporting its international operations in Australian dollars, is exposed to the effect of foreign exchange rate fluctuations. Movements in exchange rates has both transaction and translation consequences which may impact Intega's earnings. Further information is set out in Section 3.6(j).

Intega seeks to minimise these risks by splitting its borrowings across the Australian and US dollars to take advantage of a natural hedge.

(xii) **Intega's financial performance may suffer from changes in taxation treatment / laws**

Changes in taxation laws (or their interpretation) in the US, Australia and other countries where Intega has operations could materially affect Intega's financial performance and impact on its ability to obtain the benefit of existing tax losses and claim other beneficial tax attributes. In addition, governments may review and impose additional or higher excise or other taxes on payroll or infrastructure work, which may have an adverse effect on private and government spending on construction and infrastructure projects or on labour rates and may adversely impact Intega's financial results.

Further, the determination of the taxation treatment of investments, activities or transactions requires an interpretation of the relevant taxation laws and significant judgment in circumstances where there may be differing but reasonable interpretations which may be adopted. Consistent with other companies of the size and diversity of Intega, Intega may be the subject of periodic information requests, investigations and audit activities by tax authorities in the jurisdictions in which the companies operate.

(xiii) **There is a risk that Intega's insurance policies may not be sufficient to cover a future loss**

Intega has placed insurance policies with insurers of acceptable security and that it believes are at an appropriate level of retained risk and coverage for the business activities of Intega, however adequate insurance coverage for potential losses and liabilities may not be available in the future on commercially reasonable terms. If Intega experiences a loss in the future, the proceeds of the applicable insurance policies, if any, may not be adequate to cover replacement costs, lost revenues, increased expenses or liabilities to third parties. This may adversely impact Intega's financial performance.

(xiv) **Intega is at risk of litigation by various stakeholders**

Disputes in litigation may arise from time to time in the course of Intega's business activities. Exposure to litigation brought by third parties such as customers, regulators, employees or business associates could negatively impact on Intega's financial performance through increased costs, payments for damages and reputational damage.

(xv) **Changes to accounting standards may adversely impact Intega's financial performance**

Changes in accounting or financial reporting standards may adversely impact the financial performance of Intega. In addition, Intega's financial performance may be impacted by changes to accounting policies after the Demerger or differences in interpretations of accounting standards.

(xvi) **Changes or additions to existing regulations may adversely affect Intega's operations and financial performance**

Intega's operations are regulated by environmental, competition and anti-trust, industrial/employment, anti-bribery and corruption, chain of responsibility, international and local trading, health and safety and other laws, instruments and regulations in the countries where it operates. These regulations govern parts of their operations, including the marketing, advertising, distribution and provision of their services. Intega may be subject to costs, investigations, penalties, liabilities, loss of reputation, and other adverse effects as a result of failure to comply with these laws and regulations.

The impact of the regulatory environment could also result in new or more stringent forms of regulatory oversight of both Intega and the industries in which it operates. This may lead to increased levels of expenditure on compliance, monitoring, controls, access regimes and arrangements and land use restrictions, affecting Intega or its suppliers, and other conditions that could materially adversely affect its business, financial condition and results of operations.

(c) **New or increased risks that arise as a result of the Demerger**

If the Demerger is implemented, Intega will face new or increased risk as a result of being a standalone, ASX-listed entity, independent from Cardno.

(i) **Trading price and liquidity**

Given there has been no public trading market for Intega Shares to date, no assurance can be given that an active trading market for Intega Shares will develop or, if it develops, can be sustained following the Demerger Implementation Date. If an active trading market is not developed or maintained, the liquidity and trading price of the Intega Shares could be materially adversely affected.

The price of Intega Shares and Cardno Shares may rise or fall based on market conditions, perceptions, and the companies' financial and operational performance. Accordingly, there is no guarantee as to the future value of the Cardno Shares or of the Intega Shares to be received under the Demerger.

(ii) **An increase in interest rates may adversely impact Intega's ability to service its debt and pay dividends**

Intega will have external interest-bearing liabilities after the Demerger and, accordingly, will be exposed to movements in interest rates. While Intega will take reasonable steps to protect itself from rising interest rates through the use of hedges, a rise in rates may still adversely affect Intega's interest payments for floating rate instruments.

A summary of Intega's debt financing facilities with effect from implementation of the Demerger is set out in Section 3.6(i). From time to time, Intega will be required to refinance its debt financing facilities. There is no certainty as to the availability of debt financing facilities or the terms on which such facilities may be provided in the future. Intega's ability to refinance its debt on favourable terms as it becomes due, or to repay debt, and its ability to raise further finance on favourable terms for business opportunities will depend on market conditions and Intega's future financial performance. In particular, Intega may incur higher interest rates and/or additional fees associated with future debt refinancing. Intega's ability to service its debt will depend on its future financial performance and, if it is unable to do so, Intega's lenders may act to enforce their rights against it, which may impact Intega's financial or operating performance and impair its ability to pay dividends.

(iii) **Intega cannot guarantee the payment of dividends or the extent to which dividends will be franked**

Intega's dividend policy will be determined by the Intega Board at its discretion and may change over time. As described in Section 1 above, the Intega Board has confirmed that, after the Demerger, does not intend to pay a dividend in FY20. However, the Intega Board may choose to change their dividend policy and choose to pay a dividend.

(iv) **Intega may need to raise more capital after the Demerger**

Intega may need to raise further capital in order to provide for future growth and to meet debt finance obligations and on-going costs post-Demerger. As at the date of this Demerger Scheme Booklet, the Intega Directors are not aware of any circumstances that would suggest that it will need to raise capital in the short term. If Intega does need to raise such capital, the Intega Directors are not aware of any circumstances that would suggest that such funding would not be available to Intega at a reasonable cost, however there can be no guarantee that any such capital raising will be available or will satisfy the post-Demerger needs of Intega and if Intega is unable to raise further capital this may have a material adverse impact on Intega and the QTM Business. Any further capital raising may dilute the interests of Intega Shareholders.

5.4 Risks specific to an investment in Cardno after the Demerger

(a) **Overview**

This Section 5.4 describes a number of risks specific to an investment in Cardno following the Demerger. The risks set out in this Section 5.4 may adversely affect the operating or financial performance of Cardno, and the investment returns or value of Cardno Shares, after the Demerger. Some of these risks may be mitigated by appropriate controls, systems and other actions, but others will be outside the control of Cardno.

Many of the risks described in this Section 5.4 are risks to which Cardno Shareholders are indirectly exposed as at the date of this Demerger Scheme Booklet as a result of their shareholding in Cardno, while others arise as a result of Cardno becoming a smaller and less diversified business after implementation of the Demerger than it is at the date of this Demerger Scheme Booklet.

This Section 5.4 should be read in conjunction with Section 2, which sets out (among other things) the advantages and disadvantages of the Demerger, Section 5.2, which sets out the risks relating to the Demerger, and Section 5.3, which sets out the risks specific to an investment in Intega after the Demerger.

(b) **Existing business risks**

(i) **Cardno is subject to competition risk in each of the markets in which it operates**

Cardno faces ongoing competition in the jurisdictions in which it operates. Actions by Cardno's competitors (such as aggressive pricing strategies) or the entry of new competitors may disadvantage

Cardno's market position and result in a loss of market share or price reductions. Either occurrence could materially impact Cardno's operational and financial performance. However, Cardno's reputation and intellectual property in the core niches it services provides a barrier to entry.

(ii) **Branding and reputational risk**

The three divisions of Cardno's international business operate under the same 'Cardno' brand. Therefore, any event that damages Cardno's reputation in one part of its business may adversely affect the reputation of the other parts of its business.

(iii) **Professional negligence**

As a professional services provider, claims of professional negligence may be made against Cardno. Cardno maintains appropriate professional indemnity insurance to mitigate its exposure to liability.

(iv) **A cyclical downturn in Asia Pacific or the Americas may adversely impact Cardno's financial performance**

An economic downturn in Asia Pacific or the Americas may decrease the demand for Cardno's International Development services through reduced government investment in infrastructure, which may have a significant effect on Cardno's future financial performance. Materially adverse changes in the general domestic and international economic climate may also impact Cardno's performance. These general economic conditions are influenced by factors including economic growth, interest rates, inflation, employment levels and consumer and business sentiment.

(v) **Integration of acquisitions based on its growth strategy**

Over the past three years, Cardno has successfully selected, conducted diligence on and integrated acquisitions. While Cardno intends to continue to pursue a growth strategy partly through acquisitions, it may fail to integrate these acquisitions properly, the costs of integration may be higher than expected or Cardno may fail to realise expected synergies.

(vi) **Cardno is vulnerable to increases in labour of consultants**

The largest cost of Cardno is labour costs and if the market for consultants tightens and there is an increase in the labour rate that Cardno needs to pay to employees and cannot pass this increase onto customers, there is the potential that the margin that Cardno can earn from its services will decrease.

(vii) **Risk of losing major customers**

Any loss or significant change to Cardno's key customer relationships could have a material impact on its operating and financial performance. Some of Cardno's contracts contain clauses which entitle the customer to terminate on notice (regardless of whether there has been a breach of the contract), however this is common practice in the industry in which Cardno operates.

(viii) **Risk of losing key personnel**

Cardno's continued success depends in part on the ability of its management and staff to operate effectively. Further, Cardno's success also depends on its ability to attract and retain highly skilled and qualified management personnel. Cardno's growth and financial performance could be materially adversely affected if it fails to attract and retain qualified management.

(ix) **There may be regulatory impacts on Cardno's operations**

Cardno's operations are regulated by environmental, competition and anti-trust, industrial/employment, anti-bribery and corruption, chain of responsibility, international and local trading, health and safety and other laws, instruments and regulations in the countries where it operates. These regulations govern parts of their operations, including the marketing, advertising, distribution and provision of their services. Cardno may be subject to costs, investigations, penalties, liabilities, loss of reputation, and other adverse effects as a result of failure to comply with these laws and regulations.

The impact of the regulatory environment could also result in new or more stringent forms of regulatory oversight of both Cardno and the industries in which it operates. This may lead to increased levels of expenditure on compliance, monitoring, controls, access regimes and arrangements and land use restrictions, affecting Cardno or its suppliers, and other conditions that could materially adversely affect its business, financial condition and results of operations.

(x) **Cardno's debt financing**

A summary of Cardno's amended debt financing facilities with effect from implementation of the Demerger is set out in Section 4.7(n). From time to time, Cardno will be required to refinance its debt financing facilities. There is no certainty as to the availability of debt financing facilities or the terms on which such facilities may be provided in the future. Cardno's ability to refinance its debt on favourable terms as it becomes due, or to repay debt, and its ability to raise further finance on favourable terms for business opportunities will depend on market conditions and Cardno's future financial performance. In particular, Cardno may incur higher interest rates and/or additional fees associated with future debt refinancing. Cardno's ability to service its debt will depend on its future financial performance and, if it is unable to do so, Cardno's lenders may act to enforce their rights against it, which may impact Cardno's financial or operating performance and impair its ability to pay dividends.

(xi) **Cardno's risk management practices and strategies may not be effective**

Cardno's business is affected by fluctuations in labour rates, interest rates and foreign currency exchange rates and general economic conditions. Cardno's hedging strategies may not be successful in minimising its exposure to these fluctuations. It is possible that Cardno's control procedures and risk management policies may not successfully prevent Cardno's traders from entering into unauthorised transactions that have the potential to alter or impair Cardno's financial position.

(xii) **A change in regulation, legislation and policies may result in an adverse impact on Cardno's business**

Cardno's services include those provided by its physical and social infrastructure development business which may be impacted by government regulation and legislation beyond its control, such as changes to government support for the international development sector, the infrastructure sector and general building infrastructure.

(xiii) **Cardno's financial performance after the Demerger may suffer from changes in taxation treatment/laws**

Changes in taxation laws (or their interpretation) in countries where Cardno has operations after the Demerger could materially affect Cardno's financial performance and impact on its ability to obtain the benefit of existing tax losses and claim other beneficial tax attributes. Further, the determination of the taxation treatment of investments, activities or transactions requires an interpretation of the relevant taxation laws and significant judgment in circumstances where there may be differing but reasonable interpretations which may be adopted. Consistent with other companies of the size and diversity of Cardno (after the Demerger), Cardno may be the subject of periodic information requests, investigations and audit activities by tax authorities in the jurisdictions in which the companies operate.

(xiv) **There is a risk that Cardno's insurance policies may not be sufficient to cover a future loss after the Demerger**

Cardno has placed insurance policies with insurers of acceptable security and that it believes are at an appropriate level of retained risk and coverage for the business activities of Cardno, however adequate insurance coverage for potential losses and liabilities may not be available in the future on commercially reasonable terms. If Cardno experiences a loss in the future, the proceeds of the applicable insurance policies, if any, may not be adequate to cover replacement costs, lost revenues, increased expenses or liabilities to third parties. This may adversely impact Cardno's financial performance.

(xv) **Cardno is at risk of litigation by various stakeholders after the Demerger**

Exposure to litigation brought by third parties such as customers, regulators, employees or business associates could negatively impact on Cardno's financial performance after the Demerger through increased costs, payments for damages and reputational damage.

(xvi) **Changes to accounting standards may adversely impact Cardno's financial performance after the Demerger**

Changes in accounting or financial reporting standards may adversely impact the financial performance of Cardno after the Demerger. In addition, Cardno's financial performance may be impacted by changes to accounting policies after the Demerger or differences in interpretations of accounting standards.

(xvii) **Cardno is subject to increased overhead costs because of a reversal of economies of scale**

Cardno has built an overhead structure including negotiated vendor agreements baselined to the existing scale of the business. Cardno will need to renegotiate the agreements and rescale the overhead ahead or before the expiration of the Transitional Services Agreement in order to avoid an increased overhead burden.

(c) **New or increased risks that arise as a result of the Demerger**

(i) **Cardno will become less diversified as a result of the Demerger**

As noted in Section 2.3(a) above, the performance of Intega has been relatively uncorrelated with the remainder of Cardno's business. As a result, after the Demerger is implemented, Cardno will become less diversified than it is at the date of this Demerger Scheme Booklet and will be increasingly affected by fluctuations in financial markets.

(ii) **Cardno cannot guarantee the payment of dividends or the extent to which dividends will be franked after the Demerger**

Cardno's dividend policy will be determined by the Cardno Board at its discretion and may change over time. As described in Section 1 above, the Cardno Board has confirmed that, after the Demerger, it does not intend to pay a dividend in FY20. However, the Cardno Board may choose to change their dividend policy and choose to pay a dividend.

(iii) **Cardno may need to raise more capital after the Demerger**

Cardno may need to raise further capital in order to provide for future growth and to meet debt finance obligations and on-going costs post-Demerger. As at the date of this Demerger Scheme Booklet, the Cardno Directors are not aware of any circumstances that would suggest that such funding would not be available to Cardno at a reasonable cost, however there can be no guarantee that any such capital raising will be available or will satisfy the post-Demerger needs of Cardno and if Cardno is unable to raise such further capital this may have a material adverse impact on Cardno and the Cardno Consulting business. Any such further capital raising may dilute the interests of Cardno Shareholders.

6 Details of the Demerger

6.1 Overview

(a) **Introduction**

The Demerger will be implemented by way of a scheme of arrangement pursuant to Part 5.1 of the Corporations Act.

If the Demerger Scheme becomes Effective, then:

(i) Eligible Cardno Shareholders (other than Selling Shareholders) will receive the Demerger Entitlement;

(ii) Intega will be demerged from Cardno; and

(iii) the ASX Listing will proceed.

For the Demerger Scheme to become Effective, a number of Conditions Precedent must either be satisfied of waived. These Conditions Precedent are summarised in Section 6.2 of this Demerger Scheme Booklet and are set out in full in the Demerger Scheme in Attachment C.

(b) **Summary of key steps required to implement the Demerger**

The key steps to implement the Demerger are as follows:

Step 1 - Cardno Shareholders vote on the Demerger Resolutions: Cardno Shareholders will vote on whether to approve the Demerger Scheme at the Demerger Scheme Meeting and the Capital Reduction and Financial Assistance at the General Meeting, respectively. Each Cardno Shareholder who is registered on the Cardno Register at 7.00pm (Sydney time) on Tuesday, 8 October 2019 is entitled to vote at the Demerger Scheme Meeting and the General Meeting. The Demerger will only be implemented if all of the Demerger Resolutions are passed by the Requisite Majorities of Cardno Shareholders.

Step 2 - Application for approval by the Court: If each of the Demerger Resolutions are approved by the Requisite Majorities of Cardno Shareholders, Cardno will apply to the Court to approve the Demerger Scheme on the Second Court Date (which is expected to be Friday, 18 October 2019). The Corporations Act and the relevant Court rules provide a procedure for Cardno Shareholders to oppose the approval by the Court of the Demerger Scheme if they so wish.

Step 3 - Effective Date: The Demerger Scheme will become Effective on the date on which the office copy of the order of the Court under section 411(10) of the Corporations Act approving the Demerger Scheme is lodged with ASIC (or such other date as the Court determines or specifies in the order). Cardno intends to lodge the order of the Court with ASIC on the next Business Day after the Second Court Date, which is expected to be Monday, 21 October 2019. The date on which Cardno does this will be the Effective Date. On the Effective Date, Cardno will also notify the ASX that the Demerger Scheme has become Effective. Once the Demerger Scheme becomes Effective, Cardno will become bound to implement the Demerger Scheme in accordance with its terms.

Step 4 - Demerger Scheme Record Date: Cardno Shareholders (other than Selling Shareholders) will be entitled to receive the Demerger Entitlement under the Demerger if they are registered as the holders of Cardno Shares at 7.00pm (Sydney time) on the Demerger Scheme Record Date. The Demerger Scheme Record Date is currently expected to be Wednesday, 23 October 2019.

Step 5 - Demerger Implementation Date: If the Demerger Scheme becomes Effective, Cardno will undertake the Capital Reduction. As a result, Demerger Scheme Participants will be credited with their Capital Reduction Entitlement on the Demerger Implementation Date. The Demerger Implementation Date is currently expected to be Thursday, 31 October 2019. Under the Demerger Scheme, instead of

Demerger Scheme Participants receiving their Capital Reduction Entitlements in cash, Cardno will automatically apply these amounts as payment for the Intega Shares to be transferred to Eligible Cardno Shareholders or the Sale Agent (in respect of the Intega Shares to which Selling Shareholders would otherwise be entitled).

Step 6 - ASX Listing of Intega Shares: Intega intends to apply to the ASX for admission to the Official List and for Official Quotation of Intega Shares on the ASX. If the Demerger is implemented, Intega Shares will trade under the code "ITG" and are expected to commence trading on a deferred settlement basis on or about Tuesday, 22 October 2019 and on a normal settlement basis on or about Friday, 1 November 2019.

(c) **The Capital Reduction**

The Demerger will be effected by the Capital Reduction, and implemented by the Demerger Scheme. The Capital Reduction is a necessary step in the process of effecting the Demerger. The Capital Reduction is conditional on the Demerger Scheme becoming Effective.

The Capital Reduction Entitlement will not be paid to Demerger Scheme Participants in cash but will instead be applied on behalf of the Demerger Scheme Participants as consideration for the transfer of Intega Shares under the Demerger Scheme.

The Capital Reduction Aggregate Amount will be an amount equal to the market value of Intega (as a proportion of the combined market values of Intega and Cardno, calculated by reference to the VWAP of Intega Shares and Cardno Shares (as the case may be) for the first five trading days after the day on which the Court order approving the Demerger Scheme is lodged with ASIC) as a proportion of the amount of the issued capital of Cardno.

The Capital Reduction is a return of capital to Demerger Scheme Participants on their Cardno Shares. The Demerger Scheme is conditional on the Capital Reduction Resolution being approved. The Capital Reduction is an equal capital reduction pursuant to section 256B(1) of the Corporations Act. The Capital Reduction Amount will not be paid in cash to Cardno Shareholders. Instead, under the Demerger Scheme, Cardno will apply the Capital Reduction Amount as consideration for the transfer of the Intega Shares to Cardno Shareholders.

Cardno Shareholders will be asked to approve the Capital Reduction at the General Meeting.

6.2 Conditions Precedent to the Demerger Scheme becoming Effective

(a) **Summary of Conditions Precedent**

The Demerger will become binding on Cardno and Demerger Scheme Participants, and the Demerger will be implemented, if all of the Conditions Precedent are satisfied or, if permitted, waived. The Conditions Precedent are, in summary:

(i) **Cardno Directors' recommendation**: between the date of this Demerger Scheme Booklet and the Demerger Scheme Meeting, a majority of Cardno Directors do not change or withdraw their recommendation to Cardno Shareholders to vote in favour of the Demerger Resolutions;

(ii) **Demerger Relief Ruling**: the Commissioner of Taxation has not confirmed in writing that the Demerger Relief Ruling will not be granted;

(iii) **Cardno Shareholder approval of the Demerger Scheme**: the Demerger Scheme Resolution is duly passed by the Requisite Majority of Cardno Shareholders at the Demerger Scheme Meeting;

(iv) **Cardno Shareholder approval of the Capital Reduction**: the Capital Reduction Resolution is duly passed by the Requisite Majority of Cardno Shareholders at the General Meeting;

(v) **Cardno Shareholder approval of the Financial Assistance**: the Cardno Financial Assistance Resolution is duly passed by the Requisite Majority of Cardno Shareholders at the General Meeting;

(vi) **Regulatory approvals**: Cardno obtains all regulatory approvals which are necessary or, in its reasonable opinion, desirable to implement the Demerger, these approvals are not revoked, and any conditions of these approvals are reasonably satisfactory to Cardno;

(vii) **ASX Listing approval**: the ASX approves the admission of Intega to the Official List and grants permission for Official Quotation of Intega Shares, subject to any conditions that the ASX may reasonably require and which may be acceptable to Cardno and Intega (acting reasonably);

(viii) **Restructure**: each of the Pre-Demerger Restructure Steps is implemented; and

(ix) **Court approval of the Demerger Scheme**: approval of the Demerger Scheme by the Court at the Second Court Hearing.

All of the Conditions Precedent to implementation of the Demerger are set out in full in the Demerger Scheme in Attachment C. If any of the Conditions Precedent are not satisfied or waived by 31 December 2019 (or such other date agreed between Cardno and Intega), then the Demerger Scheme will lapse and be of no effect and the Demerger will not proceed.

As at the date of this Demerger Scheme Booklet, none of the Conditions Precedent have been satisfied. As at the date of this Demerger Scheme Booklet, the Cardno Board is not aware of any circumstances that would cause a Condition Precedent not to be satisfied.

(b) **Implications of a Condition Precedent not being satisfied or being waived and the Demerger not proceeding**

If Cardno Shareholders do not approve the Demerger, the Court does not approve the Demerger Scheme or any of the other Conditions Precedent described in Section 6.2(a) above are not satisfied or waived, the Demerger will not proceed. If the Demerger does not proceed:

(i) the Capital Reduction will not be undertaken by Cardno;

(ii) Cardno Shareholders will not receive Intega Shares (or, in the case of Selling Shareholders and Ineligible Foreign Holders, they will not receive the proceeds from the sale of Intega Shares);

(iii) Cardno Shareholders will retain their current holding of Cardno Shares (unless they otherwise sell such shares);

(iv) Cardno will continue to own Intega and Intega will continue to operate as a division of Cardno;

(v) the advantages of the Demerger, as described in Section 2.2 above, will not be realised;

(vi) the disadvantages and risks of the Demerger described in Sections 2.3 and 5 above will not arise;

(vii) the Cardno Board may consider alternatives for the QTM Business; and

(viii) Cardno will incur transaction costs of approximately $5.0 million (before tax).

6.3 Separation and capitalisation of Intega

(a) **Restructure**

(i) As part of preparing Cardno and Intega for the Demerger, Cardno has commenced the Restructure, an internal restructure to be implemented on the terms of the Demerger Deed to ensure that:

(A) Intega is created as a separate corporate group, capable of operating on a standalone basis; and

(B) all subsidiaries, assets and liabilities which do not relate directly to the QTM Business will be held by Cardno,

from implementation of the Demerger.

(ii) Broadly, in accordance with the Demerger Principle described in Section 6.9(a) below, the Restructure contemplates that certain assets and liabilities relating to the QTM Business will be transferred to Intega or a member of the Intega Group (as the case may be) on or before the Demerger Implementation Date. To establish Intega as a standalone entity with effect from the Demerger Implementation Date, a number of Subsidiary and asset transfers are required, in particular:

(A) certain Subsidiaries of Cardno which currently carry on any of the QTM Business have been, or will be, transferred to Intega or a member of the Intega Group;

(B) certain Subsidiaries of Cardno which currently carry on any of the Cardno Consulting business have been, or will be, transferred to Cardno or a member of the post-Demerger Cardno Group;

(C) certain assets relating to the QTM Business which were owned or held by, or are currently owned or held by Cardno or its Subsidiaries have been, or will be, transferred to Intega or a member of the Intega Group;

(D) employees working exclusively in the QTM Business and not already employed by a member of the Intega Group will be offered employment with a Intega Group entity on the same terms as their current employment with the Cardno Group. The terms of these offers of employment will take effect on or before the Demerger Implementation Date, to enable Intega to operate separately from Cardno from the Demerger Implementation Date;

(E) certain licences required by a Intega Group entity or to be held by an employee of the Intega Group to enable the Intega Group to operate the QTM Business in a particular State in the United States will be applied for by the relevant Intega Group entity or a transitional arrangement will be entered into between the relevant Cardno Group entity and the relevant Intega Group entity, with effect on or before the Demerger Implementation Date; and

(F) any outstanding intercompany loans between a Cardno Group entity and an Intega Group entity will be eliminated or discharged prior to the Demerger Implementation Date.

(b) **Capitalisation of Intega**

(i) **Equity capital structure of Intega**

As at the date of this Demerger Scheme Booklet, Intega has two fully paid ordinary shares on issue, which are held by Cardno. Before the Demerger Implementation Date, Intega will have split its existing share capital such that the total number of Intega Shares on issue is the same as the total number of Cardno Shares on issue as at the Demerger Implementation Date.

Immediately after implementation of the Demerger:

(A) all of the Intega Shares on issue will be held by Eligible Cardno Shareholders (and the Sale Agent on behalf of the Selling Shareholders, as described in Section 6.6); and

(B) Cardno will cease to hold any Intega Shares.

For information about securities to be issued under the Intega Group Limited Long Term Incentive Plan, see Section 3.10(b).

(ii) **Capital structure and funding**

As part of the implementation of the Demerger, it is necessary to establish an appropriate, standalone capital structure for Intega. Accordingly:

(A) any outstanding intercompany loans between a Cardno Group entity and an Intega Group entity will be eliminated or discharged prior to the Demerger Implementation Date; and

(B) Intega has entered into a binding commitment letter under which certain lenders have agreed to enter into formal documentation to provide the Intega Facilities (subject to various conditions being satisfied before drawdown), the key terms of which are summarised at Section 3.6(i).

Other than in connection with the capital restructuring of Intega required for the Demerger, Intega has not raised any capital for the three months before the date of lodgement of this Demerger Scheme Booklet for registration by ASIC and does not expect that it will need to raise any capital in the three months after the date of lodgement of this Demerger Scheme Booklet for registration by ASIC.

(c) **Deed of cross guarantee**

Cardno and certain of its Subsidiaries are parties to a deed of cross guarantee (Cardno Cross Guarantee) in accordance with *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*. Certain members of the Intega Group are party to the Cardno Cross Guarantee. After the Effective Date:

(i) Cardno will lodge a revocation deed with ASIC to revoke the participation of the relevant Subsidiaries of Intega in the Cardno Cross Guarantee; and

(ii) Intega will enter into a separate deed of cross guarantee in accordance with *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*.

6.4 Demerger voting and Second Court Hearing

(a) **Demerger Scheme Meeting**

In accordance with an order of the Court dated Friday, 6 September 2019, Cardno has convened the Demerger Scheme Meeting to be held at 11.30am (Sydney time) on Thursday, 10 October 2019 at The Hobart Room, Sofitel Sydney Wentworth, 61-101 Phillip Street, Sydney.

At the Demerger Scheme Meeting, Cardno Shareholders are being asked to approve the Demerger Scheme by voting in favour of the Demerger Scheme Resolution.

The terms of the Demerger Scheme are set out in Attachment C and the Notice of Demerger Scheme Meeting is set out in Attachment E. The fact that the Court has ordered that the Demerger Scheme Meeting be convened is no indication that the Court has a view as to the merits of the Demerger Scheme or as to how Cardno Shareholders should vote. On these matters, Cardno Shareholders must reach their own decision.

Cardno Shareholders who are registered on the Cardno Register at 7.00pm (Sydney time) on Tuesday, 8 October 2019 will be entitled to vote at the Demerger Scheme Meeting. Instructions on how to vote at the Demerger Scheme Meeting are set out on page 16 of this Demerger Scheme Booklet.

For the Demerger Scheme to proceed, votes "in favour of" the resolution to approve the Demerger Scheme at the Demerger Scheme Meeting must be received from the Requisite Majorities of Cardno Shareholders. The Requisite Majorities for the Demerger Scheme Resolution are:

(i) a majority in number (more than 50 per cent) of Cardno Shareholders, who are present and voting either in person or by proxy, attorney or, in the case of corporate Cardno Shareholders, by corporate representative; and

(ii) at least 75 per cent of the total number of votes cast by Cardno Shareholders on the Demerger Scheme Resolution.

If the Demerger Scheme is approved by the Requisite Majorities, and all Conditions Precedent to the Demerger Scheme are satisfied or, if applicable, waived, Cardno and all Demerger Scheme Participants will be bound by the Demerger Scheme, including those who voted against the Demerger Scheme and those who did not vote on the Demerger Scheme Resolution.

If the Demerger Scheme is not approved by the Requisite Majorities of Cardno Shareholders at the Demerger Scheme Meeting, the Demerger will not proceed.

The Demerger Scheme is subject to a number of Conditions Precedent, which are summarised in Section 6.2(a) above and set out in full in the Demerger Scheme in Attachment C. The Conditions Precedent to the Demerger Scheme include that the Capital Reduction is approved by Cardno Shareholders. This means that if the Capital Reduction Resolution is not passed, the Demerger Scheme will not become Effective and the Demerger will not proceed.

The Cardno Directors unanimously recommend that Cardno Shareholders vote in favour of the Demerger Scheme Resolution.[31] Jeffrey Forbes, the only Cardno Director who holds or controls Cardno Shares, intends to vote, or cause to be voted, all Cardno Shares held or Controlled by him in favour of the Demerger Scheme Resolution.

The Independent Expert has also concluded that the Demerger is in the best interests of Cardno Shareholders.

(b) **General Meeting**

Cardno has convened the General Meeting of Cardno Shareholders in accordance with section 249CA of the Corporations Act, to be held at 12.15pm (Sydney time) on Thursday, 10 October 2019 (or as soon after that time as the Demerger Scheme Meeting has concluded) at The Hobart Room, Sofitel Sydney Wentworth, 61-101 Phillip Street, Sydney.

At the General Meeting, Cardno Shareholders are being asked to approve:

- the Capital Reduction by voting in favour of the Capital Reduction Resolution; and
- the Financial Assistance by voting in favour of the Cardno Financial Assistance Resolution.

Details of the Capital Reduction Resolution and Cardno Financial Assistance Resolution are set out in the Notice of General Meeting in Attachment F.

Cardno Shareholders who are registered on the Cardno Register at 7.00pm (Sydney time) on Tuesday, 8 October 2019 will be entitled to vote at the General Meeting. Instructions on how to vote at the General Meeting are set out on page 16 of this Demerger Scheme Booklet.

For the Capital Reduction to be implemented, votes “in favour of” the resolution to approve the Capital Reduction at the General Meeting must be received from a Requisite Majority of votes cast at the General Meeting (being at least 50 per cent of the votes cast of the resolution by Cardno Shareholders

[31] In addition to remaining on the Cardno Board, each of Jeffrey Forbes, Michael Alscher and Steven Sherman will join the Intega Board. Due to the additional work required relating to additional board meetings and director responsibilities, on an annualised basis Jeffrey Forbes will receive an additional $75,000 of director fees, and Michael Alscher and Steven Sherman will each receive an additional $70,000 in director fees. Neville Buch will resign from the Cardno Board on implementation of the Demerger but will receive a net increase of $20,000 of director fees in his new role as Chairman of Intega.

who are present and voting at General Meeting, either in person or by proxy, attorney, or in the case of a corporation, its duly appointed corporate representative).

For the Financial Assistance to be approved, votes “in favour of” the resolution to approve the Financial Assistance at the General Meeting must be received from a Requisite Majority of votes cast at the General Meeting (being at least 75 per cent of the votes cast of the resolution by Cardno Shareholders who are present and voting at General Meeting, either in person or by proxy, attorney, or in the case of a corporation, its duly appointed corporate representative).

Cardno has proposed the Capital Reduction Resolution to permit Cardno to reduce its share capital on the Demerger Implementation Date. The proceeds of the Capital Reduction will not be paid in cash. Instead, they will be applied on behalf of Cardno Shareholders as consideration for the transfer of Intega Shares under the Demerger Scheme.

The Capital Reduction is conditional on the Demerger Scheme becoming Effective. This means that Cardno will not undertake the Capital Reduction unless the Demerger Scheme Resolution is passed by the Requisite Majority and the Demerger Scheme becomes Effective.

The Cardno Directors are of the view that, taking into account all relevant matters, the Capital Reduction is fair and reasonable to Cardno Shareholders as a whole and will not materially prejudice the ability of Cardno to pay its creditors.

The Cardno Directors unanimously recommend that Cardno Shareholders vote in favour of the Capital Reduction Resolution and the Cardno Financial Assistance Resolution.[32] Jeffrey Forbes, the only Cardno Director who holds or controls Cardno Shares, intends to vote, or cause to be voted, all Cardno Shares held or Controlled by him in favour of the Capital Reduction Resolution and the Cardno Financial Assistance Resolution.

The Independent Expert has also concluded that, in its opinion, the Capital Reduction will not materially prejudice Cardno’s ability to pay its existing creditors.

(c) **Second Court Hearing**

If the Demerger Resolutions are approved by Cardno Shareholders, and all other Conditions Precedent (other than Court approval of the Demerger Scheme) have been satisfied or waived, Cardno will apply to the Court for orders approving the Demerger Scheme at the Second Court Hearing on or around Friday, 18 October 2019.

The Demerger Scheme will become Effective on the date on which the Court order approving the Demerger Scheme is lodged with ASIC, which is expected to be Monday, 21 October 2019.

6.5 Entitlement to participate in the Demerger

Cardno Shareholders as at the Demerger Scheme Record Date will participate in the Demerger. The way in which an individual Cardno Shareholder participates will depend on whether that Cardno Shareholder is:

- an Eligible Cardno Shareholder;
- an Ineligible Foreign Holder; or
- a Small Shareholder who has lodged a valid Sale Facility Election Form.

[32] In addition to remaining on the Cardno Board, each of Jeffrey Forbes, Michael Alscher and Steven Sherman will join the Intega Board. Due to the additional work required relating to additional board meetings and director responsibilities, on an annualised basis Jeffrey Forbes will receive an additional $75,000 of director fees, and Michael Alscher and Steven Sherman will each receive an additional $70,000 in director fees. Neville Buch will resign from the Cardno Board on implementation of the Demerger but will receive a net increase of $20,000 of director fees in his new role as Chairman of Intega.

Cardno Shareholders who are not Selling Small Shareholders and who are not Ineligible Foreign Holders will be Eligible Cardno Shareholders and will be entitled to have Intega Shares transferred to them if the Demerger is implemented. Details of how Selling Shareholders will participate in the Demerger are set out in Section 6.6 below.

For the purposes of determining which Cardno Shareholders will be eligible to receive a Capital Reduction Entitlement and participate in the Demerger, dealings in Cardno Shares will be recognised only if:

- in the case of dealings of the type to be effected using CHESS, the transferee is registered on the Cardno Register as the holder of the relevant Cardno Shares as at the Demerger Scheme Record Date; and
- in all other cases, the registrable transfer or transmission applications in respect of those dealings are received by the Cardno Share Registry before the Demerger Scheme Record Date with sufficient time to allow for registration of the transferee on or before the Demerger Scheme Record Date (and the transferee remains registered on the Demerger Scheme Record Date).

For the purpose of determining Demerger Entitlements, Cardno will not accept for registration or recognise any transfer or transmission application in respect of Cardno Shares received after the Demerger Scheme Record Date or received before that time but not in registrable form.

The Capital Reduction Entitlement will be satisfied by:

- **Eligible Cardno Shareholders**: one Intega Share being transferred to each Eligible Cardno Shareholder (other than a Selling Shareholder) for every one Cardno Share held by the Eligible Cardno Shareholder (other than a Selling Shareholder) at the Demerger Scheme Record Date; or
- **Selling Shareholders**: one Intega Share being transferred to the Sale Agent for every one Cardno Share held by the Selling Shareholder at the Demerger Scheme Record Date.

Where the calculation of the aggregate number of Intega Shares to be transferred to a Demerger Scheme Participant would result in the transfer of a fraction of an Intega Share, the aggregate number will be rounded up to the nearest whole number of Intega Shares. However, if Cardno is of the opinion that a Demerger Scheme Participant has been party to shareholding splitting or division in an attempt to obtain unfair advantage by reference to any rounding provided for in the calculation of each Demerger Scheme Participant's entitlement to Intega Shares, then Cardno reserves the right to round the entitlement of such holdings so as to provide only the number of Intega Shares that would have been received but for the splitting or division.

6.6 Selling Shareholders and Sale Facility

(a) Ineligible Foreign Holders

A Demerger Scheme Participant will be an Ineligible Foreign Holder for the purpose of the Demerger if their registered address on the Cardno Register as at the Demerger Scheme Record Date is outside the following jurisdictions:

- Australia and its external territories;
- Ecuador;
- New Zealand;
- Papua New Guinea;

- United Kingdom;
- Canada;
- United States; or
- any other jurisdiction in which Cardno reasonably believes it is not prohibited or unduly onerous or impracticable to implement the Demerger and to transfer Intega Shares to the Cardno Shareholder.

No action has been taken to register or qualify the Intega Shares or otherwise permit a public offering of such securities in any jurisdiction outside those listed above.

Ineligible Foreign Holders will participate in the Capital Reduction on the same basis as all Eligible Cardno Shareholders. However, Intega Shares will not be transferred to Ineligible Foreign Holders. Instead, each Ineligible Foreign Holder will be taken to have directed Cardno to transfer the Intega Shares to which they would otherwise be entitled to the Sale Agent. The Intega Shares to which the Ineligible Foreign Holders would otherwise be entitled will be transferred to the Sale Agent on behalf of Ineligible Foreign Holders and will be dealt with as described in Section 6.6(c).

(b) **Small Shareholders**

Small Shareholders are Eligible Cardno Shareholders who individually hold 5,000 or fewer Cardno Shares as at the Demerger Scheme Record Date. If you are a Small Shareholder, you may elect not to receive Intega Shares under the Demerger by lodging a Sale Facility Election Form. If a valid Sale Facility Election is made, you will be taken to have directed Cardno to transfer the Intega Shares to which you would otherwise be entitled to the Sale Agent. All of the Intega Shares to which you would otherwise be entitled under the Demerger will be sold under the Sale Facility and the Sale Facility Proceeds remitted to you (free of any brokerage costs or stamp duty but excluding any interest and after deducting any applicable withholding tax).

Small Shareholders who do not wish to receive Intega Shares under the Demerger can elect not to do so by either:

(i) lodging a Sale Facility Election online through the Demerger Website (www.cardnodemerger.com) by following the instructions and prompts; or

(ii) completing and returning the enclosed Sale Facility Election Form using the reply paid or self-addressed envelope to:

Computershare Investor Services Pty Limited
GPO Box 1282
Melbourne Victoria 3001
Australia

Sale Facility Election Forms must be received by the Cardno Share Registry by 5.00pm (Sydney time) on Wednesday, 23 October 2019.

Small Shareholders may withdraw their Sale Facility Election through the Demerger Website or by lodging a Sale Facility Election Withdrawal Form, which must be received by the Cardno Share Registry by 5.00pm (Sydney time) on Wednesday, 23 October 2019.

Small Shareholders who do not validly lodge a Sale Facility Election Form will receive Intega Shares under the Demerger and may keep, sell or otherwise deal with the Intega Shares received by them.

Cardno Shareholders who hold one or more parcels of Cardno Shares as trustee or nominee for, or otherwise on account of, another person, may make separate Sale Facility Elections in accordance with the Sale Facility Election process in relation to each of those parcels of Cardno Shares that qualify to participate in the Sale Facility as at the Demerger Scheme Record Date, to reflect the instructions of the beneficial owners of those Cardno Shares.

In order to make separate elections, the trustee or nominee must establish sufficient distinct holdings in the Cardno Register to cater for their underlying client's instructions for the election. On each of these separate holdings that qualify to participate in the Sale Facility as at the Demerger Scheme Record Date, the trustee or nominee must make a distinct Sale Facility Election.

(c) **Operation of Sale Facility**

The Sale Facility will be used to sell Intega Shares that would otherwise have been received by:

(i) Ineligible Foreign Holders; and

(ii) Small Shareholders who have made a valid Sale Facility Election.

Such Intega Shares will be transferred to the Sale Agent to be sold on their behalf under the Sale Facility.

Under the Sale Facility, the Sale Agent will, as soon as reasonably practicable (and in any event not more than 20 business days after the Demerger Implementation Date), sell, for the benefit of each Selling Shareholder, the Intega Shares on the ASX. The Sale Agent will sell those Intega Shares on the ASX at such price or prices and on such other terms as the Sale Agent determines in its discretion (and at the risk of the Selling Shareholders, as applicable), acting in good faith with the objective of achieving the best sale price reasonably obtainable at the time of sale (having regard to a number of factors, such as prevailing market conditions).

As the market price of Intega Shares will be subject to change from time to time and the conversion of the proceeds of a sale of Intega Shares may be subject to currency exchange movements, neither the sale price of those Intega Shares nor the proceeds of that sale can be guaranteed. After the ASX Listing, Selling Shareholders will be able to obtain information on the market price of Intega Shares on the ASX's website (www.asx.com.au).

The amount of money received by each Selling Shareholder, being the Sale Facility Proceeds, will be calculated on an averaged basis so that all Selling Shareholders receive the same price for each Intega Share sold on their behalf, subject to rounding down to the nearest whole cent. Consequently, the amount received by a Selling Shareholder for each Intega Share may be more or less than the actual price that is received by the Sale Agent for that particular Intega Share.

Any interest earned on the proceeds of the sale Intega Shares by the Sale Agent will be retained by Cardno.

The Sale Facility Proceeds will be remitted to a Selling Shareholder (free of any brokerage costs or stamp duty, but after excluding any interest and deducting any applicable withholding tax) by:

(i) Direct Credit to Selling Shareholders who have a nominated bank account noted on the Cardno Register at the Demerger Scheme Record Date. The conversion rate for direct credit in each of the respective currencies will be set at the prevailing market rate. Selling Shareholders can update their nominated bank account information by logging into www.computershare.com.au/easyupdate/cdd;

(iii) by cheque in New Zealand dollars to Selling Shareholders who have a registered address in New Zealand and who do not have a nominated bank account noted in the Cardno Register at the Demerger Scheme Record Date;

(iv) by cheque in pounds to Selling Shareholders who have a registered address in the United Kingdom and who do not have a nominated bank account noted in the Cardno Register at the Demerger Scheme Record Date;

(v) by cheque in US dollars to Selling Shareholders who have a registered address in the United States and who do not have a nominated bank account noted in the Cardno Register at the Demerger Scheme Record Date; and

(vi) by cheque in Australian dollars to all other Selling Shareholders who do not have a nominated bank account noted in the Cardno Register at the Demerger Scheme Record Date.

It is anticipated that the Sale Facility Proceeds will be despatched to Selling Shareholders on or about 29 November 2019. Selling Shareholders will not receive any interest on the Sale Facility Proceeds in respect of their Intega Shares.

The payment of the Sale Facility Proceeds from the sale of Intega Shares will be in full satisfaction of the rights of Selling Shareholders under the Demerger. Full details of this process are contained in clause 6 of the Demerger Scheme (which is set out in Attachment C).

Under the Demerger Scheme, each Selling Shareholder appoints Cardno as its agent to receive on its behalf any financial services guide or other notices which may be issued by the Sale Agent to that Selling Shareholder.

6.7 Impact of Demerger on Cardno's employee incentive arrangements

(a) **Impact on existing Cardno awards held by Intega employees**

Matt Courtney, CEO and managing director of Intega, and Shael Munz, CFO of Intega, hold existing Cardno awards at the date of this Demerger Scheme Booklet. On Demerger, these awards will be treated as set out in Sections 3.10(b)(i) and 3.10(b)(ii).

As at the date of this Demerger Scheme Booklet, one other Intega employee holds 49,720 of FY18 Performance Rights granted under the Previous Cardno Plan on 1 November 2018. In order to ensure this employee is not disadvantaged by the Demerger and the overall value of the Performance Rights granted to this employee under the Previous Cardno Plan is preserved, the FY18 Performance Rights granted under the Previous Cardno Plan will be cancelled on the Demerger Implementation Date and replaced with Performance Rights with the same terms and conditions as those being issued to Matt Courtney as set out in Section 3.10(b)(ii) under the heading FY18 awards. The FY18 Performance Rights will be issued under the Intega Plan on substantially the same terms and conditions as the existing FY18 Performance Rights.

(b) **Impact on existing Cardno awards held by remaining Cardno employees**

As at the date of this Demerger Scheme Booklet, Cardno employees who will remain with Cardno after the Demerger and who hold existing awards in Cardno under the Cardno Limited Performance Equity Plan (**Previous Cardno Plan**) will be impacted by the Demerger.

Cardno has established a new Cardno Limited Performance Equity Plan (**Cardno Plan**) which, subject to receipt of necessary ASIC and ASX waivers and the Demerger occurring, will replace the Previous Cardno Plan and will apply to all new offers of awards post the Demerger. Any existing awards under the Previous Cardno Plan will remain on foot, but the vesting terms of these awards will be amended in accordance with rule 13.2 of the Previous Cardno Plan to ensure the Cardno employees are not disadvantaged by the Demerger and the overall value of the awards previously granted to the employees is preserved.

The treatment of each class of existing awards under the Previous Cardno Plan is set out below.

(i) **Options**

Ian Ball, CEO and managing director of Cardno, holds 5,600,000 Options over Cardno Shares under the Previous Cardno Plan at the date of this Demerger Scheme Booklet. In order to ensure Mr Ball is not disadvantaged by the Demerger and the overall value of the Options granted to Mr Ball is preserved, on Demerger, the vesting terms of Mr Ball's existing Options will be amended under rule 13.2 of the Previous Cardno Plan as follows:

Subject to adjustment of the formula at the discretion of the Cardno Board in the event of an acquisition of Intega, one Option will entitle Mr Ball to a number of Cardno Shares calculated in accordance with the following formula (rounded down to the nearest whole number) to ensure Mr Ball receives the same economic value as he would have received had the Demerger not taken place:

$$\frac{(SP(Cardno) \times NS(Cardno)) + (SP(Intega) \times NS(Intega))}{Number\ of\ Cardno\ Shares} \times \frac{1}{SP(Cardno)}$$

Where:

NS(Cardno) means the total number of ordinary shares in Cardno on issue on the Reference Date.

NS(Intega) means the total number of ordinary shares in Intega on issue on the Reference Date.

Number of Cardno Shares means the total number of Cardno Shares on issue on the date immediately prior to completion of the Demerger.

Reference Date means the date immediately prior to the date of exercise of the Option.

SP(Cardno) means the VWAP of a Cardno Share over a 20-day trading period on the ASX ending on and including the Reference Date.

SP(Intega) means the VWAP of an Intega Share over a 20-day trading period on the ASX ending on and including the Reference Date.

VWAP means the volume weighted average price on the ASX over the relevant reference trading period.

(ii) **Performance Rights**

FY16 Performance Rights

As at the date of this Demerger Scheme Booklet, remaining Cardno employees hold an aggregate of 1,977,070 FY16 Performance Rights under the Previous Cardno Plan. These Performance Rights are due to vest on 1 November 2019, subject to the relevant performance hurdles being satisfied. In respect of 1,068,918 of FY16 Performance Rights, in accordance with the terms of their grant, 50 per cent of the Performance Rights are subject to an EBITDA hurdle, and the remaining 50 per cent are subject to a share price hurdle. The remaining 908,152 FY16 Performance Rights are only subject to an EBITDA hurdle.

As at the date of this Demerger Scheme Booklet, it has been determined that the EBITDA hurdle has not been satisfied in relation to these Performance Rights. The share price hurdle will only be capable of being tested on 9 October 2019. Accordingly, the Cardno Board have exercised their discretion under rules 5.3 and 5.6 of the Previous Cardno Plan such that:

- The 1,442,611 FY16 Performance Rights held by remaining Cardno employees subject to the EBITDA hurdle will lapse on 15 October 2019.
- In respect of the 534,459 FY16 Performance Rights held by remaining Cardno employees subject to the share price hurdle, if the share price hurdle is satisfied on 9 October 2019, the FY16 Performance Rights will be vested early on 15 October 2019 and, if the share price hurdle is not satisfied on 9 October 2019, the FY16 Performance Rights will lapse on 15 October 2019. Any vested FY16 Performance Rights will be automatically exercised on 15 October 2019 and the Participants will be issued Cardno Shares in accordance with the terms of grant. Any

Cardno Shares issued in accordance with the exercise of vested FY16 Performance Rights will be entitled to participate in the Demerger.

FY17 Performance Rights

As at the date of this Demerger Scheme Booklet, remaining Cardno employees hold an aggregate of 902,889 FY17 Performance Rights granted under the Previous Cardno Plan on 1 November 2017. In order to ensure employees are not disadvantaged by the Demerger and the overall value of the Performance Rights granted to the employees is preserved, the vesting terms for the FY17 Performance Rights will be amended under rule 13.2 of the Previous Cardno Plan as follows:

- One Performance Right will entitle the employee to a number of Cardno Shares calculated in accordance with the following formula (rounded down to the nearest whole number) to ensure the employee receives the same economic value as they would have received had the Demerger not taken place:

  $$\frac{\textit{Combined Share Price}}{\textit{SP(Cardno)}}$$

  Where:

  Combined Share Price has the meaning set out below, except that the 'Reference Date' means the date immediately prior to the vesting date.

  Reference Date, for the purposes of this formula, means the date immediately prior to the vesting date.

  SP(Cardno) means the VWAP of Cardno Share over a 20-day trading period on the ASX ending on and including the Reference Date.

  VWAP has the meaning given below.

- The share price hurdle remains $1.10 but share price for this purpose is calculated by reference to the following formula:

  $$\textit{Combined Share Price} = \frac{(\textit{SP(Cardno)} \times \textit{NS(Cardno)}) + (\textit{SP(Intega)} \times \textit{NS(Intega)})}{\textit{Number of Cardno Shares}}$$

  Where:

  NS(Cardno) means the total number of Cardno Shares on issue on the Reference Date.

  NS(Intega) means the total number of Intega Shares on issue on the Reference Date.

  Number of Cardno Shares means the total number of Cardno Shares on issue on the date immediately prior to completion of the Demerger.

  Reference Date means the trading day on the ASX that immediately precedes the date of the 2020 annual general meeting for Cardno.

  SP(Cardno) means the VWAP of a Cardno Share over a 20-day trading period on the ASX ending on and including the Reference Date.

  SP(Intega) means the VWAP of Intega Shares over a 20-day trading period on the ASX ending on and including the Reference Date.

  VWAP for this purpose means the volume weighted average price on the ASX over the relevant reference trading period.

- The EBITDA hurdle remains in excess of $60 million, but EBITDA for this purpose is 'Combined EBITDA' calculated by reference to the following formula:

  Combined EBITDA = Cardno EBITDA + Intega EBITDA

  Where:

  Intega EBITDA means the EBITDA for Intega for the financial year to 30 June 2020.

  Cardno EBITDA means the EBITDA for Cardno for the financial year to 30 June 2020.

  EBITDA means, in relation to an entity, the audited consolidated profit from ordinary activities of that entity before borrowing costs and income tax, plus depreciation, plus amortisation of identifiable, intangible assets for the relevant corporate group, as determined on a consistent basis with the entity's statutory accounts, adjusted for the impact of any acquisition, divestment or changes to the planned capital expenditure determined by the board of that entity in its absolute discretion at the time of the acquisition, divestment or change to planned capital expenditure.

FY18 Performance Rights:

As at the date of this Demerger Scheme Booklet, remaining Cardno employees hold an aggregate of 1,144,974 FY18 Performance Rights granted under the Previous Cardno Plan on 1 November 2018. In order to ensure employees are not disadvantaged by the Demerger and the overall value of the Performance Rights granted to the employees is preserved, the vesting terms for the FY18 Performance Rights will be amended under rule 13.2 of the Previous Cardno Plan as follows:

- One Performance Right will entitle the employee to a number of fully paid Cardno Shares calculated in accordance with the following formula (rounded down to the nearest whole number) to ensure the employee receives the same economic value as they would have received had the Demerger not taken place:

  $$\frac{(SP(Cardno) \times NS(Cardno)) + (SP(Intega) \times NS(Intega))}{\text{Number of Cardno Shares}} \times \frac{1}{SP(Cardno)}$$

  Where:

  NS(Cardno) means the total number of Cardno Shares on issue on the Reference Date.

  NS(Intega) means the total number of Intega Shares on issue on the Reference Date.

  Number of Cardno Shares means the total number of Cardno Shares on issue on the date immediately prior to completion of the Demerger.

  Reference Date means the date immediately prior to the vesting date.

  SP(Cardno) means the VWAP of a Cardno Share over a 20-day trading period on the ASX ending on and including the Reference Date.

  SP(Intega) means the VWAP of Intega Shares over a 20-day trading period on the ASX ending on and including the Reference Date.

  VWAP for this purpose means the volume weighted average price on the ASX over the relevant reference trading period.

- The EBITDA hurdle remains that 50 per cent of the Performance Rights will vest if the Combined EBITDA for the full 2021 financial year exceeds $73.5 million, with the remaining 50 per cent vesting in straight line growth against a Combined EBITDA of $77.5 million. Combined EBITDA for this purpose is calculated by reference to the following formula:

Combined EBITDA = Cardno EBITDA + Intega EBITDA

Where:

Cardno EBITDA means the EBITDA for Cardno for the financial year to 30 June 2021.

EBITDA means, in relation to an entity, the audited consolidated profit from ordinary activities of that entity before borrowing costs and income tax, plus depreciation, plus amortisation of identifiable, intangible assets for the relevant corporate group, as determined on a consistent basis with the entity's statutory accounts, adjusted for the impact of any acquisition, divestment or changes to the planned capital expenditure determined by the board of that entity in its absolute discretion at the time of the acquisition, divestment or change to planned capital expenditure.

Intega EBITDA means the EBITDA for Intega for the financial year to 30 June 2021.

6.8 Implementation of the Demerger

(a) Entitlement to, and transfer of, Intega Shares

If the Demerger is implemented, Demerger Scheme Participants will be credited with their Capital Reduction Entitlement. Demerger Scheme Participants will not receive their Capital Reduction Entitlement in cash. As described in Section 6.5 above, each Demerger Scheme Participant's Capital Reduction Entitlement will be satisfied by:

- **Eligible Cardno Shareholders**: one Intega Share being transferred to each Eligible Cardno Shareholder (other than a Selling Shareholder) for every one Cardno Share held by the Eligible Cardno Shareholder (other than a Selling Shareholder) at the Demerger Scheme Record Date; or
- **Selling Shareholders**: one Intega Share being transferred to the Sale Agent for every one Cardno Share held by the Selling Shareholder at the Demerger Scheme Record Date.

Shortly after the Demerger Scheme Record Date, the number of Intega Shares then on issue will be split into the number of Intega Shares required to be transferred to Cardno Shareholders under the Demerger.

Where the calculation of the aggregate number of Intega Shares to be transferred to a particular Demerger Scheme Participant would result in the transfer of a fraction of a Intega Share, the aggregate number will be rounded up to the nearest whole number of Intega Shares. However, if Cardno is of the opinion that a Demerger Scheme Participant has been party to shareholding splitting or division in an attempt to obtain unfair advantage by reference to any rounding provided for in the calculation of each Demerger Scheme Participant's entitlement to Intega Shares, then Cardno reserves the right to round the entitlement of such holdings so as to provide only the number of Intega Shares that would have been received but for the splitting or division.

Any cash amount payable to a Demerger Scheme Participant will be rounded down to the nearest whole cent.

Except for Eligible Cardno Shareholders' tax file numbers, any binding instruction or notification between an Eligible Cardno Shareholder and Cardno relating to Cardno Shares or an Eligible Cardno Shareholder's status as a Cardno Shareholder as at the Demerger Scheme Record Date (including any instructions relating to payment of dividends (excluding Cardno's dividend investment plan) or to communications from Cardno, including bank account details, email addresses and communication preferences) will, unless otherwise determined by Intega, be deemed to be a similarly binding instruction or notification to Intega in respect of relevant Intega Shares. Intega Shareholders may subsequently revoke or amend such instructions or notifications online or by written notice to Intega at its registered address or at the Intega Share Registry.

(b) **Implementation of the Demerger**

If:

(i) Cardno Shareholders pass each of the Demerger Resolutions at the Demerger Scheme Meeting and General Meeting; and

(ii) the Court approves the Demerger Scheme at the Second Court Hearing and all other Conditions Precedent are satisfied or waived,

then Cardno will lodge the Court order approving the Demerger Scheme with ASIC. As a result:

(iii) the Demerger Scheme will become Effective on the Effective Date (expected to be Monday, 21 October 2019). At the close of trading on the ASX on the Effective Date, Cardno Shares will cease trading cum-Capital Reduction Entitlement;

(iv) on or about Tuesday, 22 October 2019:

  (A) Intega will be admitted to the Official List and Intega Shares will commence trading on the ASX on a deferred settlement basis; and

  (B) Cardno Shares will commence trading on the ASX ex-Capital Reduction Entitlement; and

(v) on the Demerger Implementation Date (expected to be Thursday, 31 October 2019):

  (A) Cardno will undertake the Capital Reduction;

  (B) if you were a Cardno Shareholder at the Demerger Scheme Record Date, Cardno will apply your Capital Entitlement as consideration for the transfer of Intega Shares under the Demerger Scheme either to you if you are an Eligible Cardno Shareholder or to the Sale Agent on your behalf if you are Selling Shareholder (as applicable); and

  (C) Intega will cease to be part of Cardno.

(c) **ASX Listing of Intega**

Intega intends to apply to the ASX for admission to the Official List and for Official Quotation of all Intega Shares on the ASX. The Demerger is conditional on the ASX approving the admission of Intega to the Official List and granting permission for Official Quotation of Intega Shares, subject to any conditions that the ASX may reasonably require and which may be acceptable to the Cardno Board.

If the Demerger Scheme becomes Effective, Intega Shares will trade under the code “ITG” and are currently expected to commence trading on a deferred settlement basis on or about Tuesday, 22 October 2019 and on a normal settlement basis on or about Friday, 1 November 2019. Intega’s free float after implementation of the Demerger will be not less than 20 per cent.

If you are an Eligible Cardno Shareholder, it is your responsibility to determine your entitlement to Intega Shares before trading those Intega Shares, to avoid the risk of selling Intega Shares that you do not or will not own. If you sell Intega Shares without receiving confirmation of your entitlement, you do so at your own risk.

If you are an Eligible Cardno Shareholder, holding statements for Intega Shares are currently expected to be dispatched to you by Thursday, 31 October 2019. A holding statement will be sent to you by pre-paid post to your address on the Cardno Register.

Whether or not the Demerger proceeds, Cardno will continue to be listed on ASX and Cardno Shares will continue to be quoted on the ASX under the code “CDD”.

6.9 Effect of the Demerger

(a) **Demerger Principle**

Under the Demerger Deed, to give effect to the Demerger, Cardno and Intega intend that, as a fundamental Demerger Principle:

(i) the Intega Group will have:

(A) the entire economic benefit (net of distributed profits) of the QTM Business;

(B) the entire economic risk and liabilities of the QTM Business; and

(C) none of the economic benefit (including, without limitation, the profits) or economic risk or liabilities of the Cardno business.

(ii) Cardno will have:

(A) the entire economic benefit (net of distributed profits) of the Cardno business;

(B) the entire economic risk and liabilities of the Cardno business; and

(C) none of the economic benefit (including, without limitation, the profits) or economic risk or liabilities of the QTM Business.

The Demerger Principle is subject to anything to the contrary set out in any other Demerger Transaction Document.

Further details of the key terms of the Demerger Deed (and the other Demerger Transaction Documents) are set out in Section 6.10.

(b) **Cardno's creditors**

In the opinion of the Cardno Directors, the Demerger will not, if implemented, materially prejudice Cardno's ability to pay its creditors.

6.10 Demerger Transaction Documents

(a) **Demerger Scheme Implementation Deed**

On 20 August 2019, Cardno and Intega entered into a Demerger Scheme Implementation Deed, which sets out the steps required to be taken by each of Cardno and Intega to give effect to the Demerger Scheme, the Capital Reduction, the ASX Listing and other steps necessary to implement the Demerger. The key terms of the Demerger Scheme Implementation Deed are set out below.

(i) **Conditions Precedent**

The obligations of Cardno and Intega in relation to implementation of the Demerger under the Demerger Scheme Implementation Deed are subject to the Conditions Precedent summarised in Section 6.2(a) being satisfied or, if permitted, waived.

(ii) **Cardno's obligations**

Cardno agrees to take all steps reasonably required to give effect to the Demerger, including:

(A) doing all things within its power or control to implement the Pre-Demerger Restructure Steps;

(B) ensuring the QTM Business is conducted in the ordinary course consistent with past practice;

(C) convening and holding the Demerger Scheme Meeting in accordance with the orders of the Court and convening and holding the General Meeting (to be held as soon as reasonably practicable after the conclusion of the Demerger Scheme Meeting);

(D) assisting Intega:

(1) with the preparation and lodgement of its application to the ASX for the ASX Listing; and

(2) to give effect to the ASX Listing;

(E) if the Demerger Scheme Resolution and the Capital Reduction Resolution are each passed by the Requisite Majority and all other Conditions Precedent (other than the Condition Precedent relating to Court approval) are satisfied (or, if permitted, waived), applying to the Court for orders approving the Demerger Scheme;

(F) if the Demerger Scheme is approved by the Court at the Second Court Hearing, lodging an office copy of the Court orders with ASIC (at which time the Demerger Scheme will become Effective); and

(G) if the Demerger Scheme becomes Effective:

(1) procuring that the Cardno Board resolves to reduce Cardno's share capital by the Capital Reduction Amount on the Demerger Implementation Date in accordance with the Capital Reduction Resolution; and

(2) on the Demerger Implementation Date, undertaking the Capital Reduction and doing everything necessary to effect the transfer of Intega Shares to Eligible Cardno Shareholders (who are not Selling Shareholders) and the Sale Agent (in respect of Selling Shareholders).

(iii) **Intega's obligations**

Intega agrees to take all steps reasonably required to give effect to the Demerger, including:

(A) doing all things within its power or control to implement the Pre-Demerger Restructure Steps;

(B) preparing and lodging its application to the ASX for the ASX Listing;

(C) preparing and lodging the information memorandum (which will include this Demerger Scheme Booklet) required for the ASX Listing in accordance with the requirements of the ASX and the ASX Listing Rules;

(D) using its best endeavours to ensure that:

(1) the ASX approves the ASX Listing; and

(2) trading in Intega Shares (on a deferred settlement basis) commences on the ASX on the Business Day after the Effective Date (or as soon as possible thereafter); and

(E) if the Demerger Scheme becomes Effective:

(1) registering, or causing to be registered, Eligible Cardno Shareholders (who are not Selling Shareholders) as holders of Intega Shares and the Sale Agent as the holder of Intega Shares in respect of Selling Shareholders; and

(2) despatching holding statements in respect of Intega Shares to Eligible Cardno Shareholders (who are not Selling Shareholders) and the Sale Agent (as the holder of Intega Shares in respect of Selling Shareholders), as described in Section 6.8(c).

(iv) Obligations in relation to the operation of the Sale Facility

The Demerger Scheme Implementation Deed also contains obligations on Cardno to procure that the Sale Agent effects the sale of the Intega Shares referrable to Selling Shareholders and pays the proceeds of that sale in accordance with the terms of the Sale Facility and the Demerger Scheme (as described in Section 6.6 above).

(v) **Termination of the Demerger Scheme Implementation Deed**

Either Cardno or Intega may terminate the Demerger Scheme Implementation Deed if:

(A) a Condition Precedent has not been satisfied (or, if permitted, waived), or the Demerger Scheme has not become Effective, before 31 December 2019 and, in certain circumstances, Cardno and Intega are unable to agree on an extension of time or the Demerger proceeding by way of alternative means or methods; or

(B) the other party commits a material breach of the Demerger Scheme Implementation Deed which is not rectified within 10 Business Days of notification of the breach by the non-breaching party.

(b) **Demerger Deed**

Cardno and Intega have entered into the Demerger Deed, which records their agreement regarding the transitional, commercial and legal issues arising in connection with the legal and economic separation of Intega from Cardno as part of the Demerger, and the ongoing relationship between Cardno and Intega after the implementation of the Demerger.

The key terms of the Demerger Deed are summarised below.

(i) **Demerger Principle**

The fundamental underlying principle of the separation of Intega from Cardno under the Demerger is that, on and from the Demerger Implementation Date:

(A) Cardno will have:

(1) the entire economic benefit (net of distributed profits) of the Cardno business;

(2) the entire economic risk and liabilities of the Cardno business; and

(3) none of the economic benefit (including, without limitation, the profits) or economic risk or liabilities of the QTM Business.

(B) Intega will have:

(1) the entire economic benefit (net of distributed profits) of the QTM Business;

(2) the entire economic risk and liabilities of the QTM Business; and

(3) none of the economic benefit (including, without limitation, the profits) or economic risk or liabilities of the Cardno business.

(ii) **No claims against the other**

Consistent with the Demerger Principle, on and from implementation of the Demerger, neither Cardno nor Intega will have any right to make a claim in respect of any liability arising directly or indirectly in relation to the Demerger, the operation of the Cardno business (in the case of Cardno) or the operation of the QTM Business (in the case of Intega), unless expressly permitted by the Demerger Deed, the other Demerger Transaction Documents, or any other agreement between Cardno and Intega in existence at, or entered into after, the Demerger Implementation Date.

(iii) **Liability for Information Claims**

Any liability which arises from an Information Claim will be borne by:

(A) Intega, to the extent that the Information Claim relates to information about Intega, the Intega Group and/or the QTM Business which has been verified by Intega management personnel or the Intega Board or has otherwise been prepared or verified using information provided by, or which otherwise originated from, the Intega Group (**Intega Information**); and

(B) Cardno, to the extent the Information Claim relates to information other than the Intega Information.

The regime for allocation of liability arising from an Information Claim described above does not apply to:

- the Independent Expert's Report (for which the Independent Expert takes responsibility); or
- the Investigating Accountant's Report, for which the Investigating Accountant takes responsibility).

(iv) **Post-Demerger transfers**

The Demerger Deed sets out agreed mechanisms for the transfer between Cardno and Intega of, or other access to, any asset, contract, licence or intellectual property rights (and any related liability) which either of them owns or holds after the Demerger Implementation Date, but which formed part of, or was used in the conduct of:

(A) the Cardno business (in the case of Intega); or

(B) the QTM Business (in the case of Cardno),

the owning or holding of which is inconsistent with the Demerger Principle.

(v) **Assumption of liabilities**

Consistent with the Demerger Principle (but subject to the other terms of the Demerger Deed), on and from implementation of the Demerger:

(A) Cardno assumes and is responsible for all liabilities relating to the Cardno business; and

(B) Intega assumes and is responsible for all liabilities relating to the QTM Business.

(vi) **Litigation management and costs**

Consistent with the Demerger Principle, on and from implementation of the Demerger:

(A) Cardno will be responsible for the management and associated costs of existing and new litigation matters relating to the Cardno business; and

(B) Intega will be responsible for the management and associated costs of existing and new litigation matters relating to the QTM Business.

The Demerger Deed also sets out an agreed regime for dealing with claims against Cardno and/or Intega made by third parties after implementation of the Demerger.

(vii) **Employees**

From the Demerger Implementation Date, subject to certain limited exceptions:

(A) Cardno will be responsible for and indemnifies Intega against any liability incurred by Intega arising directly or indirectly out of any aspect of the employment of any Cardno employees; and

(B) Intega will be responsible for and indemnifies Cardno against any liability incurred by Cardno arising directly or indirectly out of any aspect of the employment of any Intega employees.

Cardno and Intega have also agreed to mutual non-solicitation obligations in respect of each other's employees. Neither Cardno nor Intega may, for a period of 6 months commencing on the Demerger Implementation Date, employ, make an offer of employment to, engage or make any offer to engage, a person who is employed (or otherwise engaged) by the other immediately after implementation of the Demerger.

(viii) **Insurance**

On and from implementation of the Demerger, Cardno will be solely responsible for obtaining and maintaining insurance for the Cardno Group and the Cardno business and Intega will be solely responsible for obtaining and maintaining insurance for the Intega Group and the QTM Business.

(ix) **Financial and tax assistance**

Cardno and Intega must assist each other in relation to the preparation of financial statements for the financial period during which the Demerger Implementation Date occurs and any uncompleted financial statements for any earlier relevant financial periods.

Cardno and Intega must also assist each other:

- in preparing their respective tax returns where they cover the period up to or including the Demerger Implementation Date; and
- in relation to any tax audit or statutory demand for information by a tax-related regulatory authority.

(x) **Mutual indemnities, and conduct of claims by a regulatory authority, in respect of tax**

To give effect to the Demerger Principle:

(A) Cardno indemnifies the Intega Group for any liability incurred by the Intega Group as a result of any claims by a regulatory authority after implementation of the Demerger in respect of tax attributable to the Cardno business (and the parties have agreed a regime for conducting any such claims); and

(B) Intega indemnifies the Cardno Group for any liability incurred by the Cardno Group as a result of any claims by a regulatory authority after implementation of the Demerger in respect of tax attributable to the QTM Business (and the parties have agreed a regime for conducting any such claims).

(xi) **Confidentiality**

Cardno and Intega must not use the other's confidential information for any purposes other than for the purposes permitted under the Demerger Deed, must store the other's confidential information securely and must not allow any person access to the other's confidential information except to the extent that the disclosure is strictly necessary and is permitted under the Demerger Deed.

(xii) **Demerger costs**

As an exception to the Demerger Principle, the responsibility for costs relating to the Demerger (whether incurred before, on or after the Demerger Implementation Date) will be shared by Cardno and Intega in the following proportions:

(A) in respect of the $5.0 million of advisory fees, including financial, legal, tax due diligence and other advisory costs, Cardno will pay 57 per cent of these costs and Intega will pay 43 per cent of these costs;

(B) in respect of the $1.5 million of restructuring costs, including stamp duty and debt fees associated with the establishment of new debt facilities, each party will bear its own costs; and

(C) in respect of the $6.6 million of separation implementation costs related to the costs of setting up changing systems and processes for both Intega and Cardno as a result of the Demerger, Cardno and Intega will split these costs equally.

To give effect to this agreed cost allocation, each of Intega and Cardno indemnifies the other against all liabilities that exceed the other's share of these costs.

(xiii) **Deed of cross guarantee**

As soon as reasonably practicable after the Effective Date and before the Demerger Implementation Date, Cardno and Intega will execute a revocation deed to remove all entities that comprise the Intega Group from Cardno's existing deed of cross guarantee.

(xiv) **Indemnities**

Cardno and Intega agree to certain indemnities required to give effect to the Demerger Principle and the terms of the Demerger Deed described above (including in respect of breaches of their respective obligations under the Demerger Deed).

(c) **Demerger Deed Poll**

Intega entered into the Demerger Deed Poll under which Intega has undertaken in favour of Demerger Scheme Participants to take certain steps in respect of the implementation of the Demerger Scheme, including applying for admission to the Official List of the ASX and for Official Quotation of Intega Shares.

A copy of the Demerger Deed Poll is set out in Attachment D.

(d) **Transitional Services Agreement**

Cardno and Intega have entered into a Transitional Services Agreement pursuant to which Cardno will provide (or will procure that a member of the Cardno Group provides) certain services and support functions to the Intega Group which have historically been provided by members of the Cardno Group, and Intega will provide (or will procure that a member of the Intega Group provides) certain services to the Cardno Group which have historically been provided by members of the Intega Group. The services are to be provided in the same manner as the equivalent services that were provided by the Cardno Group or the Intega Group to the Intega Group or the Cardno Group (as the case may be) immediately before commencement of the provision of services under the Transitional Services Agreement. The services commenced on 1 July 2019 and are to be provided until no later than 30 June 2020, unless the term of particular services is extended by the receipt of those services with the agreement of the supplier of those services (acting reasonably).

Either party may terminate the agreement for material breach (which is incapable of remedy or not remedied within 30 days of the party in breach receiving notice of the breach from the innocent party) or if the other party suffers an insolvency event.

The transitional services to be provided by the Cardno Group to the Intega Group are:

- information technology services;
- finance-related transitional services, including accounting, accounts receivable, accounts payable and maintaining fixed asset records;
- treasury services;

- taxation services and advice;
- internal audit and governance services (not to exceed two audits in the 12 months following commencement of the services);
- human resources services, payroll services and transitional assistance, health, safety and environment services, and benefits (including superannuation) advice and services to assist in the transition of employees to new benefits plans following the Demerger;
- maintenance and accounting services in respect of Intega Group's fleet; and
- marketing and business development services.

Cardno and Intega have agreed that, other than the specific services to be provided by Cardno Group listed above, additional services will be provided by Cardno Group to Intega Group or Intega Group to Cardno Group (as the case may be) under the terms of the Transitional Services Agreement where they are essential to the proper conduct of the relevant party's business and were provided by the other party immediately prior to 1 July 2019, such services to be provided on a cost recovery basis.

7 Taxation implications of the Demerger for Cardno Shareholders

7.1 Introduction

The following is a general summary of the Australian income tax and stamp duty implications arising for certain Cardno Shareholders under the Demerger. This summary is necessarily general in nature and is not a complete analysis of all taxation laws that may apply in relation to the Demerger for Cardno Shareholders. Cardno Shareholders should consult with their own independent tax advisor regarding the tax implications of participating in the Demerger based on their particular circumstances. This document does not constitute tax advice.

This tax summary only addresses the position of Cardno Shareholders who:

- were registered on the Cardno Register as the holders of Cardno Shares at the Demerger Scheme Record Date;
- hold their Cardno Shares on capital account, i.e. not on revenue account or as trading stock;
- are residents of Australia as defined in section 6 of the *Income Tax Assessment Act 1936 (Cth)* on the Demerger Implementation Date of the Demerger Scheme;
- acquired their Cardno Shares on or after 20 September 1985;
- have not elected for the TOFA provisions in Division 230 of the *Income Tax Assessment Act 1997 (Cth)* to apply in respect of their Cardno Shares; and
- did not acquire their Cardno Shares under an employee equity incentive plan.

This tax summary does not address any tax consequences arising under the laws of jurisdictions other than Australia.

This tax summary is based on Australian tax laws and regulations, interpretations of such laws and regulations, and administrative practice as at the date of this Demerger Scheme Booklet.

7.2 Class Ruling

Cardno has applied to the Commissioner of Taxation (**Commissioner**) for a class ruling confirming certain income tax implications of the Demerger Scheme for Cardno Shareholders.

The final class ruling will be received from the Commissioner after the Demerger Implementation Date for the Demerger and will be published on the ATO website (www.ato.gov.au). The information below addresses the implications for Cardno Shareholders where demerger tax relief is available and is consistent with the submissions made in the class ruling application.

7.3 Summary of expected outcomes

The Australian income tax consequences of the Demerger for Australian resident Cardno Shareholders, assuming demerger tax relief does apply, are summarised below:

Issue	Australian income tax consequences (assuming demerger tax relief applies)	Refer
Does the Capital Reduction give rise to capital gains tax (CGT) consequences?	If you choose demerger tax relief, you will be able to disregard any capital gain that arises on Cardno Shares from the Capital Reduction. If you do not choose demerger tax relief, a capital gain may arise. You may be entitled to discount CGT treatment on any capital gain if you held your Cardno Shares for at least 12 months before the Demerger Implementation Date.	Section 7.4(a)
Is any dividend assessable?	There will be no assessable dividend provided demerger tax relief is available.	Section 7.4(b)
How do I determine the cost base of the Cardno and Intega Shares?	You must apportion the tax cost base of your Cardno Shares just before the Demerger between the Cardno Shares and Intega Shares held just after the Demerger. Further information will be given to you to assist in this apportionment.	Section 7.4(c)
When am I taken to have acquired my Intega Shares for CGT discount purposes?	For these purposes, you will be treated as having acquired the corresponding Intega Shares on the same date as your Cardno Shares. You may be entitled to the CGT discount on the subsequent disposal of the Intega Shares if the Intega Shares are taken to have been held for 12 months or more.	Section 7.4(d)
What happens if I sell my Intega Shares under the Sale Facility?	The Australian income tax implications of the Demerger for Cardno Shares outlined above should apply equally to you if your Intega Shares are sold by the Sale Agent under the Sale Facility. You may make a capital gain or capital loss on the disposal of the Intega Shares under the Sale Facility.	Section 7.6

The Australian income tax outcomes for Australian resident Cardno Shareholders will be different if, contrary to the position outlined in the draft class ruling, the Commissioner rules that demerger tax relief is not available or that a determination under the anti-avoidance rules will be made.

7.4 Demerger tax relief available

(a) **Capital Reduction – CGT consequences**

Australian resident Cardno Shareholders should generally be eligible to choose demerger tax relief in respect of their Cardno Shares.

A Cardno Shareholder who chooses demerger tax relief will be able to disregard any capital gain that arises from the Capital Reduction.

The way a Cardno Shareholder prepares its income tax return will be sufficient evidence of the making of a choice to obtain demerger tax relief. No formal election is required.

A taxable CGT event will happen on the Demerger Implementation Date for Cardno Shareholders who do not choose demerger tax relief in respect of their Cardno Shares:

- A capital gain will arise to the extent (if any) that the Capital Reduction Amount in respect of that Cardno Share exceeds the cost base of that share.
- Australian resident Cardno Shareholders may be entitled to discount CGT treatment on any capital gain arising in respect of the Capital Reduction, only after the application of other capital losses. Discount CGT treatment is available for an Australian resident Cardno Shareholder that is an individual, trust or complying superannuation entity and who acquired their Cardno Shares at least 12 months before the Demerger Implementation Date. The discount factor will vary depending on the tax profile of the Cardno Shareholder. Specifically, the discount factor for resident individuals and trusts is 1/2 and for complying superannuation entities is 1/3.

(b) **Dividend**

There will be no assessable dividend provided demerger tax relief is available.

(c) **CGT cost base in Cardno Shares and Intega Shares**

Irrespective of whether demerger tax relief is chosen, Australian resident Cardno Shareholders who hold Cardno Shares must apportion the tax cost base of their Cardno Shares just before the Demerger between the Cardno Shares and Intega Shares held just after the Demerger.

The first element of the tax cost base of each Cardno Share and corresponding Intega Share held by an Australian resident Cardno Shareholder just after the Demerger will be determined as follows:

- calculate the total of the cost bases of Cardno Shares held (worked out just before the Demerger); and
- apportion the result of the above calculation between the Cardno Shares and corresponding Intega Shares held just after the Demerger, having regard to the market values (or a reasonable approximation thereof) of the shares just after the Demerger. Cardno will provide Cardno Shareholders with information to assist them in determining the respective cost bases of their Cardno Shares and corresponding Intega Shares on the Cardno website (www.cardno.com) following the Demerger.

(d) **Time of acquisition of Intega Shares**

For Cardno Shareholders who may be entitled to the CGT discount on the subsequent disposal of their Intega Shares, irrespective of whether demerger tax relief is chosen, these shareholders will be treated as having acquired the corresponding Intega Shares on the same date as their Cardno Shares.

7.5 Holding Intega Shares after the Demerger

The Australian income tax consequences for holding Intega Shares should generally be the same as holding Cardno Shares.

(a) **Dividends**

Australian resident Intega Shareholders will be required to include dividends in respect of Intega Shares in their assessable income for the income year in which the dividends are received.

Dividends may be franked to the extent determined by Intega.

For Australian resident Intega Shareholders:

- subject to the "qualified person" rules, the Intega Shareholder should include any franking credits in their assessable income and should be entitled to a tax offset equal to the franking credits received;
- an Intega Shareholder that is an individual or complying superannuation fund may be able to receive a tax refund in a particular year if the franking credits attached to the dividend exceed the tax payable on the Intega Shareholder's total taxable income for that income year;
- an Intega Shareholder that is a company will not be entitled to a tax refund of excess franking credits. Rather, the excess franking credits may be converted to a tax loss which can be carried forward to future years (subject to the Intega Shareholder satisfying certain loss carry forward rules); and
- Intega Shareholders that are trusts should obtain their own advice on the Australian tax treatment of dividends received from Intega and any franking credits attached.

(b) **Sale of Intega Shares**

Australian resident Intega Shareholders will make a capital gain or capital loss depending on whether the sale proceeds from the disposal of the Intega Shares exceed the cost base of the shares sold.

Assuming demerger tax relief is available, for the purpose of determining the CGT consequences from a sale of the Intega Shares:

- the cost base of the Intega Shares will be as outlined in Section 7.4(c); and
- for the purpose of determining whether the Intega Shares are held for 12 months or more for the purpose of the CGT discount, shareholders will be treated as having acquired the corresponding Intega Shares on the same date as their Cardno Shares (see Section 7.4(d)).

7.6 Sale Facility

The Australian income tax implications of the Demerger for Cardno Shares outlined in Section 7.4 should apply equally to Selling Shareholders whose Intega Shares are sold by the Sale Agent on the ASX under the Sale Facility.

Under the Sale Facility, Selling Shareholders should be regarded for CGT purposes as having disposed of their Intega Shares. The disposal proceeds will equal the proceeds received under the Sale Facility.

Assuming demerger tax relief is available, for the purpose of determining whether a capital gain or capital loss arises:

- the cost base of the Intega Shares will be as outlined in Section 7.4(c); and
- for the purpose of determining whether the Intega Shares are held for 12 months or more for the purpose of the CGT discount, shareholders will be treated as having acquired the corresponding Intega Shares on the same date as their Cardno Shares (see Section 7.4(d)).

7.7 Other matters

(a) **Australian Tax File Number (TFN) and Australian Business Number (ABN)**

Following the Demerger Scheme, it is expected Cardno Shareholders will be given the opportunity to quote their TFN, TFN exemption or their ABN in respect of their Intega Shares. These numbers will not be transferred or otherwise provided to Intega. Cardno Shareholders need not quote a TFN, TFN exemption or ABN in respect of their Intega Shares. However, if they do not, then TFN withholding may be required to be deducted from any dividends paid by Intega at the highest marginal tax rate plus the Medicare levy (currently 47 per cent in total).

(b) **GST**

No GST should be payable by Cardno Shareholders in relation to their participation in the Demerger Scheme. However, the eligibility for Cardno Shareholders to claim full or partial input tax credits in relation to GST incurred on advisor fees and other costs relating to their participation in the Demerger Scheme will depend on the individual circumstances of each shareholder.

7.8 Stamp Duty

No Australian stamp duty should be payable by Cardno Shareholders in relation to their participation in the Demerger Scheme as the capital reduction in Cardno will be an equal reduction of capital pursuant to section 256B(1) of the Corporations Act and the Intega Shares will be quoted on the ASX before Cardno Shareholders receive their shares in Intega and provided that:

- no Cardno Shareholder acquires 90 per cent or more of the shares in Intega under the Demerger Scheme; and
- no Cardno Shareholder together with any related person or associated person acquires 90 per cent or more of the shares in Intega under the Demerger Scheme.

8 Additional information

8.1 Marketable securities of Cardno and Intega held by or Controlled by Cardno Directors and Intega Directors

The following table shows the marketable securities of Cardno held by or on behalf of each Cardno Director and Intega Director as at the Last Practicable Trading Date.

Cardno Director or Intega Director	No. of Cardno Shares	Long Term Incentives	
		No. of Options	No. of Performance Rights
Michael Thomas Alscher	-	-	-
Ian Ball	-	5,600,000	-
Neville Buch	-	-	-
Matthew Gerard Courtney	1,377[33]	-	119,724 FY16 79,102 FY17 88,040 FY18
Jeffrey Ian Forbes	148,619[34]	-	-
Steven John Sherman	-	-	-
Nathanial Jonothan Thomson	-	-	-
Rebecca Ranich	-	-	-

Cardno Directors and Intega Directors who hold Cardno Shares will be entitled to vote at the Meetings and receive Intega Shares under the Demerger on the same terms as all other Cardno Shareholders.

Jeffrey Forbes, the only Cardno Director who holds or controls Cardno Shares, intends to vote, or cause to be voted, all Cardno Shares held or Controlled by him in favour of the Demerger Resolutions.

Except as stated in this Section 8.1, there are no marketable securities of Cardno held by or on behalf of Cardno Directors or Intega Directors as at the date of this Demerger Scheme Booklet.

No marketable securities of Intega are held by or on behalf of Cardno Directors or Intega Directors as at the date of this Demerger Scheme Booklet.

[33] Held by Matthew Courtney and Alyce Maree Munday.

[34] Held by Raintree Terraces Pty Ltd as trustee for the Forbes Superannuation Fund.

8.2 Agreements or arrangements with Cardno Directors in connection with the Demerger

Other than as described elsewhere in this Demerger Scheme Booklet (including Sections 3.9 and 6.7), there is no agreement or arrangement between a Cardno Director and another person in connection with or conditional on the outcome of the Demerger.

8.3 Payments and other benefits to directors, secretaries and executive officers of Cardno in connection with retirement from office

Other than as described elsewhere in this Demerger Scheme Booklet (including Sections 3.9 and 6.7), it is not proposed that any payment or other benefit be made or given to any director, secretary or executive officer of Cardno (or of its Related Bodies Corporate) as compensation for loss of, or as consideration for, or in connection with his or her retirement from, office in Cardno (or in any of its Related Bodies Corporate) as a result of the Demerger (other than in his or her capacity as a Cardno Shareholder).

8.4 Interests of Cardno Directors in contracts with Intega Group

Other than as described elsewhere in this Demerger Scheme Booklet (including Sections 3.9 and 6.7), none of the Cardno Directors has an interest in any contract entered into by the Intega Group.

8.5 Benefits from Intega

Other than as described elsewhere in this Demerger Scheme Booklet (including Sections 3.9 and 6.7), no Cardno Director has agreed to receive, or is entitled to receive, any benefit from Intega or any Related Bodies Corporate of Intega (other than a member of the Cardno Group) in connection with or conditional on the outcome of the Demerger, other than in their capacity as a holder of Cardno Shares.

8.6 Summary of rights and liabilities attached to Intega Shares and other material provisions of Intega Constitution

(a) Introduction

Intega is an Australian public company registered under the Corporations Act. The rights and liabilities attaching to ownership of Intega Shares arise from a combination of the Intega Constitution, statute, the ASX Listing Rules and general law.

A summary of the significant rights, liabilities and obligations attaching to the Intega Shares and a description of other material provisions of the Intega Constitution is set out below. This summary is not exhaustive, nor does it constitute a definitive statement of the rights and liabilities of Intega Shareholders. The summary assumes that Intega is admitted to the Official List.

(b) Meeting of members

Each Intega Shareholder is entitled to receive notice of, attend, and vote at, general meetings of Intega and to receive all notices, accounts and other documents required to be sent to Intega Shareholders under the Intega Constitution, Corporations Act and ASX Listing Rules. Intega must give at least 28 days' written notice of a general meeting.

(c) Voting at a general meeting

At a general meeting of Intega, every Intega Shareholder present in person or by proxy, attorney or corporate representative has one vote on a show of hands and, on a poll, one vote for each Intega Share held (with adjusted voting rights for partly paid shares).

If the votes are equal on a proposed resolution, the chairperson of the meeting has a casting vote, in addition to any deliberative vote.

(d) **Dividends**

The Intega Board may:

- pay any dividends that, in its judgement, the financial position of Intega justifies;
- pay any dividend required to be paid under the terms of issue of a share;
- subject to the ASX Operating Rules, fix a record date for a dividend; and
- decide a method of payment.

(e) **Transfer of Intega Shares**

Subject to the Intega Constitution and to any restrictions attached to a Intega Share, an Intega Shareholder may transfer any of its Intega Shares by:

- a proper ASTC transfer effected in accordance with the ASX Operating Rules, Corporations Act and ASX Listing Rules; or
- a written transfer in any usual form or in any other form approved by the Intega Board and permitted by the relevant laws and ASX requirements.

The Intega Board may decline to register, or prevent registration of, a transfer of Intega Shares or apply a holding lock to prevent a transfer in accordance with the Corporations Act or the ASX Listing Rules.

(f) **Issue of further shares**

The Intega Board may, subject to the Intega Constitution, Corporations Act and ASX Listing Rules, issue, cancel, grant options over, or otherwise dispose of, Intega Shares on such terms as the Intega Board decides.

(g) **Preference shares**

Intega may issue preference shares including preference shares which are, or at the option of Intega or a holder are, liable to be redeemed or converted to Intega Shares. The rights attaching to preference shares are those set out in the Intega Constitution unless other rights have been approved by special resolution of Intega.

(h) **Winding up**

If Intega is wound up, then subject to the Intega Constitution and the terms of issue of any Intega Shares or classes of shares in Intega, Intega Shareholders will be entitled to a share in any surplus property of Intega in proportion to the number of shares held by them.

If Intega is wound up, the liquidator may, with the sanction of a special resolution of Intega Shareholders, divide the property of Intega among the Intega Shareholders and decide how the property will be divided between the Intega Shareholders.

(i) **Unmarketable parcels**

In accordance with the ASX Listing Rules, the Intega Board may sell Intega Shares that constitute less than a marketable parcel by following the procedures set out in the Intega Constitution. A marketable parcel of Intega Shares is defined in the ASX Listing Rules and is generally a holding of Intega Shares with a market value of not less than $500.

(j) **Proportional takeover bids**

The Intega Constitution contains provisions requiring Intega Shareholder approval in relation to any proportional takeover bid. Subject to the Corporations Act, these provisions will cease to apply unless renewed by Intega Shareholders passing a special resolution by the third anniversary of either the date those rules were adopted or the date those rules were last renewed.

(k) **Variation of class rights**

At present, Intega's only class of shares on issue is Intega Shares.

The procedure set out in the Intega Constitution must be followed for any variation of rights attached to the Intega Shares. Under the Intega Constitution, and subject to the Corporations Act and the terms of issue of a class of shares, the rights attached to any class of shares may, be varied:

- with the written consent of the holders of 75 per cent of the shares of the class; or
- by a special resolution passed at a separate meeting of the holders of shares of that class.

(l) **Directors – power and duties**

Intega Directors are responsible for managing the business of Intega and may exercise all powers and do all things that are within the company's power and are not expressly required by the Corporations Act or the Intega Constitution to be exercised by the company in a general meeting.

(m) **Directors – appointment and retirement**

The minimum number of directors is three. The maximum number of directors is 12, unless the company in general meeting resolves otherwise. Directors are elected or re-elected at general meetings of Intega.

No Intega Director (excluding the managing director) may hold office without re-election beyond the third annual general meeting following the meeting at which that director was last elected or re-elected. The Intega Board may also appoint any eligible person to be an Intega Director, either to fill a casual vacancy on the Intega Board or as an addition to the existing directors, who will then hold office until the conclusion of the next annual general meeting of Intega following their appointment.

Intega Directors will automatically vacate their office in certain circumstances including resignation, removal from office at a general meeting, death, disqualification from acting as a director, failure to attend Intega Directors' meetings for more than three consecutive calendar months without leave of absence, conviction of an indictable offence where the Intega Directors do not, within one month of the conviction, resolve to confirm the appointment, or where of unsound mind or a patient under mental health laws and whose estate is administered under laws about mental health.

(n) **Directors – voting**

Questions arising at a meeting of the Intega Board must be decided by a majority of votes of the Intega Directors present at the meeting and entitled to vote on the matter. In the case of an equality of votes on a proposed resolution, the chairperson of the meeting has a casting vote in addition to his or her deliberative vote, unless there are only two Intega Directors present or entitled to vote, in which case the chairperson of the meeting does not have a second or casting vote and the proposed resolution is taken as lost.

A written resolution of the Intega Board may be passed without holding a meeting of the Intega Board, if all Intega Directors entitled to vote sign or consent to the resolution.

(o) **Directors – remuneration**

Under the Intega Constitution, the Intega Board may decide the remuneration to which each Intega Director is entitled for his or her services as a director. The total amount given to all directors for their services as directors must not exceed in aggregate in any financial year the amount fixed by Intega in general meeting. The remuneration payable by the company to an executive director must not include a commission on, or a percentage of, profits or operating revenue.

Intega Directors are entitled to be paid for all travelling and other expenses they incur in attending to the company's affairs, including attending and returning from general meetings of the company or meetings of the directors or of committees of the directors. Any director who devotes special attention to the business of the company, or who otherwise performs services which in the opinion of the directors are outside the scope of the ordinary duties of a director, or who at the request of the directors engages in any journey on the business of the company, may be paid extra remuneration as determined by the directors.

(p) **Indemnities**

Intega must indemnify each officer of Intega on a full indemnity basis and to the full extent permitted by law against all losses, liabilities, costs, charges and expenses incurred by the officer as an officer of the company or of a Related Body Corporate.

Intega may, to the extent permitted by law, purchase and maintain insurance or pay, or pay or agree to pay, a premium for insurance for each officer of Intega against any liability incurred by the officer as an officer of Intega or of a Related Body Corporate including, but not limited to, costs and expenses incurred in defending any proceedings (whether civil or criminal and whatever the outcome) or liability arising from negligence or other conduct.

(q) **Amendment**

The Intega Constitution can only be amended by special resolution passed by at least 75 per cent of Intega Shareholders present (in person or by proxy, attorney or representative) and entitled to vote on the resolution at a general meeting of Intega.

8.7 Equity capital structure of Cardno

As at the date of this Demerger Scheme Booklet, Cardno has 444,269,564 Cardno Shares on issue, 5,600,000 Options on issue, and 4,511,519 Performance Rights on issue.

8.8 Equity capital structure of Intega

Based on the number of Cardno Shares on issue as at the date of this Demerger Scheme Booklet, immediately following implementation of the Demerger, it is expected that Intega will have 444,269,564 Intega Shares on issue.

8.9 Substantial Cardno Shareholders

As at the Last Practicable Trading Date, the following persons had notified Cardno that they had voting power in five per cent or more of Cardno Shares:

Name	Number of Cardno Shares where voting power held	Per cent of Cardno Shares on issue
Crescent Capital Investments Pty Ltd	224,025,306	50.43
Invesco Australia Limited	45,492,999	10.24

The shareholdings listed in this Section 8.9 are as disclosed to Cardno by the shareholders in substantial holding notices or otherwise. Information regarding substantial holdings that arise, change or cease after the date of the substantial holding notices disclosed to Cardno, or in respect of which the relevant announcement is not available on the ASX's website (www.asx.com.au) is not included above.

8.10 Substantial Intega Shareholders

Based on the substantial shareholdings in Cardno described above and that, under the Demerger Scheme, Cardno Shareholders will receive one Intega Share for each Cardno Share they hold as at the Demerger Scheme Record Date, on the Demerger Implementation Date the following shareholders will have voting power in five per cent or more of Intega Shares:

Name	Number of Intega Shares where voting power held	Per cent of Intega Shares on issue
Crescent Capital Investments Pty Ltd	224,025,306	50.43
Invesco Australia Limited	45,492,999	10.24

The above information may change if the named shareholders dispose or acquire any Cardno Shares prior to the Demerger Scheme Record Date, and if any new shareholders acquire voting power in five per cent or more of Cardno Shares prior to the Demerger Scheme Record Date.

8.11 Demerger costs and fees

The total one-off transaction costs of the Demerger are estimated to be approximately $6.5 million. Of these costs, $5.0 million will be incurred prior to the Meetings, and $1.5 million are contingent on the successful completion of the Demerger. In addition, there are estimated to be $6.6 million of separation implementation costs.

In particular, Cardno has estimated total Demerger costs as:

- $5.0 million of advisory fees including financial, legal, tax due diligence and other advisory costs. These advisory fees are payable irrespective of whether a transaction occurs and will all be incurred prior to the Meetings;
- $1.5 million of restructuring costs, including stamp duty and debt fees associated with the establishment of new debt facilities. These costs are contingent on the Demerger occurring; and

- $6.6 million of separation implementation costs related to the costs of setting up changing systems and processes for both Intega and Cardno as a result of the Demerger.

These separation implementation costs are estimates and the actual costs and timing may vary from these estimated costs and the differences from these estimates may be significant. These costs are uncertain and depend on the decisions made by the Boards of Cardno and Intega and have not been included in these estimates of Demerger costs.

In aggregate, if the Demerger does not proceed, Cardno will incur transaction costs of approximately $5.0 million (before tax).

8.12 Regulatory relief and waivers

(a) **ASIC**

ASIC has granted relief in relation to clause 8302(h), Part 3, Schedule 8 of the Corporations Regulations, which requires this Demerger Scheme Booklet to disclose whether, within the knowledge of directors of Cardno, the financial position of Cardno has materially changed since the date of the last balance sheet laid before the company in general meeting or sent to Cardno Shareholders in accordance with section 317 or 314 of the Corporations Act.

ASIC has provided an in-principle decision indicating that it will:

(i) grant relief in relation to the managed investment scheme, licensing and product disclosure provisions of the Corporations Act as they relate to the Sale Facility Cardno is considering making available to certain Cardno Shareholders to dispose of Intega Shares that they would otherwise receive under the Demerger;

(ii) grant relief in relation to the resale of Intega Shares by shareholders following the Demerger without prospectus disclosure to investors; and

(iii) grant relief of the type set out in section 1020B(7H) of the Corporations Act (inserted by *ASIC Corporations (Short Selling) Instrument 2018/745*) such that the Intega Shares may commence trading on a deferred settlement basis before the transfer of the shares (rather than the issue of shares, as originally contemplated by the section) to Cardno Shareholders (or the Sale Agent, in the case of Selling Shareholders) on the Demerger Implementation Date.

It is intended that relief on terms similar to the relief under ASIC Class Order [CO 14/1000] will be sought from ASIC in relation to various provisions in the Corporations Act (including the provisions relating to disclosure, licensing, advertising and hawking) that may otherwise apply to the offers of Intega awards described at Sections 3.10(b)(ii) and 3.10(b)(iii) to the extent that they will be made in the three months following the Demerger under the Intega Plan.

(b) **ASX**

The ASX has:

(i) provided an in-principle confirmation that, for the purpose of Listing Rule 1.1, condition 3, Intega may issue an information memorandum if it complies with the information memorandum requirements of Listing Rule 1.4 and if the information memorandum incorporates this Demerger Scheme Booklet, rather than a prospectus for the purpose of its admission to the ASX;

(ii) confirmed that Intega's special purpose aggregated financial statements for the full financial years 30 June 2017, 30 June 2018 and 30 June 2019 may be used for the purposes of Intega's admission to the Official List of the ASX under the assets test (Listing Rule 1.3.5(a));

(iii) confirmed that Listing Rule 10.1 does not apply to the transfer of Intega Shares to any of the persons listed in Listing Rule 10.1 as part of implementation of the Demerger; and

(iv) confirmed that Listing Rules 11.1 and 11.2 do not apply to the Demerger.

Cardno intends to apply for waivers from:

(i) Listing Rule 10.14 to the extent necessary to permit Intega to issue Performance Rights over Intega Shares in place of existing Performance Rights over Cardno Shares and new Options over Intega Shares to Mr Courtney under the Intega Plan as further described at Sections 3.10(b)(ii) and 3.10(b)(iii);

(ii) Listing Rules 6.23.2 and 6.23.3 to the extent necessary to allow Cardno to cancel Performance Rights granted under the Previous Cardno Plan to employees who will be employed by Intega following the Demerger, where Intega offers those employees replacement Performance Rights under the Intega Plan on adjusted terms, as further described at Sections 3.10(b)(ii) and 6.7(a);

(iii) Listing Rules 6.23.3 to the extent necessary to allow Cardno to adjust the terms of Performance Rights and Options granted under the Previous Cardno Plan (as further described at Section 6.7(b)) in accordance with Listing Rule 7.22.6 and a corresponding confirmation to Cardno that the Performance Rights and Options are to be reorganised under Listing Rule 7.22.6 and not under Listing Rule 7.22.3; and

(iv) Listing Rule 6.23.4 to the extent necessary to allow Cardno to amend the performance conditions to which Cardno Performance Rights and Options are subject as further described at Section 6.7(b).

8.13 Consents

The following parties have given and have not withdrawn, before the registration of this Demerger Scheme Booklet by ASIC, their written consent to be named in this Demerger Scheme Booklet in the form and context in which they are named:

- Crescent Capital Partners;
- Gilbert + Tobin as legal adviser to Cardno;
- Lonergan Edwards as Independent Expert;
- KPMG Financial Advisory Services (Australia) Pty Ltd as Investigating Accountant;
- PricewaterhouseCoopers as taxation advisor;
- PPM Tax & Legal as stamp duty advisor;
- Berne No 132 Nominees Pty Ltd ACN 010 413 591 as Sale Agent;
- KPMG as Auditor; and
- Computershare Investor Services Pty Limited as the Cardno Share Registry and the Intega Share Registry.

The Independent Expert has also given and has not withdrawn, before the time of registration of this Demerger Scheme Booklet with ASIC, its written consent to the inclusion of its Independent Expert’s Report in this Demerger Scheme Booklet in the form and context in which it is included and to all references in this Demerger Scheme Booklet to that Report in the form and context in which they appear.

The Investigating Accountant has also given and has not withdrawn, before the time of registration of this Demerger Scheme Booklet with ASIC, its written consent to the inclusion of its Investigating Accountant's Report in this Demerger Scheme Booklet in the form and context in which it is included.

8.14 Disclaimers

None of the persons referred to in Section 8.13 above have authorised or caused the issue of this Demerger Scheme Booklet and do not make or purport to make any statement in this Demerger Scheme Booklet, other than those statements made in the capacity and to the extent the person has provided its consent, as referred to above. To the maximum extent permitted by law, each person referred to in Section 8.13 disclaims all liability in respect of, makes no representation regarding and takes no responsibility for, any part of this Demerger Scheme Booklet other than as described in this section with that person's consent.

8.15 Foreign jurisdictions and selling restrictions

The distribution of this Demerger Scheme Booklet outside of Australia may be restricted by law and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities law. Cardno disclaims all liabilities to such persons. Cardno Shareholders who are nominees, trustees or custodians are encouraged to seek independent advice as to how they should proceed. No action has been taken to register or qualify this Demerger Scheme Booklet or any aspect of the acquisition in any jurisdiction outside of Australia. This Demerger Scheme Booklet does not constitute an offer of Intega Shares in any jurisdiction in which it would be unlawful. In particular, this Demerger Scheme Booklet may not be distributed to any person, and the Intega Shares may not be offered or sold, in any country outside Australia except to the extent provided below.

Ecuador

This Demerger Scheme Booklet is being distributed only to Cardno Shareholders. This Demerger Scheme Booklet has not been registered with any regulatory authority in Ecuador. The Demerger is not, and should not be construed as, an offer of securities to the public in Ecuador.

New Zealand

This Demerger Scheme Booklet is not a New Zealand disclosure document and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the *Financial Markets Conduct Act 2013* (or any other relevant New Zealand law). The offer of Intega Shares under the Demerger Scheme is being made to existing shareholders of Cardno in reliance upon the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016* and, accordingly, this Demerger Scheme Booklet may not contain all the information that a disclosure document is required to contain under New Zealand law.

Papua New Guinea

This Demerger Scheme Booklet is being distributed only to Cardno Shareholders. This Demerger Scheme Booklet has not been registered as a prospectus in Papua New Guinea and no notice of the proposed offer will be submitted to the Registrar of Companies. No offer document is being lodged with the Registrar of Companies or the PNG Securities Commission in respect of the Demerger. The Demerger is not, and should not be construed as, an offer of securities to the public in Papua New Guinea.

United Kingdom

Neither this Demerger Scheme Booklet nor any other document relating to the Demerger 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 Intega Shares.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the transfer of the Intega Shares has only been communicated, and will only be communicated, in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to Cardno or Intega. In the United Kingdom, this Demerger Scheme Booklet is being distributed only to, and is directed at, persons to whom it may lawfully be distributed or directed within the circumstances described in article 43 of the *Financial Services and Markets Act 2000 (Financial Promotion) Order 2005* and/or any other persons to whom it may lawfully be communicated (all such persons being referred to as **Relevant Persons**).

The investment to which this Demerger Scheme Booklet relates is 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 Demerger Scheme Booklet or any of its contents.

Canada

The Intega Shares will be transferred by Cardno in reliance upon exemptions from the prospectus and registration requirements of the applicable Canadian securities law in each province and territory of Canada.

No securities commission in Canada has reviewed or in any way passed upon this document or the merits of the Demerger.

United States

This Demerger Scheme Booklet has not been filed with, or reviewed by, the US Securities and Exchange Commission or any state securities authority and none of them has passed upon or endorsed the merits of the Demerger or the accuracy, adequacy or completeness of this Demerger Scheme Booklet. Any representation to the contrary is a criminal offence.

The Intega Shares have not been, and will not be, registered under the *US Securities Act 1933* or the securities laws of any US state or other jurisdiction. No offer of Intega Shares is being made in any US state or other jurisdiction where it is not legally permitted to do so.

US shareholders of Cardno should note that the Demerger is made of securities of an Australian company in accordance with the laws of Australia and the listing rules of the Australian Securities Exchange. The Demerger is subject to disclosure requirements of Australia that are different from those of the United States.

It may be difficult for you to enforce your rights and any claim you may have arising under US federal securities laws, since Cardno and Intega are located in Australia and most of their officers and directors reside in Australia or elsewhere outside the United States. You may not be able to sue their respective officers or directors in Australia for violations of the US securities laws. It may be difficult to compel Cardno and Intega to subject themselves to a US court’s judgment.

8.16 Other information material to the making of a decision in relation to the Demerger

Except as set out in this Demerger Scheme Booklet, so far as the Cardno Directors are aware, there is no other information material to the making of a decision in relation to the Demerger, being information that is within the knowledge of any Cardno Director or any director of a Related Body Corporate of Cardno which has not previously been disclosed to Cardno Shareholders.

8.17 Continuous disclosure and supplementary information

If Cardno becomes aware of any of the following between the date of lodgement of this Demerger Scheme Booklet for registration with ASIC and the Second Court Hearing:

- a material statement in this Demerger Scheme Booklet is false or misleading;
- a material omission from this Demerger Scheme Booklet;
- a significant change affecting a matter in this Demerger Scheme Booklet; or
- a significant new matter has arisen, and it would have been required to be included in this Demerger Scheme Booklet if known about at the date of lodgement with ASIC,

depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, Cardno may circulate and publish any supplementary document by:

- making an announcement to the ASX;
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- issuing a supplementary document to this Demerger Scheme Booklet Cardno Shareholders; or
- posting a statement on Cardno's website at www.cardno.com,

as Cardno in its absolute discretion considers appropriate.

9 Financial assistance

9.1 Background to the requirement for the financial assistance resolution

(a) **Restriction on companies giving financial assistance**

Pursuant to section 260A(1) of the Corporations Act a company may financially assist a person to acquire shares in the company or a holding company of the company only if:

- giving the assistance does not materially prejudice:
- the interests of the company or its shareholders; or
- the company's ability to pay its creditors; or
- the assistance is approved by shareholders under section 260B of the Corporations Act; or
- the assistance is exempted under section 260C of the Corporations Act.

The requirements for shareholder approval of financial assistance are described in Section 9.1(b) below.

(b) **Shareholder approval of financial assistance**

Under section 260B(1) of the Corporations Act, for a company to financially assist a person to acquire shares in itself or a holding company of the company, the financial assistance must be approved by its shareholders by:

- a special resolution passed at a general meeting of the company, with no votes being cast in favour of the resolution by the person acquiring the shares (or units of shares) or by their associates; or
- a resolution agreed to, at a general meeting, by all ordinary shareholders.

If, immediately after the acquisition, the company will be a subsidiary of another:

- domestic corporation that is listed in Australia (**Listed Australian Holding Company**); or
- domestic corporation that is not listed in Australia and is not itself a subsidiary of another domestic corporation (**Ultimate Australian Holding Company**),

then the financial assistance must also be approved by a special resolution passed under section 260B(2) (in the case of a Listed Australian Holding Company) or section 260B(3) (in the case of an Ultimate Australian Holding Company) of the Corporations Act at a general meeting of that corporation.

9.2 Related Acquisitions and Demerger Acquisition

(a) **Restructure and Related Acquisitions**

As indicated in Section 6.3, as part of preparing Cardno and Intega for the Demerger, Cardno has commenced the Restructure. The steps in the Restructure have involved, or will involve, among other things, each acquisition of shares in certain Australian Intega Obligors as described in Schedule 1 of this Demerger Scheme Booklet (each a **Related Acquisition**).

Immediately following completion of each Related Acquisition, Cardno will be the Listed Australian Holding Company of each Australian Intega Obligor.

(b) **Demerger and Demerger Acquisition**

If the Demerger is approved, the implementation of the Demerger will involve, among other things, the transfer or issue of Intega Shares under the Demerger Scheme to Eligible Cardno Shareholders or the Sale Agent (as applicable).

Immediately following implementation of the Demerger, Intega will be the Listed Australian Holding Company of each Australian Intega Obligor.

9.3 Funding arrangements

(a) **Overview**

In order to assist in the financing of the Demerger, it is proposed that Intega will be provided with credit facilities in the aggregate principal amount of A$97,000,000 plus US$7,000,000 (the **Intega Facilities**) under a syndicated facility agreement (the **Intega Facilities Agreement**) to be entered into between, among others, Intega (as the Company and Original Borrower), National Australia Bank Limited (as Agent) and National Australia Bank Limited (as **Intega Security Trustee**).

(b) **The Facilities**

Facility limit and term

The Intega Facilities are divided into three separate facilities.

- the first facility (**Intega Facility A**) is a multicurrency redrawable term cash advance facility for an amount of up to A$88,000,000;
- the second facility (**Intega Facility C**) is a multicurrency letter of credit facility for an amount of up to A$9,000,000; and
- the third facility (**Intega Facility D**) is a US$ letter of credit facility to be made available by way of ancillary facilities for an amount of up to US$7,000,000.

Each Intega Facility is repayable 3 years after financial close under the Intega Facilities Agreement.

One or more incremental facilities may also be established in accordance with the terms of the Intega Facilities Agreement and in an aggregate amount not exceeding A$30,000,000. Such facilities are not currently committed.

Purpose

The Intega Facilities will be available to be drawn for the following purposes:

- Intega Facility A will be available to refinance certain existing financial indebtedness of the Intega Group (including payment of certain amounts due to Cardno arising as a result of the Restructure and Demerger) and to fund the general corporate and working capital purposes of the Intega Group, capital expenditure of the Intega Group, permitted acquisitions and related acquisition costs and a proportion of the costs in connection with the Demerger; and
- Facility C and Facility D will be available to provide letters of credit to support the general corporate and working capital purposes of the Intega Group.

Borrower

Intega and Intega, Inc. are the borrowers under each of the Intega Facilities (the **Intega Borrowers**).

Once it has joined the facility documentation as a borrower, guarantor and security provider, a member of the Intega Group may be entitled to use the Intega Facilities.

Other terms

The Intega Facilities Agreement includes events of default, undertakings, representations and warranties from the borrower and guarantors consistent with a facility of this nature or as required by the lenders due to the particular circumstances of this transaction. The undertakings include:

- a negative pledge;
- undertakings not to acquire or dispose of assets;
- undertakings not to incur financial obligations; and
- undertakings not to make distributions to shareholders,

in each case subject to agreed exceptions.

(c) **Guarantees**

The Intega Facilities Agreement and the Security Trust Deed to be entered into in connection with the Intega Facilities with the Intega Security Trustee (**Intega Security Trust Deed**) each contain guarantees and indemnities in respect of the Intega Facilities and, in the case of the guarantees and indemnities in the Intega Security Trust Deed, any related hedging and transactional facilities. The initial guarantors will include each Australian Intega Obligor and certain other members of the Intega Group.

(d) **Security**

Each Australian Intega Obligor and certain other members of the Intega Group will provide security over some or all of their assets to the Intega Security Trustee to hold on trust for the financiers under the Intega Facilities and any related hedging pursuant to the Intega Security Trust Deed.

9.4 Financial Assistance

(a) **Entry into the Intega Finance Documents**

In order for the financiers to enter into and provide the Intega Facilities under the Intega Facilities Agreement, the Australian Intega Obligors are required to:

- enter into the Intega Facilities Agreement as guarantors and (in the case of the Intega Borrowers) as borrowers;
- enter into the Intega Security Trust Deed; and
- grant security over their assets and undertaking (subject to agreed exceptions) to the Intega Security Trustee as security for the obligations of all obligors under the Intega Finance Documents (the **Intega Security**). In the case of the Australian Intega Obligors, the Intega Security will take the form of a general security agreement and/or such other form as may be agreed with the financiers.

Upon execution of each of the Intega Facilities Agreement, the Intega Security Trust Deed and the Intega Security, the Australian Intega Obligors would (among other things) become bound by the guarantees, indemnities and undertakings and give the representations and warranties referred to above.

(b) **Other support**

In addition, the Australian Intega Obligors may, or may be required to:

- subordinate intercompany claims;

- transfer assets to, or assume other liabilities of, the Intega Borrowers or other subsidiaries or related parties of Intega;
- make available directly or indirectly their cash flows (whether through dividends, capital distributions, intercompany loans or otherwise) or other resources in order to enable the Intega Borrowers and the other guarantors to comply with their payment and other obligations in respect of the Intega Facilities;
- consent or agree to amendments to the Intega Finance Documents, including amendments that make their obligations more onerous;
- provide additional support which may include incurring additional obligations and/or providing additional guarantees, mortgages and/or charges on the same or different terms to the Intega Security; and/or
- provide other financial assistance in connection with the Demerger, the Related Acquisitions and the Demerger Acquisition including, without limitation, in connection with any refinancing.

Other subsidiaries of Intega may in the future also provide or be required to provide financial assistance in connection with the Demerger, the Related Acquisitions and the Demerger Acquisition in the same form as that to be provided by the Australian Intega Obligors or in another form.

9.5 Financial Assistance Resolutions

(a) **Financial assistance approvals**

It is noted that:

- the Demerger and Related Acquisitions will involve the acquisition of shares in certain Australian Intega Obligors, including as described in Section 9.2 above and Schedule 1;
- the Demerger and Demerger Acquisition will involve the acquisition of shares in Intega, as described in Section 9.2 above; and
- amounts borrowed under the Intega Facilities Agreement will be applied to fund certain payments due in connection with the Demerger, the Related Acquisitions and the Demerger Acquisition as described in Section 9.3(b) above and Schedule 1.

Accordingly, the entry by the Australian Intega Obligors into, and the performance by each Australian Intega Obligor of its rights and obligations under the Intega Finance Documents and the Intega Security and the participation by the Australian Intega Obligors in the funding arrangements and other transactions, all as described above, constitutes the giving of financial assistance in connection with the Demerger and the Related Acquisitions, within the meaning of Part 2J.3 of the Corporations Act.

Pursuant to section 260B of the Corporations Act, it is proposed that the giving by the Australian Intega Obligors of the financial assistance be approved by:

(i) a special resolution of Cardno (which will be the Listed Australian Holding Company of the Australian Intega Obligors immediately after completion of each Related Acquisition) to be passed to approve the giving by the Australian Intega Obligors of financial assistance within the meaning of section 260A of the Corporations Act pursuant to section 260B(2) of the Corporations Act (the Cardno Financial Assistance Resolution); and

(ii) a special resolution of Intega (which will be the Listed Australian Holding Company of the Australian Intega Obligors immediately after completion of the Demerger Acquisition) to be passed to approve the giving by the Australian Intega Obligors of financial assistance within the meaning of section 260A of the Corporations Act pursuant to section 260B(2) of the Corporations Act (the Intega Financial Assistance Resolution); and

(iii) a resolution agreed to by all ordinary shareholders of each Australian Intega Obligor to approve the giving by that Australian Intega Obligor of financial assistance within the meaning of section 260A of the Corporations Act pursuant to section 260B(1) of the Corporations Act (the Subsidiary Financial Assistance Resolutions).

The approvals referred to in items 9.5(a)(i) and 9.5(a)(ii) above will also approve the giving of financial assistance by other Australian Subsidiaries of Intega if required in the future.

Where financial assistance is required to be given by Australian Subsidiaries of Intega other than the Australian Intega Obligors in the future, the approval of shareholders of the relevant Subsidiaries under section 260B(1) of the Corporations Act will be sought at that time.

(b) **Reasons for giving financial assistance**

The reason for the giving of the financial assistance described above is to facilitate the Demerger. In particular:

- completion of the Related Acquisitions are steps required in connection the Demerger;
- completion of the Demerger Acquisition is a step required to implement the Demerger; and
- Intega requires financing to fund payments in connection with the Demerger, the Related Acquisitions and the Demerger Acquisition. In connection with that, the Australian Intega Obligors are required to enter into the Intega Finance Documents.

(c) **Effect of financial assistance**

The substantial effect of the financial assistance on the Australian Intega Obligors is that each Australian Intega Obligor will have guaranteed all amounts payable under the Intega Finance Documents and granted security for such obligations over its assets and undertaking (subject to agreed exceptions). The operations of the Australian Intega Obligor will also be restricted by the representations and undertakings given by them under the Intega Finance Documents.

The Cardno Board do not currently believe that either the Intega Borrowers or any of the Australian Intega Obligors are likely to default in their obligations under the Intega Finance Documents.

(d) **Advantages of the Financial Assistance Resolutions**

The advantage of the Financial Assistance Resolutions to Cardno and the Australian Intega Obligors is that it would facilitate the Demerger. The Cardno Board believes that this is in the interests of Cardno and the Australian Intega Obligors because of the reasons set out in Section 2.2.

The Cardno Board believes that this financing is the most efficient form of financing available to finance certain aspects of the Demerger, the Related Acquisitions and the Demerger Acquisition.

The Cardno Board believe that approving the transactions contemplated by this Section 9.5(d) is in the interests of Cardno.

(e) **Disadvantages of the Financial Assistance Resolution**

Cardno will not incur liabilities under the Intega Finance Documents as a result of the proposed resolution. Accordingly, the Cardno Board do not believe there are any direct disadvantages to Cardno of the proposed resolution.

The disadvantages of the proposed resolution for the Australian Intega Obligors include the following:

- they will become liable for the amounts due under the Intega Finance Documents;

- their assets will be subject to security and their operations will be restricted by the representations and undertakings given by them under the Intega Finance Documents;
- the Intega Borrowers may default under the Intega Facilities;
- the financiers may make a demand under the guarantees provided by the Australian Intega Obligors requiring immediate repayment of the amounts due under the Intega Finance Documents;
- the Intega Security Trustee may enforce the guarantee and/or security granted by the Australian Intega Obligors to recover the amounts due; and
- a demand made under the guarantees may result in the winding up of the Australian Intega Obligors and a sale of the Australian Intega Obligors' assets by the Intega Security Trustee upon an enforcement of the Intega Security at a return which may be significantly lower than could have been achieved had those assets been sold in the ordinary course of business or had the Australian Intega Obligors continued trading.

(f) **Passing the Financial Assistance Resolutions**

The Cardno Financial Assistance Resolution is set out in the Notice of General Meeting that accompanies this Demerger Scheme Booklet. The Cardno Financial Assistance Resolution will be passed if it is approved by the Requisite Majority of votes at the General Meeting.

The Intega Financial Assistance Resolution is set out in the notice of proposed resolution (the **Intega Notice of Proposed Resolution**) that is dispatched together with this Demerger Scheme Booklet to Cardno, being the sole shareholder of Intega as at the date of the Intega Notice of Proposed Resolution. The Intega Financial Assistance Resolution will be passed if it is approved by Cardno.

The Subsidiary Financial Assistance Resolution in relation to each Australian Intega Obligor is set out in the notice of proposed resolution (the **Subsidiary Notices of Proposed Resolution**) that is dispatched together with this Demerger Scheme Booklet to the shareholder of each Australian Intega Obligor. The Subsidiary Financial Assistance Resolutions will be passed if it is approved by the sole shareholder of the relevant Australian Intega Obligor.

9.6 Prior notice to ASIC

As required by section 260B(5) of the Corporations Act:

- copies of the Notice of General Meeting and this Demerger Scheme Booklet as sent to the Cardno Shareholders were lodged with ASIC prior to their dispatch to the Cardno Shareholders;
- copies of the Intega Notice of Proposed Resolution and this Demerger Scheme Booklet as sent to Cardno were lodged with ASIC prior to their dispatch to Cardno; and
- copies of the Subsidiary Notices of Proposed Resolution and this Demerger Scheme Booklet as sent to the sole shareholder of each relevant Australian Intega Obligor were lodged with ASIC prior to their dispatch to that shareholder.

10 Glossary

In this Demerger Scheme Booklet, unless the context otherwise requires:

$, A$ or AUD means Australian dollars unless otherwise stated.

Annual General Meeting means the Annual General Meeting of Cardno to be held at 10.00am (Sydney time) on 10 October 2019.

Anti-Bribery and Corruption Policy has the meaning given to that term in Section 3.8(e)(vii).

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or, as the context requires, the financial market operated by it.

ASX Listing means admission of Intega to the Official List and for Official Quotation of the Intega Shares on the ASX.

ASX Listing Rules means the official listing rules, from time to time, of the ASX.

ASX Operating Rules means the operating rules of ASX Settlement Pty Limited (ACN 008 504 532).

Auditor means KPMG of Level 16, Riparian Plaza, 71 Eagle Street, Brisbane QLD 4000.

Australian Intega Obligor means each of:

(a) Intega;

(b) Construction Sciences;

(c) CCS Staff;

(d) Network Geotechnics;

(e) Trilab;

(f) SureSearch;

(g) Utility Locating; and

(h) PPI Australia.

Business Day means a business day as defined in the ASX Listing Rules.

Capital Reduction means the reduction of the share capital of Cardno by the Capital Reduction Aggregate Amount to be applied equally against each Cardno Share on issue as at the Demerger Scheme Record Date in accordance with the terms of the Capital Reduction Resolution.

Capital Reduction Aggregate Amount means the amount of the capital of Cardno that is to be reduced in accordance with the Capital Reduction Resolution, calculated as follows:

$$\text{Capital Reduction Aggregate Amount} = \frac{B}{(B + C)} \times D$$

Where:

B = the market value of Intega, calculated as the VWAP of the Intega Shares for the first five trading days after the day on which the Court order approving the Demerger Scheme is lodged with ASIC.

C = the market value of Cardno, calculated as the VWAP of the Cardno Shares for the first five trading days after the day on which the Court order approving the Demerger Scheme is lodged with ASIC.

D = Cardno’s share capital account balance immediately before the Demerger is implemented.

Capital Reduction Amount means so much of the Capital Reduction Aggregate Amount allocated to each Demerger Scheme Share under the Capital Reduction Resolution.

Capital Reduction Entitlement means, in relation to a Demerger Scheme Participant, the Capital Reduction Amount multiplied by the number of Cardno Shares held by the Demerger Scheme Participant as at the Demerger Scheme Record Date.

Capital Reduction Resolution means the ordinary resolution concerning the Capital

Reduction to be considered by the Cardno Shareholders at the General Meeting in the terms set out at Attachment F.

Cardno means Cardno Limited (ACN 108 112 303; ASX: CDD).

Cardno Board means the board of directors of Cardno.

Cardno Consulting means the remaining business described in Section 4.1 that will continue to be owned and operated by Cardno and its Subsidiaries following the Demerger.

Cardno Cross Guarantee has the meaning given in Section 6.3(c).

Cardno Directors means the directors of Cardno.

Cardno Group means Cardno and its Subsidiaries, following the Demerger.

Cardno Financial Assistance Resolution has the meaning given to that term in Section 9.5.

Cardno Holdings means Cardno Holdings Pty Ltd ACN 052 061 266.

Cardno Plan has the meaning given to that term in Section 6.7(b).

Cardno Register means the register of Cardno Shareholders maintained by or on behalf of Cardno in accordance with the Corporations Act.

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

Cardno Share Registry means Computershare Investor Services Pty Limited of Level 1, 200 Mary Street, Brisbane QLD 4000.

Cardno Shareholder means a person who is registered in the Cardno Register from time to time as the holder of a Cardno Share.

Cardno Shareholder Information Line means the information line for Cardno Shareholders to call if they have any questions or require further information about this Demerger Scheme Booklet or the Demerger. The telephone number is 1300 381 478 (within Australia) or +61 3 9415 4108 (outside Australia). The line is open between Monday and Friday from 8.30am to 5.00pm (Sydney time).

Cardno Syndicated Facilitity has the meaning given in Section 4.7(n).

Cardno Underground means Cardno Australian Underground Services Pty Ltd ACN 112 425 377.

Cardno Victoria means Cardno Victoria Pty Ltd ACN 106 610 913.

CCS Staff means CCS Staff Pty Ltd ACN 050 401 771.

CGT has the meaning given to that term in Section 7.3.

CHESS means the Clearing House Electronic Subregister System, which provides for electronic share transfers in Australia and is operated by ASX Settlement Pty Limited (ACN 008 504 532).

Commissioner has the meaning given to that term in Section 7.2.

Conditions Precedent means the conditions precedent to the Demerger Scheme.

Control has the meaning given to that term in section 50AA the Corporations Act and **Controlled** has the corresponding meaning.

Construction Sciences means Construction Sciences Pty Ltd ACN 128 806 735.

Corporations Act means the *Corporations Act 2001* (Cth), as amended from time to time.

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

Court means the Federal Court of Australia.

Crescent Capital or **Crescent Capital Partners** means Crescent Capital Investments Pty Limited (ACN 604 704 298) and its associates in relation to Cardno Shares.

Demerger means the demerger of Intega from Cardno to be implemented through the Capital Reduction and by the Demerger Scheme on the terms of the Demerger Transaction Documents.

Demerger Acquisition has the meaning given to that term in Section 9.2(b).

Demerger Deed means the demerger deed between Cardno and Intega dated 20 August 2019 and described in Section 6.10(b).

Demerger Deed Poll means the deed poll dated 30 August 2019 executed by Intega and attached as Attachment D, under which Intega covenants to carry out its obligations under the Demerger Scheme.

Demerger Entitlement means the entitlement of each Cardno Shareholder to Intega Shares under the Demerger, being in relation to a Cardno Shareholder, one Intega Share for each Cardno Share held by that Cardno Shareholder as at the Demerger Scheme Record Date.

Demerger Implementation Date means the date scheduled for implementation of the Demerger, currently expected to be Thursday, 31 October 2019.

Demerger Principle means the underlying principle of the Demerger, as described in Section 6.9(a).

Demerger Relief Ruling means a Private Ruling for Cardno issued by the Commissioner of Taxation confirming that the demerger relief provisions in Division 125 of the *Income Tax Assessment Act* 1997 (Cth) will apply to the Demerger and that the Commissioner of Taxation will not apply Section 45B of the *Income Tax Assessment Act 1936* (Cth).

Demerger Resolutions means the Demerger Scheme Resolution, the Capital Reduction Resolution and the Cardno Financial Assistance Resolution.

Demerger Scheme means a members' scheme of arrangement pursuant to Part 5.1 of the Corporations Act between Cardno and the Demerger Scheme Participants, on the terms described in Attachment C to this Demerger Scheme Booklet, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act.

Demerger Scheme Booklet means this Demerger Scheme Booklet.

Demerger Scheme Implementation Deed means the demerger scheme implementation deed between Cardno and Intega dated 20 August 2019 and described in Section 6.10(a).

Demerger Scheme Meeting means the meeting of Cardno Shareholders ordered by the Court to consider and vote on the Demerger Scheme Resolution.

Demerger Scheme Meeting Proxy Form means the proxy form for the Demerger Scheme Meeting which accompanies this Demerger Scheme Booklet.

Demerger Scheme Participant means each person registered in the Cardno Register as the holder of a Cardno Share as at the Demerger Scheme Record Date.

Demerger Scheme Record Date means Wednesday, 23 October 2019.

Demerger Scheme Resolution means the resolution to approve the Demerger Scheme to be considered by the Cardno Shareholders at the Demerger Scheme Meeting in the terms set out at Attachment E.

Demerger Scheme Share means a Cardno Share on issue at the Demerger Scheme Record Date.

Demerger Transaction Documents means the Demerger Scheme, the Demerger Deed Poll, the Demerger Deed, the Demerger Scheme Implementation Deed and the Transitional Services Agreement.

Demerger Website means www.cardnodemerger.com.

Effective means, when used in relation to the Demerger Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under sections 411(4)(b) and 411(6) in relation to the Demerger Scheme.

Effective Date means the date on which the Demerger Scheme becomes Effective.

Eligible Cardno Shareholder means a Cardno Shareholder whose Registered Address is in one of the following jurisdictions:

(a) Australia and its external territories;

(b) Ecuador;

(c) New Zealand;

(d) Papua New Guinea;

(e) United Kingdom;

(f) Canada;

(g) United States; or

(h) any other jurisdiction in which Cardno reasonably believes it is not prohibited or unduly onerous or impracticable to implement the Demerger and to transfer Intega Shares to the Cardno Shareholder.

EIVIS has the meaning given to that term in Section 3.7.

FAST Act has the meaning given to that term in Section 3.3(a)(iv).

Financial Assistance Resolutions means the Cardno Financial Assistance Resolution, the Intega Financial Assistance Resolution and the Subsidiary Financial Assistance Resolutions.

FSMA has the meaning given to that term in Section 8.15.

FY16 Performance Rights means Performance Rights granted on 1 November 2017 under the Previous Cardno Plan.

FY17 means the financial year ending 30 June 2017.

FY17 Performance Rights means Performance Rights granted on 1 November 2017 under the Previous Cardno Plan.

FY18 means the financial year ending 30 June 2018.

FY18 Performance Rights means Performance Rights granted on 1 November 2018 under the Previous Cardno Plan.

FY19 means the financial year ending 30 June 2019.

FY20 means the financial year ending 30 June 2020.

General Meeting means the General Meeting of Cardno Shareholders to be convened to vote on, amongst other things, the Capital Reduction Resolution and the Financial Assistance Resolution.

General Meeting Proxy Form means the proxy form for the General Meeting which accompanies this Demerger Scheme Booklet.

HSBC Australia means HSBC Bank Australia Limited ABN 48 006 434 162.

HSBC USA means HSBC Bank USA, National Association.

Independent Expert means Lonergan Edwards & Associates Limited.

Independent Expert's Report means the report of the Independent Expert in relation to the Demerger, as set out in Attachment A.

Ineligible Foreign Holder means a Demerger Scheme Participant who is not an Eligible Cardno Shareholder.

Information Claim means a claim by a third party arising from, or in connection with, this Demerger Scheme Booklet, the information memorandum to be issued by Intega in connection with the ASX Listing or certain other material published or distributed in connection with the Demerger:

(a) being misleading or deceptive in any respect (whether by omission or otherwise);

(b) failing to comply with any applicable legal requirement (including the ASX Listing Rules); or

(c) breaching certain warranties given by Intega to the ASX as part of the ASX Listing regarding the accuracy and completeness of information provided to the ASX.

Intega means Intega Group Limited (ACN 633 194 920).

Intega Board means the board of directors of Intega.

Intega Borrower has the meaning given to that term in Section 9.3(b).

Intega Constitution means the constitution of Intega, the material terms of which are summarised in Section 8.6.

Intega Directors means the directors of Intega.

Intega Facilities has the meaning given to that term in Section 9.3(a).

Intega Facilities Agreement has the meaning given to that term in Section 9.3(a).

Intega Facility A has the meaning given to that term in Section 9.3(b).

Intega Facility C has the meaning given to that term in Section 9.3(b).

Intega Facility D has the meaning given to that term in Section 9.3(b).

Intega Finance Documents means the Intega Facilities Agreement, the Intega Security Trust Deed, the related guarantees and security documents and all other related documents.

Intega Financial Assistance Resolution has the meaning given to that term in Section 9.5.

Intega Group means Intega and its Subsidiaries, following the Demerger.

Intega Notice of Proposed Resolution has the meaning given to that term in Section 9.5.

Intega Plan has the meaning given to that term in Section 3.10(b).

Intega Plan Rules means the rules of the Intega Plan.

Intega Register means the register of Intega Shareholders maintained by or on behalf of Intega in accordance with the Corporations Act.

Intega Security has the meaning given to that term in Section 9.4(a).

Intega Security Trust Deed has the meaning given to that term in Section 9.3(c).

Intega Security Trustee has the meaning given to that term in Section 9.3(a).

Intega Share means a fully paid ordinary share in Intega.

Intega Share Registry means Computershare Investor Services Pty Limited of Level 1, 200 Mary Street, Brisbane QLD 4000.

Intega Shareholder means a person who is registered in the Intega Register from time to time as a holder of an Intega Share.

Investec means Investec Bank plc, Australia Branch ABN 93 629 184 710.

Investigating Accountant means KPMG Financial Advisory Services (Australia) Pty Ltd.

Investigating Accountant's Report means the report of the Investigating Accountant, as set out in Attachment B.

Last Practicable Trading Date means 5.00pm (Sydney time) on 3 September 2019.

Listed Australian Holding Company has the meaning given to that term in Section 9.1(b).

Meetings means the Demerger Scheme Meeting and the General Meeting.

Meetings Record Date means 7.00pm (Sydney time) on Tuesday, 8 October 2019.

NAB means National Australia Bank Limited ABN 12 004 044 937.

Network Geotechnics means Network Geotechnics Pty Ltd ACN 069 211 561.

Notice of Demerger Scheme Meeting means the notice in relation to the Demerger Scheme Meeting set out in Attachment E.

Notice of General Meeting means the notice in relation to the General Meeting set out in Attachment F.

Official List means the Official List of the ASX.

Official Quotation means the quotation of Intega Shares on the Official List.

Option means an option granted under the Previous Cardno Plan, Cardno Plan or the Intega Plan (as the context requires).

Participant means a participant under the Cardno Plan or the Intega Plan (as the context requires).

Performance Right or **Right** means a performance right granted under the Previous Cardno Plan, Cardno Plan or the Intega Plan (as the context requires).

PPI Australia means PPI Australia Pty Ltd ACN 149 899 301.

Pre-Demerger Restructure Steps means the steps required to implement the Restructure as agreed between Cardno and Intega.

Previous Cardno Plan has the meaning given to that term in Section 6.7(b).

Quality, Testing and Measurement Business or **QTM Business** means the business described in Section 3.1 to be owned and operated by Intega and its Subsidiaries following the Demerger.

Raba Kistner means Raba Kistner, Inc. of 143 North Street San Antonio, TX 78269 United States.

Registered Address means, in relation to a Cardno Shareholder, the address shown in the Cardno Register as at the Demerger Scheme Record Date.

Related Acquisition has the meaning given to that term in Section 9.2.

Related Bodies Corporate has the meaning given to that term in the Corporations Act.

Relevant Persons has the meaning given to that term in Section 8.15.

Requisite Majorities means:

(a) in relation to the Demerger Scheme Resolution to be put to Cardno Shareholders at the Demerger Scheme Meeting, the resolution being passed:

  (i) by a majority in number (more than 50 per cent) of Cardno Shareholders, who are present and voting, either in person or by proxy, attorney or in the case of a corporation its duly appointed corporate representative; and

  (ii) by at least 75 per cent of the votes cast on the resolution by Cardno Shareholders, who are present and voting, either in person or by proxy, attorney or in the case of a corporation its duly appointed corporate representative;

(b) in relation to the Capital Reduction Resolution to be put to Cardno Shareholders at the General Meeting, a resolution being passed by at least 50 per cent of the votes cast on the resolution by Cardno Shareholders, who are present and voting, either in person or by proxy, attorney or in the case of a corporation its duly appointed corporate representative; and

(c) in relation to the Cardno Financial Assistance Resolution to be put to Cardno Shareholders at the General Meeting, a resolution being passed by at least 75 per cent of the votes cast on the resolution by Cardno Shareholders, who are present and voting, either in person or by proxy, attorney or in the case of a corporation its duly appointed corporate representative.

Restructure means an internal restructure required to establish Intega as a stand-alone ASX-listed entity to be undertaken by Cardno to be effected by implementing the Pre-Demerger Restructure Steps, a summary of which is set out in Section 6.3(a).

Sale Agent means Berne No 132 Nominees Pty Ltd ACN 010 413 591.

Sale Facility means the facility under which Selling Shareholders' Intega Shares may be sold, as described in Section 6.6(c).

Sale Facility Election means a valid election not to receive Intega Shares and to participate in the Sale Facility made by a Small Shareholder.

Sale Facility Election Form means the form to be completed by Small Shareholders who wish to participate in the Sale Facility and not receive Intega Shares.

Sale Facility Election Withdrawal Form means the form to be completed by a person who wishes to withdraw a Sale Facility Election.

Sale Facility Proceeds means the proceeds from the sale of a Selling Shareholder's Intega Shares under the Sale Facility, calculated on an averaged basis so that all Selling Shareholders receive the same price for each Intega Share sold on their behalf.

Second Court Date means the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Demerger Scheme is heard (or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard), with such hearing being the **Second Court Hearing**.

Selling Shareholder means a Selling Small Shareholder or an Ineligible Foreign Holder.

Selling Small Shareholder means a Small Shareholder who has made a valid Sale Facility Election.

Small Shareholder means an Eligible Cardno Shareholder who individually holds 5,000 or fewer Cardno Shares as at the Demerger Scheme Record Date.

Subsidiary has the meaning given to that term in the Corporations Act.

Subsidiary Financial Assistance Resolution has the meaning given to that term in Section 9.5.

Subsidiary Notice of Proposed Resolution has the meaning given to that term in Section 9.5.

SureSearch means Suresearch Australia Pty Ltd ACN 120 489 223.

Transitional Services Agreement means the transitional services agreement between Cardno and Intega dated 20 August 2019 and described in Section 6.10(d).

Trilab means Trilab Pty Ltd ACN 065 630 506.

Ultimate Australian Holding Company has the meaning given to that term in Section 9.1(b).

Utility Locating means Utility Locating Pty Ltd ACN 156 481 560.

VWAP means the volume weighted average price of the relevant shares traded on the ASX during the relevant period but does not include any trades which Cardno or Intega (as the case may be) determines to be outside the ordinary course of trading, which may include any "Crossing" transacted outside the "Open Session State" or any "Special Crossing" transacted at any time, each as defined in the ASX Operating Rules, or any overseas trades or trades pursuant to the exercise of options over such shares.

Schedule 1 Related Acquisitions

	Related Acquisition	Description of step in Restructure
1	The acquisition by Construction Sciences of Utility Locating and SureSearch. The acquisition by Cardno Holdings of shares in Construction Sciences.	Cardno Holdings transfers SureSearch and Utility Locating to Construction Sciences. The consideration for the transfer involves or includes, in whole or in part, of the issue of shares by Construction Sciences to Cardno Holdings.
2	The acquisition by Construction Sciences of Cardno Underground. The acquisition by Cardno Holdings of shares in Construction Sciences.	Cardno Victoria transfers Cardno Underground to Construction Sciences. The consideration for the transfer involves or includes, in whole or in part, of the issue of shares by Construction Sciences to Cardno Holdings.
3	The acquisition by Intega of Construction Sciences (and its subsidiaries) and PPI Australia. The acquisition by Cardno of shares in Intega.	Cardno Holdings transfers Construction Sciences and its subsidiaries (including CCS Staff, Network Geotechnics, Trilab, SureSearch and Utility Locating) and PPI Australia to Intega. The consideration for the transfer involves or includes, in whole or in part the issue of shares by Intega to Cardno.
4	The acquisition by Cardno of shares in Intega.	Cardno transfers Cardno Canada Limited and its subsidiary (being T2 Utility Engineers, Inc.) to Intega. The consideration for the transfer involves or includes, in whole or in part, of the issue of shares by Intega to Cardno.
5	The acquisition by Cardno of shares in Intega.	Cardno UK Limited transfers Cardno PPI UK Limited and its subsidiary (being Cardno PPI Trinidad Ltd) and PPI Quality and Asset Management (Singapore) Pte Ltd to Intega UK Holdings Limited. The consideration for the transfer involves or includes, in whole or in part, of the issue of shares by Intega to Cardno.
6	The acquisition by Cardno of shares in Intega.	Cardno Holdings NZ Limited transfers Construction Sciences NZ Limited to Intega NZ Holdings Limited. The consideration for the transfer involves or includes, in whole or in part, of the issue of shares by Intega to Cardno.
7	The issuance of shares by Intega Group Limited ACN 633 194 920 to Cardno Limited ACN 108 112 303.	Cardno transfers Intega, Inc. to Intega. The consideration for the transfer involves or includes, in whole or in part, of the issue of shares by Intega to Cardno.

Attachment A Independent Expert's Report

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The Directors
Cardno Limited
Level 11 North Tower
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Fortitude Valley QLD 4006

6 September 2019

Subject: Independent Expert's Report on Demerger

Dear Directors

Introduction

1 On 21 August 2019, Cardno Limited (Cardno or the Group) announced its intention to undertake a Demerger of Intega Group Limited (Intega) to create a separate company listed on the Australian Securities Exchange (ASX) (the Demerger).

2 If the Demerger is approved and implemented, Eligible Cardno Shareholders[1] will therefore own shares in the following two ASX listed companies:

(a) **Intega** – Intega will own and operate the quality, testing and measurement (QTM) businesses that provide construction materials testing, subsurface utility engineering services, owners' representative services, associated environmental testing, geotechnical engineering and quality assurance services. Intega operates primarily in Australia, the United States of America (US), Canada and New Zealand, and post the Demerger is expected to have around 1,960 employees in 101 permanent offices; and

(b) **Cardno** – Cardno will remain an environmental, infrastructure and development consulting business (Cardno Consulting) with around 4,480 employees in 120 permanent offices post the Demerger. Cardno Consulting primarily provides environmental and infrastructure consulting services in Australia, New Zealand and the Americas. Cardno Consulting's international development consulting business is a global business which develops and manages innovative and sustainable solutions in developing countries for governments and non-government aid organisations.

[1] Ineligible foreign shareholders and Small Shareholders (who hold 5,000 or fewer Cardno shares and lodge a Sale Facility Election form) will not receive Intega shares. Such shareholders will instead receive in cash the proceeds (on an averaged basis) from the sale on the ASX of the Intega shares to which they would otherwise have been entitled, free of any brokerage costs or stamp duty.

Implementation

3 The Demerger will be implemented via a scheme of arrangement under which each Eligible Cardno Shareholder will receive one Intega share for each Cardno share they hold on the Record Date (Scheme). Cardno shareholders will also retain their shareholding in Cardno.

4 The Demerger is subject to a number of conditions precedent (including approval by Cardno shareholders and the Court, and Intega being admitted to the official list of the ASX)[2]. If approved, the following steps will be required to implement the Demerger:

(a) Cardno will reduce its share capital by an amount calculated by reference to the respective listed market values of Cardno and Intega immediately after the Demerger becomes effective (Capital Reduction)

(b) the Capital Reduction amount will be applied on behalf of Cardno shareholders[3] as a deemed payment for Intega shares; and

(c) the Intega shares to which each Eligible Cardno Shareholder is entitled will be transferred to Eligible Cardno Shareholders.

5 Cardno shareholders are not required to pay any consideration for the Intega shares to be transferred to them, but will be deemed to have received a capital return in respect of their shareholding in Cardno (as explained in the Scheme Booklet).

6 The Demerger will not impact the number of shares held by shareholders in Cardno as at the Record Date.

Resolutions

7 Cardno shareholders will need to pass three resolutions for the Demerger to be implemented:

(a) a resolution to approve a members' scheme of arrangement under s411 of the *Corporations Act 2001* (Cth) (Corporations Act). Under s411, a scheme of arrangement must be approved by a majority in number (i.e. more than 50%) of Cardno shareholders present and voting (either in person or by proxy) at the meeting, representing at least 75% of the votes cast on the resolution (Demerger Scheme Resolution)

(b) a resolution to approve the Capital Reduction pursuant to s256C(1) of the Corporations Act (which requires 50% of the votes cast to be in favour of the resolution in order for it to be passed) (Capital Reduction Resolution); and

(c) a resolution for the purposes of s260B(2) of the Corporations Act to approve the financial assistance to be provided by Intega and its subsidiaries in connection with the Demerger (which requires 75% of the votes cast to be in favour of the resolution in order for it to be passed) (Financial Assistance Resolution).

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2 Further information on the conditions precedent is set out in Section I.

3 References to "Cardno shareholders" in this report are references to Eligible Cardno Shareholders.

8 The approval of the Scheme Resolution, Capital Reduction Resolution and Financial Assistance Resolution are interdependent. If any of these resolutions are not approved the Demerger will not proceed.

Scope

9 We are advised that there is a regulatory requirement to obtain an IER on the Demerger as Cardno and Intega will have a number of common directors. Accordingly, the Directors of Cardno have requested that Lonergan Edwards & Associates Limited (LEA) prepare an independent expert's report (IER) setting out our opinion on whether the Demerger is "in the best interests" of Cardno shareholders.

Summary and conclusion on Demerger

10 In our opinion, the Demerger is in the best interests of Cardno shareholders. We have formed this opinion having regard to the matters discussed below.

Key terms

11 In simple terms, the proposed Demerger involves Cardno shareholders splitting their current investment in Cardno into two parts (being shares in both Cardno and Intega). Importantly, under the Demerger:

(a) no ownership interest in the Cardno Consulting or Intega businesses is being sold to a third party who is not a Cardno Shareholder at the relevant record date

(b) all Cardno shareholders are being treated equally, and will each receive one share in Intega for each Cardno share held

(c) the underlying ownership interests of Cardno shareholders in Cardno and Intega will therefore not change[4]

(d) there are not expected to be any material adverse tax consequences for the large majority of Cardno shareholders.

Assessment criteria

12 In order to consider whether the Demerger is in the best interests of Cardno shareholders, we have considered both the value implications of the proposal, as well as the advantages and disadvantages of the Demerger from the perspective of Cardno shareholders.

Value implications

13 The value implications of the Demerger depend on, inter-alia, the impact of the Demerger on earnings per share, the one-off transaction costs incurred and investors' perceptions of the growth prospects and risks of each separate company (which are reflected in the respective earnings multiple). These matters are discussed below.

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4 Ineligible foreign shareholders and Small Shareholders (who hold 5,000 or fewer Cardno shares and lodge a Sale Facility Election form) will not receive Intega shares. Such shareholders will instead receive in cash the proceeds (on an averaged basis) from the sale on the ASX of the Intega shares to which they would otherwise have been entitled, free of any brokerage costs or stamp duty.

Impact on earnings

14 As a result of having two separate listed companies following implementation of the Demerger, total ongoing corporate costs (on a combined net basis) are expected to increase by approximately $1.3 million[5].

15 In comparison, Cardno reported underlying earnings before interest, tax, depreciation and amortisation (EBITDA) (before significant items) of $62.0 million in the year ending 30 June 2019 (FY19). After adjusting for the full year earnings impact of recent acquisitions (e.g. Raba Kistner and TGM[6]) this underlying EBITDA figure increases to approximately $69.0 million.

16 The additional ongoing net corporate costs due to the Demerger therefore represent some 1.9% of normalised FY19 EBITDA.

One-off costs

17 The one-off transaction costs incurred as a result of the Demerger (excluding debt facility fees) are estimated at $5.0 million. However, the substantial majority of these costs will be committed prior to the shareholder meetings to vote on the Demerger and associated Capital Reduction. Accordingly, the level of one-off transaction costs which will be avoided if the Demerger is not approved is therefore modest.

18 Debt facility fees associated with establishing new debt facilities for Cardno and Intega are estimated (in total) at $1.5 million. For financial reporting purposes these fees will be capitalised and then amortised over the three year term of the new debt facilities.

19 Whilst these fees therefore represent an additional upfront cost of the Demerger, it should be noted that similar debt facility renewal fees would have been incurred in any event on or before the maturity date of the existing debt facilities (in December 2021).

20 Furthermore, the interest rates (and associated fees) on the new debt facilities (which apply post Demerger) are slightly higher than those under Cardno's current debt facilities, which management estimate will increase total annual finance costs by around $1.1 million (after tax). However, partly offsetting these increased costs, management have negotiated an increase in the size and term of the facilities which provide scope for further acquisitions.

21 In addition to the above, Intega is also expected to incur approximately $6.6 million in one-off separation costs to set up systems and processes to allow it to operate as an independent entity, which will be shared by Cardno and Intega equally. These costs (which have been estimated by management adopting a conservative approach) represent approximately 1.3% of the enterprise value of Cardno (pre Demerger)[7].

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5 Additional ongoing corporate costs of $1.8 million in Intega offset by ongoing cost savings of $0.5 million in Cardno.

6 Both Raba-Kistner Consultants Inc (Raba Kistner) and TGM Group Pty Ltd (TGM) were acquired with effect from 30 November 2018.

7 Being $6.6 million divided by $517.6 million (being the mid-point of the enterprise value set out in paragraph 131).

Share market rating

22 Based on share market trading in Cardno shares prior to the announcement of the Demerger, we note that Cardno shares have been trading on implied EBITDA multiples of between 7.2 and 7.8 times pro forma FY19 EBITDA.

23 In comparison, we set out below a summary of:

(a) the implied trading multiples for other listed companies with operations in the same broad industry sectors as the Cardno Consulting and Intega businesses; and

(b) the EBITDA multiples implied by recent transaction evidence in the engineering consulting and QTM sectors.

24 Given the respective size of the Cardno Consulting and Intega businesses, for the purposes of this comparison we have only included listed companies and transactions with an implied enterprise value between \$0.1 billion and \$1.5 billion. We note that, based on our experience in the sector, larger companies (and transactions involving larger companies) in the engineering services sector generally trade on higher multiples.

EBITDA multiples

	Sample size	EBITDA multiples Range	Median
FY19 listed company (portfolio) multiples			
Engineering consulting listed companies	6	5.1 – 14.7	6.9
QTM listed companies	4	4.1 – 11.1	7.6
Controlling interest multiples(1)			
Transaction evidence (primarily engineering consulting)	37	5.7 – 12.5(2)	8.3(2)

Note:

1 Controlling interest multiples implicitly reflect a (takeover) premium for control, which broadly translates to a premium of 20% to 25% for EBITDA multiples, although this varies depending on the level of debt funding employed in each company. If the median EBITDA multiple of 8.3 was adjusted to exclude the average control premium implied by the empirical evidence, then the EBITDA multiple would reduce to a range of 6.6 to 6.9 times on a listed (portfolio) basis.

2 Transaction EBITDA multiples are as at the date of the transaction and are based on the forecast EBITDA multiples (or historical if no forecast EBITDA multiple was available).

25 Based on the above, in the short term, we do not expect that the listed market value of the combined Cardno and Intega shareholdings (post Demerger) will be materially different from the listed market value of Cardno shares prior to the Demerger. That is, we do not expect the Demerger to result in any material change in total value for Cardno shareholders in the short term.

26 However, in the medium to long term we believe that the Demerger offers the potential for greater value creation. This is principally because:

(a) Cardno and Intega (post Demerger) will have simpler and more transparent corporate structures (with no cross ownership or funding arrangements) than the current single group structure. This should assist in increasing the visibility of both companies within the financial community. As separate reporting entities, in our opinion, investors will be able to better evaluate and understand each company's financial performance, operations and strategy relative to their direct peers.

In particular, as Intega will become a separate listed company if the Demerger is approved, in our opinion investors are more likely to recognise:

(i) Intega's strong market positions in construction materials testing in both Australia (management estimates that the Construction Sciences business is significantly larger than the nearest competitor) and in Texas (where Raba Kistner is one of the larger QTM companies)

(ii) Intega's significant expansion opportunities in the US. Whilst the large majority of Raba Kistner's[8] revenue is currently generated in Texas, over the past 18 months the business has been engaged on a number of marquee projects (e.g. the upgrade of the Los Angeles Airport), and the management of Raba Kistner believe that there is significant opportunity to grow the business through geographic expansion into other parts of the US

(b) as an independent company, in our view, competitors to Cardno will be more inclined to utilise Intega for QTM services than would otherwise be the case

(c) if the Demerger is approved a separate board and management team will be responsible for each of Cardno and Intega. This should enhance the operational focus of each entity and facilitate the pursuit of different strategic objectives without the inherent limitations of the current operational structure

(d) the takeover prospects for each business are likely to be enhanced because the Demerger allows a potential bidder to acquire and/or make a takeover bid for the shares in the company of their choice without needing to acquire the other business. Whilst it remains the case that any successful bidder for either Cardno or Intega would first have to come to an agreement on price with Crescent Capital Partners (Crescent Capital) (due to its relevant interest in 50.4% of the shares in Cardno[9]), it is the nature of private equity investors such as Crescent Capital that their preference is not to be long-term owners of businesses.

Other potential benefits

27 In our opinion the Demerger has a number of other potential advantages including:

(a) providing both businesses with an appropriate financial and operational structure to better enable them to grow by acquisition and pursue industry sector consolidation opportunities

(b) increased ability (due to having two separate listed companies) to align business performance with employee remuneration. This may improve accountability to shareholders and provide more incentive to employees to perform as rewards can be more closely tied to shareholder returns

8 As stated above, Cardno acquired Raba Kistner effective 30 November 2018. Raba Kistner will be part of the Intega group if the Demerger proceeds.

9 Crescent Capital will own the same percentage interest in Cardno and Intega post Demerger.

(c) greater investor flexibility, as Cardno shareholders and new investors will have the choice to own shares in either Cardno or Intega, or both companies

(d) the Demerger will allow each company to separately adopt a capital structure and dividend policy[10] based on their individual business and strategic objectives. Each company will also be able to manage its capital resources without the need to compete internally for capital

(e) the Demerger will allow both companies to have direct access to the equity and debt capital markets by virtue of their separate listings.

28 We note that the Demerger also recognises the distinct culture and backgrounds of the key employees of both businesses.

Taxation consequences

Taxation consequences for shareholders

29 Separate advice on the taxation implications of the Demerger for Australian resident shareholders who hold their Cardno shares on capital account is set out in Section 7 of the Demerger Scheme Booklet. This advice has been reviewed and agreed by PwC. In summary, for Cardno shareholders who are residents of Australia for income tax purposes and who hold their Cardno shares on capital account, no part of the Capital Reduction will constitute a taxable dividend.

30 Australian residents who hold their Cardno shares on revenue account or Cardno shareholders who are non-residents for tax purposes should obtain their own advice in relation to the taxation implications of the Demerger.

Availability of tax losses and tax depreciable assets

31 Cardno has obtained independent taxation advice in relation to the proposed Demerger and associated restructure steps. Based on this advice:

(a) the existing Cardno Australian tax consolidated group will retain any unutilised carried forward tax losses as at the time of the Demerger[11]

(b) Cardno will also retain the benefit of US unutilised carried forward tax losses at the time of the Demerger (which as at 30 June 2019 were estimated at around US$115.9 million although for financial reporting purposes the associated tax benefit in respect of part of these losses is not recognised)

(c) given the reduced scale of operations of Cardno post Demerger, the time frame over which recoupment of these losses is anticipated will increase. Accordingly, the present value of the tax losses (in terms of company cash flows) will reduce. Based on advice from Cardno management as to the expected timing of recoupment both pre and post Demerger, we have assessed the present value impact of the above at around A$6.0 million

[10] It should be noted that Cardno has not paid dividends for more than three years. Further, as stated in the Demerger Scheme Booklet, the current expectation is that neither Cardno or Intega will pay a dividend in FY20.

[11] As at 30 June 2019 the unutilised carried forward revenue tax losses of the Cardno Australian tax consolidated group were approximately A$65.1 million.

(d) Intega is expected to retain the benefit of available net operating losses and depreciable goodwill (being taxation benefits available in respect of the US operations of Intega) of around US$14.1 million and US$47.8 million respectively.

Taxation liabilities arising

32 Based on the reorganisation and related steps proposed to effect the Demerger (both in Australia and overseas) a taxation liability of around A$155,000 is expected to arise. This additional liability relates primarily to transfer taxes arising in respect of the proposed transfer of certain foreign (outside of Australia and the US) assets.

Summary of advantages and disadvantages

33 Based on the above, we summarise below the advantages and disadvantages of the Demerger from the perspective of Cardno shareholders:

Advantages	Disadvantages
• In our opinion, the Demerger offers the potential for greater value creation in the medium to long term compared to the current structure. Further, in our view, this potential upside is greater than the reduction in earnings caused by the higher ongoing corporate costs and the impact of one-off costs to implement the Demerger (both of which are relatively immaterial) • The Demerger provides a more appropriate structure to better enable both businesses to grow by acquisition and pursue consolidation opportunities • The Demerger increases the ability to align business performance with employee remuneration • The Demerger allows better investor flexibility by providing shareholders with the choice to own shares in either Cardno or Intega, or both companies • The Demerger will allow each company to separately adopt a capital structure and dividend policy based on their individual business and strategic objectives • The Demerger will allow both companies to have direct access to the equity and debt capital markets by virtue of their separate listings • As an independent company, in our view, competitors to Cardno will be more inclined to utilise Intega for QTM services • The takeover prospects for each business are likely to be enhanced as a result of the Demerger	• As a result of having two separate listed companies following implementation of the Demerger, total ongoing corporate costs (on a combined net basis) are expected to increase by approximately $1.3 million (representing some 1.9% of pro forma FY19 EBITDA). • One-off costs incurred as a result of the Demerger (excluding transaction costs the large majority of which are committed and debt facility fees which are largely being brought forward, but including separation costs) are estimated at $6.6 million(1) (representing some 1.3% of Cardno's enterprise value prior to the Demerger) • Finance costs are expected to increase by around $1.1 million (after tax) per annum(2) as a result of the Demerger as the interest rates (and associated fees) on the new debt facilities are slightly higher than those on Cardno's existing debt facilities • As a result of having two separate listed companies following implementation of the Demerger the expected timing of recoupment of tax losses will increase. We have assessed the present value impact of the recoupment of these tax losses at around $6.0 million

Note:
1 Being separation implementation costs related to the costs of setting up and changing systems and processes for both Intega and Cardno as a result of the Demerger.
2 Based on the net debt level of each company reflected in the pro forma balance sheet as at 30 June 2019.

Conclusion

34 Determining whether the Demerger is in the best interests of shareholders involves weighing up the above advantages and disadvantages. Whilst the negative aspects of the Demerger cannot be disregarded, each of the disadvantages has mitigating factors, the costs are not material in the overall context of the demerged entities and the risks are not outside the normal risks of any corporate restructuring transaction.

35 In the circumstances, in our opinion, the advantages of the Demerger outweigh the disadvantages. Accordingly, we have concluded that the Demerger is in the best interests of Cardno shareholders.

Impact on creditors

36 We have also been asked to provide our opinion on whether the proposed Capital Reduction (which is necessary to implement the Demerger) materially prejudices Cardno's ability to pay its creditors. In this regard we have considered the position of creditors of both Cardno and Intega subsequent to the Demerger, as on a combined basis these creditors represent creditors of Cardno pre Demerger.

37 Based on the respective financial positions of Cardno and Intega post Demerger and Cardno pre Demerger we note:

(a) whilst the net assets of Cardno reduce significantly as a result of the proposed Capital Reduction, there is effectively an offsetting increase in the net assets of Intega, as the notional capital return to Cardno shareholders will be deemed to have been applied by Cardno shareholders by way of a subscription for shares in Intega

(b) both Cardno and Intega will have a significant net investment in working capital post the Demerger, which prima facie will be more than sufficient to discharge in full the respective liabilities to creditors at the date the Capital Reduction takes place

(c) both Cardno and Intega will have recently established borrowing facilities, with available additional borrowing capacity (if required) and repayment terms extending to October 2022.

38 Given the above, in our opinion, the Capital Reduction will not materially prejudice the ability of either Cardno or Intega to pay their respective creditors subsequent to the Demerger.

Other matters

39 The impact of the Demerger on the tax position of Cardno shareholders depends on the individual circumstances of each investor. Shareholders should read the taxation advice set out in the Demerger Scheme Booklet and consult their own professional advisers if in doubt as to the taxation consequences of the Demerger.

40 The ultimate decision whether to approve the Demerger should be based on each shareholder's assessment of their own circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If shareholders are in doubt about the action they should take in relation to the Demerger or matters dealt with in this report, shareholders should seek independent professional advice. For our full opinion on the Demerger, and the reasoning behind our opinion, we recommend that Cardno shareholders read the remainder of our report.

Yours faithfully

Craig Edwards	Martin Holt
Authorised Representative	Authorised Representative

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A	Financial Services Guide
B	Qualifications, declarations and consents
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D	Transaction evidence
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I Details of the Demerger

Introduction

41 On 21 August 2019 Cardno Limited (Cardno or the Group) announced its intention to undertake a Demerger of Intega Group Limited (Intega) to create a separate company listed on the ASX (the Demerger).

42 If the Demerger is approved and implemented, Eligible Cardno Shareholders[12] will therefore own shares in the following two ASX listed companies:

(a) **Intega** – Intega will own and operate the QTM businesses that provide construction materials testing, subsurface utility engineering services, owners' representative services, associated environmental testing, geotechnical engineering and quality assurance services. Intega operates primarily in Australia, the US, Canada and New Zealand, and post the Demerger is expected to have around 1,960 employees in 101 permanent offices; and

(b) **Cardno** – Cardno will remain an environmental, infrastructure and development consulting business (Cardno Consulting) with around 4,480 employees in 120 permanent offices post the Demerger. Cardno Consulting primarily provides environmental and infrastructure consulting services in Australia, New Zealand and the Americas. Cardno Consulting's international development consulting business is a global business which develops and manages innovative and sustainable solutions in developing countries for governments and non-government aid organisations.

Implementation

43 The Demerger will be implemented via a scheme of arrangement under which each Eligible Cardno Shareholder will receive one Intega share for each Cardno share they hold on the Record Date (Scheme). Cardno shareholders will also retain their shareholding in Cardno (i.e. the Cardno Consulting business).

44 The Demerger will be effected by way of a Capital Reduction. The Capital Reduction amount will be applied as consideration for the transfer of Intega shares to Cardno shareholders. As a result, Cardno shareholders are not required to pay any consideration for the Intega shares to be transferred to them, but will be deemed to have received a capital return in respect of their shareholding in Cardno as explained in the Scheme Booklet.

45 The Demerger will not impact the number of shares held by shareholders in Cardno as at the Record Date.

[12] Ineligible foreign shareholders and Small Shareholders (who hold 5,000 or fewer Cardno shares and lodge a Sale Facility Election form) will not receive Intega shares. Such shareholders will instead receive in cash the proceeds (on an averaged basis) from the sale on the ASX of the Intega shares to which they would otherwise have been entitled, free of any brokerage costs or stamp duty.

Transitional Services Agreement

46 If the Demerger is approved and implemented, Cardno Consulting and Intega will operate independently of each other. In this regard, the following agreements (in addition to the Scheme Implementation Deed) have been entered into between Cardno and Intega to facilitate the Demerger:

(a) a Demerger Implementation Deed, which deals with certain commercial, legal and transitional issues to facilitate the demerger of Intega from Cardno and the establishment of Intega as a separate entity[13]

(b) a Transitional Services Agreement (TSA), under which Cardno will supply certain services and support functions to Intega which have historically been provided by Cardno. The TSA is planned to run for 15 months ending no later than 30 September 2020; and

(c) a Demerger Deed, which sets out the principles of the Demerger and matters relating to the ongoing relationship between Cardno and Intega after the Demerger, including in relation to ownership of assets and liabilities of the respective businesses.

47 The transitional services to be provided to Intega pursuant to the TSA include:

(a) information technology services

(b) finance related transitional services, including accounting, accounts receivable, accounts payable and maintaining fixed asset records

(c) treasury services

(d) taxation services and advice

(e) internal audit and governance services

(f) human resource services, payroll services and transitional assistance, health, safety and environment services and benefits advice and services to assist in the transition of employees to new benefits plans following the Demerger

(g) maintenance and accounting services in respect of Intega's fleet

(h) marketing and business development services.

48 Based on the prevailing cost of such services, Cardno management have estimated the total cost to Intega at around $17.2 million per annum during the term of the TSA. This broadly represents:

(a) $11.2 million of direct charges to operating divisions, being substantially information technology costs

(b) $6.0 million of allocated charges related to Cardno head office costs (reflective of the historical basis of allocation adopted by Cardno).

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13 A related Demerger Deed Poll has also been entered into.

Ineligible foreign shareholders

49 As at 30 June 2019, approximately 98.7% of Cardno shareholders were eligible to be issued with Intega shares if the Demerger is approved. However, under the Scheme ineligible foreign shareholders (being those whose registered address is outside Australia, New Zealand, the US, the United Kingdom (UK), Papua New Guinea or Ecuador) will not receive Intega shares. Such ineligible foreign shareholders will instead receive in cash the proceeds (on an averaged basis) from the sale on the ASX of the Intega shares to which they would otherwise have been entitled, free of any brokerage costs or stamp duty.

Sale facility for small shareholders

50 Eligible Cardno shareholders who hold 5,000 or fewer Cardno shares as at the Scheme Record Date (Small Shareholders) may also elect to have the Intega shares to which they are entitled sold on the ASX on their behalf (Sale Facility), and receive the sale proceeds in cash free of any brokerage costs.

51 Small shareholders who do not make an election to participate in the Sale Facility will receive Intega Shares.

Conditions precedent

52 The Demerger is subject to the following conditions precedent:

(a) **Cardno Directors' recommendation:** between the date of the Demerger Scheme Booklet and the Demerger Scheme Meeting, a majority of Cardno Directors continues to recommend, and does not change or withdraw their recommendation, to Cardno Shareholders to vote in favour of the Demerger Resolutions (being the Demerger Scheme Resolution, the Capital Reduction Resolution and the Financial Assistance Resolution)

(b) **Cardno shareholder approval of the Demerger Scheme:** the Demerger Scheme Resolution is duly passed by the requisite majority of Cardno shareholders at the Demerger Scheme Meeting

(c) **Cardno shareholder approval of the Capital Reduction:** the Capital Reduction Resolution is duly passed by the requisite majority of Cardno shareholders at the Extraordinary General Meeting

(d) **Cardno Shareholder approval of the Financial Assistance:** the Financial Assistance Resolution is duly passed by the Requisite Majority of Cardno Shareholders at the Extraordinary General Meeting

(e) **Demerger Relief Ruling:** before the Second Court Hearing, the Commissioner of Taxation has not confirmed in writing that the Demerger Relief Ruling will not be granted

(f) **Regulatory approvals:** Cardno obtains all regulatory approvals which are necessary or, in its reasonable opinion, desirable to implement the Demerger, these approvals are not revoked, and any conditions of these approvals are reasonably satisfactory to Cardno

(g) **No termination:** neither the Demerger Scheme Implementation Deed or Demerger Deed Poll are terminated before the Second Court Hearing

(h) **Restructure:** each of the Pre Demerger Restructure Steps is implemented

(i) **Court approval of the Demerger Scheme:** approval of the Demerger Scheme by the Court at the Second Court Hearing; and

(j) **ASX listing approval:** the ASX approves the admission of Intega to the Official List and grants permission for official quotation of Intega shares, subject to any conditions that the ASX may reasonably require and which may be acceptable to Cardno and Intega (acting reasonably).

53 If all of the conditions precedent are satisfied or (if permitted) waived, the Demerger will become binding on Cardno and Cardno shareholders, and the Demerger will be implemented.

Resolutions

54 Cardno shareholders will need to pass three resolutions for the Demerger to be implemented:

(a) a resolution to approve a members scheme of arrangement under s411 of the Corporations Act. Under s411, a scheme of arrangement must be approved by a majority in number (i.e. more than 50%) of Cardno shareholders present and voting (either in person or by proxy) at the meeting, representing at least 75% of the votes cast on the resolution

(b) a resolution to approve the capital reduction pursuant to s256C(1) of the Corporations Act (which requires 50% of the votes cast to be in favour of the resolution in order for it to be passed); and

(c) a resolution for the purposes of s260B(2) of the Corporations Act to approve the financial assistance to be provided by Intega and its subsidiaries in connection with the Demerger (which requires 75% of the votes cast to be in favour of the resolution in order for it to be passed) (Financial Assistance Resolution).

55 The approval of the Scheme Resolution, Capital Reduction Resolution and Financial Assistance Resolution are interdependent. If any of those resolutions are not approved the Demerger will not proceed.

II Scope of our report

Purpose

56 The Demerger is subject to the approval of Cardno shareholders in accordance with s256C and s411 of the Corporations Act.

57 Section 256C of the Corporations Act governs reductions in capital. It requires the prior approval of shareholders before a capital reduction can be effected. However, s256C does not require an IER to be prepared.

58 Section 411 of the Corporations Act governs schemes of arrangement. It requires the prior approval of shareholders before a scheme of arrangement can be effected.

59 Part 3 of Schedule 8 of the Corporations Regulations 2001 (Corporations Regulations) prescribes information to be sent to shareholders in relation to a members' scheme of arrangement pursuant to s411 of the Corporations Act. Paragraph 8303 of Schedule 8 of the Corporations Regulations provides that, where the other party to the transaction holds not less than 30% of the voting shares in the company the subject of the scheme, or where a director of the other party to the transaction is also a director of the company the subject of the scheme, the explanatory statement must be accompanied by an IER assessing whether the proposed scheme is in the best interests of shareholders and state reasons for that opinion.

60 We are advised that there is a regulatory requirement to obtain an IER on the Demerger as Cardno and Intega will have a number of common directors. In these circumstances, the Directors of Cardno have requested that LEA prepare an IER setting out our opinion on whether the Demerger is "in the best interests" of Cardno shareholders.

61 We have also been asked to provide our opinion on whether the proposed Capital Reduction (which is necessary to implement the Demerger) materially prejudices Cardno's ability to pay its creditors.

Basis of assessment

62 Australian Securities & Investments Commission (ASIC) Regulatory Guide 111 – *Content of expert reports* (RG 111) states that an expert should assess the merits of a proposed demerger by providing an opinion as to whether the advantages of the proposal outweigh the disadvantages. In particular, the expert should provide an opinion on whether the value of the sum of the parts (i.e. the separate entities) subsequent to the demerger is likely to be greater or less than the value of the existing entity prior to the demerger.

63 Under RG 111, if the advantages outweigh the disadvantages, the demerger will be "in the best interests" of shareholders.

64 In LEA's opinion, the most appropriate basis upon which to evaluate the Demerger is to assess its overall impact on Cardno shareholders and to form a judgement as to whether the expected benefits to Cardno shareholders outweigh the disadvantages and risks that might result.

65 Consequently, we have considered:

(a) the likely impact of the Demerger on share market value, including in particular:

(i) the earnings multiples implied by the current Cardno share price relative to the implied earnings multiples for other engineering consulting and QTM businesses (in order to ascertain the extent to which the market may "re-rate" the separate companies)

(ii) whether the "sum of the parts" subsequent to the Demerger is likely to be greater than the whole prior to the Demerger

(b) the impact the Demerger will have on earnings per share, net assets and net tangible assets per share

(c) the impact the Demerger will have on dividend policy and the taxation of dividends (including the ability to frank dividends)

(d) the impact the Demerger will have on Cardno's capital structure and gearing ratio

(e) the impact of the Demerger on ownership interests and flexibility

(f) the impact of the Demerger on management incentives and accountability and their alignment with share price performance

(g) the level of one-off transaction costs incurred

(h) the level of additional on-going costs incurred as a result of having to maintain two listed companies

(i) the benefits and disadvantages of having two smaller companies rather than one larger company

(j) the impact of the Demerger on debt ratings and borrowing costs

(k) the risks associated with the proposal, including the need to obtain regulatory approvals

(l) the taxation implications of the proposal

(m) the extent to which Cardno's shareholders are likely to be better off as a result of the proposed Demerger.

Limitations and reliance on information

66 Our opinions are based on the economic, share market, financial and other conditions and expectations prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

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

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

69 Accordingly, this report and the opinions expressed therein should be considered more in the nature of an overall review of the anticipated commercial and financial implications of the proposed transaction, rather than a comprehensive audit or investigation of detailed matters. Further, this report and the opinions therein, must be considered as a whole. Selecting specific sections or opinions without context or considering all factors together, could create a misleading or incorrect view or opinion. This report is a result of a complex valuation process that does not lend itself to a partial analysis or summary.

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

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

72 In forming our opinion we have also assumed that:

(a) the information set out in the Demerger Scheme Booklet is complete, accurate and fairly presented in all material respects

(b) if the Demerger is implemented it will be implemented in accordance with the terms set out in this report.

III Profile of Cardno (prior to Demerger)

Overview

73 Cardno is an ASX listed engineering, environmental and social services business specialising in infrastructure, urban, environmental and development consulting (these operations represent the Cardno Consulting business), and quality assurance, construction materials testing and measurement (these operations represent the Intega business). The Group employs over 6,000 staff across 200 locations. The majority of staff are located in Australia and the US.

History

74 The predecessor to Cardno (Cardno & Davies) was founded in Brisbane, Australia in 1945 by Australian engineers Mr Gerry Cardno and Mr Harold Davies. Cardno listed on the ASX on 20 May 2004 and since that date has grown significantly both organically and as a result of numerous acquisitions. The key milestones and acquisitions in the Company's history are shown below:

Cardno – history

Date	Key development
1945	• Commenced operations in Brisbane as Cardno & Davies
1999	• Became Cardno MBK after merging with McMillan Britton & Kell (a consulting engineering practice in New South Wales)
2002	• Rebranded as Cardno
2004	• Listed on the ASX enabling greater entry into mature and emerging international markets
2005	• Multinational footprint expands through the acquisition of ACIL Australia and UK consultant Agrisystems
2006	• Australian growth continues into Melbourne through the acquisition of Grogan Richards Consulting
2007	• Cardno entered the US engineering consulting services market with the acquisitions of WRG Design and Emerging Markets Group
2008	• Entered the constructions materials testing market through the acquisition of Australian based Bowler Geotechnical (this is the origins of the Intega business) • Acquisition of TBE
2010	• Enlarged US holdings by purchasing, ERI, ENTRIX and JF New
2011	• Expanded natural resources niche acquiring BEC and Roadtest
2013	• Acquisition of Haynes Whaley Associates, significantly developing Cardno's presence in structural engineering
2014	• Acquisition of PPI which expanded Cardno's presence in the oil and gas market
2015	• Accepted the proportional takeover offer by Crescent Capital • Announced the sale of Cardno ATC which was non-core to the operations of Cardno
2016	• Announced the sale of XP Solutions which was non-core to the operations of Cardno
2018	• Acquisition of Texas based construction materials testing business Raba Kistner, the underground utility management business SureSearch and the regional Victorian engineering services firm TGM

Current operations

75 Cardno operates from a Brisbane head office and employs approximately 6,500 staff. The Group has a history of expanding its capabilities and geographic footprint to support its clients and has developed a multi-sector and multi-disciplinary approach underpinned by a fully integrated service offering.

76 Prior to the Demerger, Cardno operates through five divisions based on geography and service offering. These divisions are the Asia Pacific, Americas, International Development (ID), Construction Sciences and Portfolio.

77 For further information regarding the operations of Cardno and Intega post the Demerger refer to Sections IV and V of this report respectively.

Financial performance

78 The financial performance of Cardno for the three years ended 30 June 2019 (FY19) is set out below:

Cardno – statement of financial performance[1]

	FY17 Audited A$m	FY18 Audited A$m	FY19 Audited A$m
Revenue	1,182.0	1,116.9	1,319.3
Other income	2.5	1.4	1.2
Total revenue	1,184.5	1,118.3	1,320.5
Underlying EBITDA	44.0	56.2	62.0
Depreciation and amortisation	(16.5)	(14.6)	(27.0)
Underlying EBIT	27.5	41.6	35.0
Significant items[2]	(63.1)	(3.0)	(57.7)
Net interest expense	(7.2)	(3.4)	(7.7)
Profit / (loss) before tax	(42.8)	35.1	(30.4)
Income tax (expense) / benefit	23.5	(49.1)	(14.1)
Profit / (loss) after tax from continuing operations	(19.4)	(14.0)	(44.5)
Profit after tax from discontinued operations[3]	27.9	-	-
Profit / (loss) after tax	8.6	(14.0)	(44.5)
EBITDA margin (%)	*3.7*	*5.0*	*4.9*

Note:
1 Rounding differences exist.
2 Significant items for FY17 and FY18 comprise business review costs, redundancy costs associated with restructuring, onerous lease provision and other costs associated with office rationalisation and consolidation and debtor provisions. Significant items in FY19 relate to a goodwill impairment charge to the carrying value of the Asia Pacific division (which underperformed versus prior years) as well as restructuring costs, acquisition costs, demerger project costs and other one off costs.
3 Discontinued operations reflect the net gain on disposal of discontinued operations including XP Solutions and other operations sold in the prior financial year.

79 A reconciliation of the above financial results to the pro forma results for Intega and Cardno post demerger (set out in Sections IV and V) is as follows:

Cardno – reconciliation of financial performance[1]	FY17 A$m	FY18 A$m	FY19 A$m
Revenue			
Cardno revenue as reported	1,184.5	1,118.3	1,320.5
Add revenue contribution from Raba Kistner and TGM[2]	77.4	94.6	52.3[3]
Pro forma revenue	1,261.8	1,212.9	1,372.8
Pro forma revenue comprises:			
Cardno	949.1	880.8	955.1
Intega	312.7	332.1	417.7
Pro forma revenue	1,261.8	1,212.9	1,372.8
EBITDA			
Cardno underlying EBITDA as reported	44.0	56.2	62.0
Add EBITDA contribution from Raba Kistner and TGM[2]	4.7	6.3	7.1[3]
Additional standalone costs post Demerger[4]	(1.3)	(1.3)	(1.3)
Pro forma EBITDA	47.4	61.3	67.8
Pro forma EBITDA comprises:			
Cardno	40.9	40.8	38.0
Intega	6.5	20.5	29.8
Pro forma EBITDA	47.4	61.3	67.8

Note:

1 Rounding differences exist.

2 Pro forma assuming TGM and Raba Kistner had been acquired effective 1 July 2016 (rather than the effective date of the acquisitions).

3 Cardno acquired TGM and Raba Kistner effective 30 November 2018. The reported results for FY19 reflect the earnings contribution from these businesses from 30 November 2018 to 30 June 2019.

4 Reflects additional costs incurred by Intega of $1.8 million, less cost savings of Cardno of $0.5 million due to the establishment of Intega as a separately listed entity.

80 For further detail with respect to the financial performance of Cardno and Intega post the Demerger refer to Sections IV and V of this report respectively.

Financial position

81 The reported financial position of Cardno as at 30 June 2018 and 30 June 2019 is set out below:

Cardno – statement of financial position[1]	30 Jun 18 A$m	30 Jun 19 A$m
Debtors and prepayments	227.2	209.0
Work in progress / contract assets	73.8	124.0
Creditors, accruals and provisions	(166.5)	(194.0)
Net working capital	134.5	139.0
Property, plant and equipment	49.3	52.2
Intangible assets	313.0	359.1
Deferred tax assets	102.2	96.3
Investments in other non-related entities	0.2	1.2
Other non-current liabilities	(3.6)	(2.1)
Employee benefits	(36.8)	(49.3)
Total funds employed	558.9	596.4
Cash and cash equivalents[2]	71.1	55.5
Interest bearing liabilities	(91.1)	(149.2)
Deferred consideration	(5.8)	(24.1)
Net cash / (borrowings)	(25.7)	(117.7)
Net assets attributable to Cardno shareholders[3]	533.2	478.7

Note:
1 Rounding differences exist.
2 Includes restricted cash relating to project advances of $3.4 million and $3.6 million as of 30 June 2018 and 30 June 2019 respectively.
3 The net assets fell in FY19 primarily due to the recognition of a goodwill impairment charge of $46.3 million (refer paragraph 84).

Intangible assets

82 An analysis of intangible assets is set out below:

Cardno – intangible assets[1]	30 Jun 18 A$m	30 Jun 19 A$m
Goodwill	309.0	330.7
Works contracts	0.4	11.2
Patents and trademarks	2.6	2.6
Customer relationships	1.0	14.5
Total intangible assets	313.0	359.1

Note:
1 Rounding differences exist.

83 As highlighted above, the major component of Cardno's intangible assets is goodwill, which arose on the acquisition of various entities and businesses. The carrying value of goodwill is tested for impairment annually using the value in use method.

84 During FY19 intangible assets increased by $91.2 million due to acquisitions. However, the carrying value of goodwill for the Asia Pacific cash generating unit was reduced by $46.3 million after impairment testing was undertaken.

Share capital and performance

85 As at 20 August 2019, Cardno had 444.3 million fully paid ordinary shares on issue. Cardno also has a long term incentive program in the form of performance rights that vest subject to the achievement of specified performance benchmarks[14]. As at 20 August 2019 there were 4.9 million performance rights on issue with varying expiry and vesting dates.

86 On 15 March 2017 Cardno commenced an on-market share buyback of up to 10% of the issued ordinary shares of the company in accordance with the 10/12 limit (as defined by the Corporations Act)[15]. Cardno extended the buyback on 26 February 2018 and, upon completion, commenced a subsequent buyback on 21 February 2019. A summary of the shares purchased under the buyback is set out below:

Cardno – share buyback			
Period	**Shares acquired during period 000**	**Consideration paid $000**	**Average price per share**
FY17	4,635	5,670	1.22
FY18	10,574	13,917	1.32
FY19	20,112	21,470	1.07

Significant shareholders

87 As at 20 August 2019, the significant shareholders in Cardno were Crescent Capital Investments (a subsidiary Crescent Capital) with a relevant interest of 50.4% of the Cardno shares on issue and Invesco Australia Limited holding 10.2% of the shares on issue.

Share price performance

88 The following chart illustrates the movement in the share price of Cardno from 1 January 2016 to 20 August 2019:

[14] Being relative share price and Group underlying EBITDA growth. There are currently no performance options outstanding.

[15] The Corporations Act specifies that on-market share buybacks involving less than 10% of outstanding shares within 12 months do not require shareholder approval.

Cardno – share price history
1 January 2016 to 20 August 2019

Source: Bloomberg.

Liquidity in Cardno shares

89 The liquidity in Cardno shares based on trading on the ASX over the 12 month period prior to 20 August 2019 is set out below:

Cardno – liquidity in shares

Period	Start date	End date	No of shares traded 000	WANOS(1) outstanding 000	Implied level of liquidity Period(2) %	Annual(3) %
1 month	21 Jul 19	20 Aug 19	2,954	444,270	0.7	8.0
3 months	21 May 19	20 Aug 19	22,442	446,575	5.0	20.1
6 months	21 Feb 19	20 Aug 19	36,929	449,724	8.2	16.4
1 year	21 Aug 18	20 Aug 19	69,213	452,889	15.3	15.3

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

90 As noted above, Crescent Capital holds a relevant interest in 50.4% of Cardno shares and therefore the level of free-float in Cardno shares is implicitly limited. Given the circumstances, we consider:

(a) the implied level of liquidity to be reasonable

(b) it is appropriate to rely on the market trading in Cardno shares for the purposes of evaluating the Demerger.

IV Profile of Intega (post Demerger)

Overview

91 Post the Demerger, Intega will own and operate the QTM business of Cardno which has around 1,960 employees in 101 permanent offices. The Intega business operates primarily in Australia, the US, Canada and New Zealand. The services it provides include:

(a) **construction materials testing** – this includes conformance tests on construction materials (such as soil, aggregates, pavement materials, concrete, grout, mortar and rock) and concrete mix design and trial mix testing[16]. Construction materials testing is conducted in laboratories which are accredited by regulatory bodies in each operating jurisdiction

(b) **subsurface utility engineering services** – this includes mapping the location and condition of subsurface utilities such as pipes and cables, which helps reduce the occurrence of interference with existing infrastructure before and during construction

(c) **owners' representative services** – this ensures that building quality requirements meet agreed specifications and regulations

(d) **environmental testing** – this includes testing soils, asbestos, groundwater quality, construction noise, dust and vibration to ensure that the build of a project meets the required environmental regulations

(e) **geotechnical engineering** – this includes the design of temporary works, bored pile supervision, geotechnical investigation and site classification and pavement design

(f) **quality assurance** – generally provided for critical components for energy companies to ensure that parts arriving at processing facilities are built and function as specified.

92 Intega's operations rely on three proprietary suites of software which ensure that its services and tests are replicable, auditable and of a high quality. This software includes a laboratory information management system suitable for construction materials testing (COMPLY), a project quality management system (ElVIS) and a quality audit system (QA Reporter).

93 Intega's revenue is linked to the level of infrastructure construction in its key markets of Australia, Texas and the broader US. Its clients predominantly include:

(a) construction companies that build infrastructure projects

(b) owners of infrastructure projects, education facilities, stadia and hospitals

(c) energy companies

(d) mining companies; and

(e) concrete suppliers and quarrying companies.

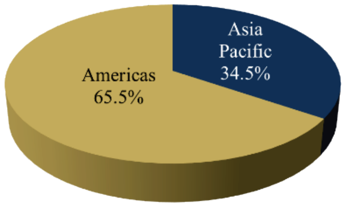
[16] These tests help determine whether the construction of a project is meeting the standards specified by the designer / owner and the required regulations.

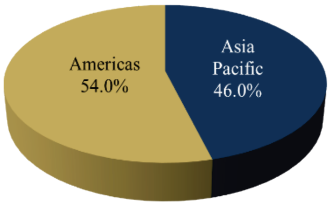
Operations

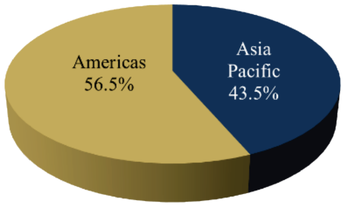
94 Intega is organised into two operating divisions, being the Americas and Asia Pacific. A summary of revenue, EBITDA and employee numbers for each of the Americas and Asia Pacific divisions for FY19 is shown below:

Intega – divisions

Revenue	EBITDA	Employee numbers







95 The Intega business has been incorporated into Cardno over the past 11 years through acquisitions of the following businesses:

(a) **Construction Sciences** – Construction Sciences is the leading construction material testing business in Australia. The business was founded in 1990 and acquired by Cardno in 2008. Construction Sciences has grown to more than 52 permanent laboratories and 30 mobile laboratories throughout Australia. It provides construction material testing, subsurface utility engineering, environmental testing and geotechnical engineering services

(b) **PPI** – the PPI business was founded in 1992 and acquired by Cardno in 2014. PPI manages and monitors quality and audit plans to ensure parts (including drill bits, turbines, well heads and other key equipment) are delivered on site ready to use for key energy clients

(c) **Raba Kistner** – Raba Kistner is a leading Texas focused construction material testing business headquartered in San Antonio, Texas. The business was founded in 1968 and acquired by Cardno in December 2018. This business is similar to Construction Services, however it is located in the US. Raba Kistner has expanded into other US states, with operations now in California, Arizona, Utah and Massachusetts

(d) **T2/UES** – the T2/UES business is a leading subservice utility engineering business headquartered in Toronto, Canada. It was founded in 2002 and Cardno moved to 100% ownership of the business in 2017. This business has expanded its operations into Florida, California, New Mexico and other US states.

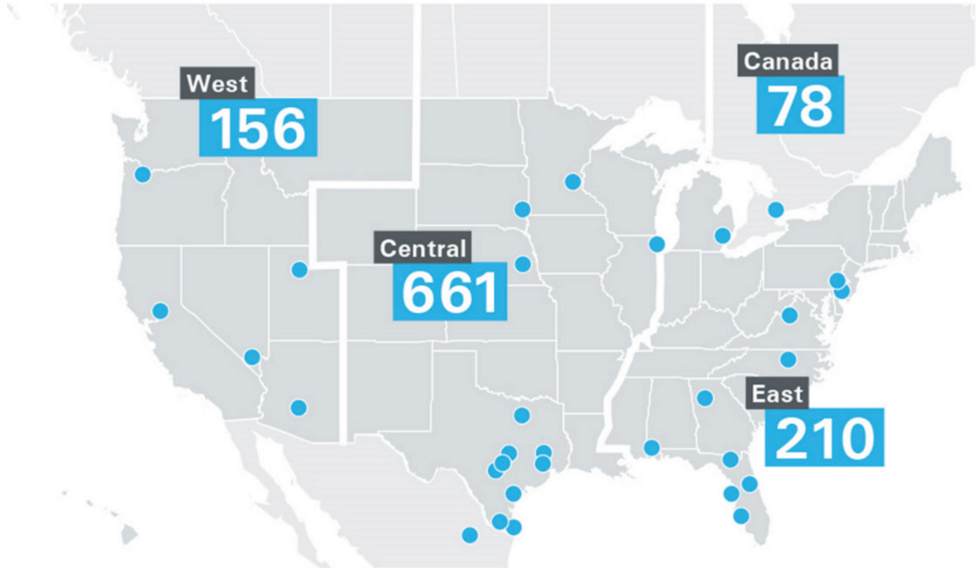
96 The core Intega business has been run independently from the Cardno Consulting division since 1 July 2016. This operational separation means that the complexity of the proposed Demerger is limited. The acquisition of the Raba Kistner business in December 2018 also increased the scale of the QTM business.

Intega Americas

97 The Intega Americas business is centred around the Raba Kistner business in Texas, whilst the T2/UES business is headquartered in Toronto, and the PPI business is based in Houston. The largest state (or geographical area) by revenue in the Americas business is Texas, representing 49% of revenue, followed by Canada with 9% of revenue and then Florida and California each with 7% of revenue.

98 Intega Americas employs around 1,100 staff (of which 87% are technically qualified) in 49 offices. The locations of Intega Americas' offices and staff in North America are shown in the following:

Intega Americas – staff numbers and locations



99 The Intega Americas business provides a full suite of QTM services with construction materials testing (and related work including environmental testing and project management work) accounting for 58% of revenue, subsurface utility engineering work accounting for 28% of revenue and quality assurance services for the energy industry accounting for 14% of revenue.

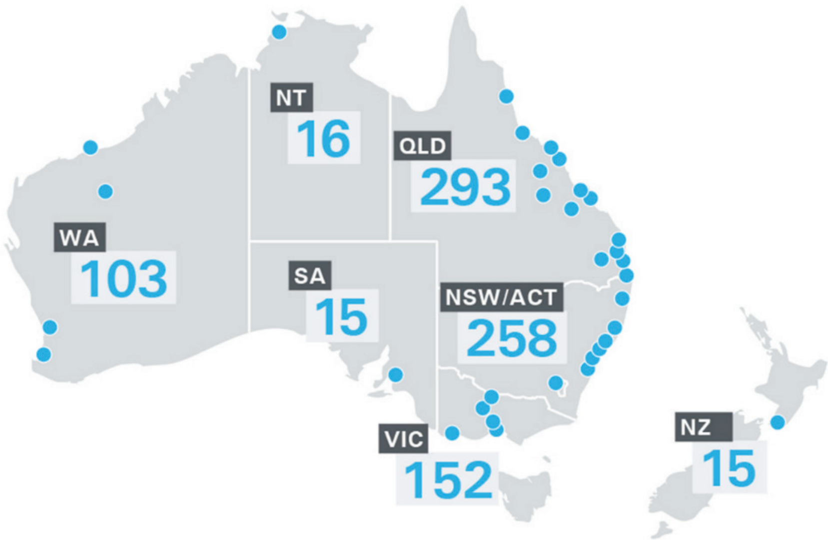
Intega Asia Pacific

100 Intega Asia Pacific employs around 850 staff (of which 68% are technically qualified), in 52 offices and offers a full suite of QTM services. Due to the quality of its staff, backed by sophisticated training programs and proprietary software, Intega has developed a reputation as the leading provider of construction materials and associated work in Australia. All of the Asia Pacific operations have been integrated into the Construction Sciences brand.

101 The construction of roads and rail in Australia is a fundamental driver of demand for Intega's services. Intega's geographical footprint therefore depends on the level of federal, state and local government expenditure on transport infrastructure. Demand for Intega's services is also driven by expenditure on major projects funded by the private sector (for example liquid natural gas, mining and energy projects).

102 Intega has operations throughout Australia in all population centres. The locations of its offices and staff are shown in the following:

Integа Asia Pacific – staff numbers and locations



103 The business has also previously worked on projects in the broader Asia Pacific region, including Papua New Guinea, New Caledonia and Vanuatu, and is set up to mobilise into these areas opportunistically.

Financial performance

104 The pro forma financial performance of Intega for the three years ended FY19 is set out below. These pro forma results have been adjusted to include:

(a) the full year revenue, EBITDA and EBIT contribution from Raba Kistner, assuming Raba Kistner had been acquired from 1 July 2016

(b) additional ongoing corporate costs of $1.8 million per annum.

Intega – pro forma financial performance(1)

	FY17 A$m	FY18 A$m	FY19 A$m
Americas pro forma revenue	224.5	216.3	273.8
Asia Pacific pro forma revenue	88.3	115.9	143.9
Pro forma revenue(2)	312.7	332.1	417.7
Americas pro forma EBITDA	2.1	9.6	16.1
Asia Pacific pro forma EBITDA	4.4	10.9	13.7
Pro forma EBITDA(2)	6.5	20.5	29.8
Depreciation and amortisation	(4.1)	(5.1)	(16.0)
Pro forma EBIT(2)	2.4	15.4	13.8
EBITDA margin (%)	*2.1*	*6.2*	*7.1*

Note:
1 Rounding differences exist.
2 Assumes that the Raba Kistner business was owned from 1 July 2016.

105 Intega's revenue and EBITDA has increased materially over the two years to FY19. This growth has been driven by[17]:

(a) organic growth in the Construction Sciences business

(b) the revenue and EBITDA contribution from the Raba Kistner acquisition, which was consolidated into Intega's financial results from December 2018

(c) the restructure and turnaround of the PPI business from a loss making position in FY17

(d) favourable foreign exchange movements given the Australian dollar depreciation against the US dollar; and

(e) the diversification of Intega's client base.

Financial position

106 The pro forma financial position of Intega as at 30 June 2019 is set out below:

Intega – statement of financial position(1)	30 Jun 19 A$m
Debtors and prepayments	77.6
Work in progress	22.1
Creditors, accruals and provisions	(26.0)
Net working capital	73.7
Property, plant and equipment	28.2
Intangible assets	106.5
Investments in other non-related entities	0.1
Deferred tax assets	(10.3)
Other non-current liabilities	(0.2)
Employee benefits	(14.1)
Total funds employed	183.9
Cash and cash equivalents	9.8
Interest bearing liabilities	(59.8)
Deferred consideration	(18.0)
Net cash / (borrowings)	(68.0)
Net assets attributable to Intega shareholders	115.9

Note:
1 Rounding differences exist.

17 Results were somewhat offset by declining EBITDA in the T2/UES business.

V Profile of Cardno (post Demerger)

Overview

107 Following implementation of the Demerger, Cardno will operate an environmental, infrastructure and development consulting business (Cardno Consulting) with around 4,480 employees in 124 permanent offices. It provides environmental and infrastructure consulting services predominantly in Australia, New Zealand and the Americas, with its international development business having a more global focus. The primary services offered by Cardno Consulting include:

(a) **environmental consulting** – services include environmental assessment, permitting, restoration, remediation and environmental management in both the Asia Pacific and the Americas regions. In addition, Cardno Consulting has specific expertise in understanding the impact of chemicals on human health and assisting companies in the regulation of toxicology

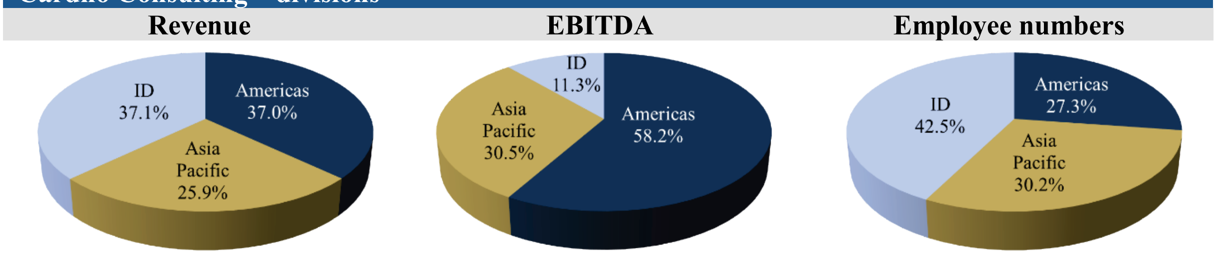
(b) **infrastructure consulting** – services include civil engineering, asset management, planning, structural engineering and military master planning. This business ensures that the constructed environment in both the Asia Pacific and the Americas regions is designed and planned efficiently and in compliance with required regulations and the needs of end users

(c) **international development** – services include developing and managing innovative and sustainable development solutions for the Australian Department of Foreign Affairs and Trade (DFAT), the United States Agency for International Development (USAID), the United Kingdom Foreign and Commonwealth Office (FCO) and the Department for International Development (DFID). Services are also provided for other government and non-government aid organisations and private sector clients.

Operations

108 Cardno Consulting is organised into three operating divisions, being the Americas, Asia Pacific and International Development (ID). The Americas division also has three sub-divisions (Science and Environment, Government Services and Infrastructure). A summary of revenue, EBITDA and employee numbers for each of the operating divisions for FY19 is shown below:

Cardno Consulting – divisions



109 As shown above, the Americas and ID divisions derive similar levels of revenue, with Asia Pacific revenues lower. However, the majority of Cardno Consulting's EBITDA is derived by the Americas division, which earns higher margins than the other divisions. This is attributable to, inter alia, the recent underperformance of the Asia Pacific and ID divisions[18]. Further, the ID division derives relatively low margins given a large proportion of its revenue is received on a pass through of reimbursable costs basis, where only a small management fee margin is earned.

110 Key drivers of Cardno Consulting's revenue for the Americas and Asia Pacific divisions are urban development projects, general expenditure on infrastructure and defence bases and environmental permitting and restoration. For the ID division, key revenue drivers are the level of available projects from government and non-government organisations, as well as private sector company projects in developing nations.

111 Contracts for infrastructure and environmental projects undertaken by Cardno Consulting typically range up to $2 million in value. Cardno Consulting does not take any significant construction risk but instead focuses on the design and management of projects. ID projects are larger in size, however financial risk is limited as projects are generally structured on cost pass through arrangements.

Cardno Consulting Americas

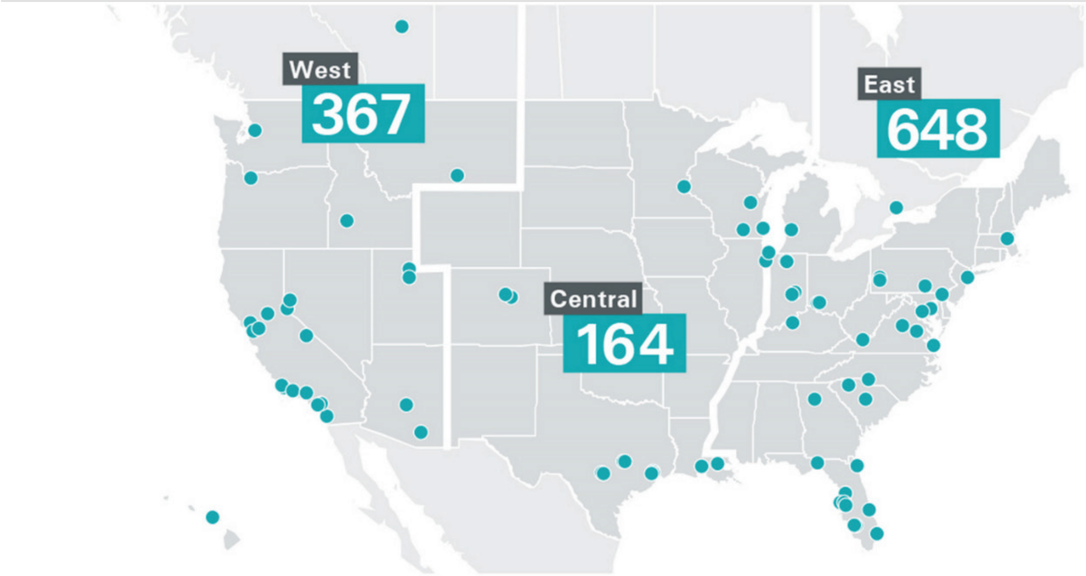
112 The Americas' operations are predominantly represented by the US business, but also include operations in Canada. Cardno Consulting's client base in the Americas is highly varied and broadly represented in both the private and public sectors. A large number of the Americas' client base are also governments and companies with strong credit ratings and relatively low counterparty risk potential. Demand for Cardno Consulting's services in the Americas is driven by infrastructure expenditure as well as smaller scale development projects and changes in environmental regulations in the US.

113 Cardno Consulting Americas employs around 1,220 staff across 86 offices and offers a full suite of environmental and infrastructure consulting services to private and public sector clients. Science and environment consulting represents 58% of divisional revenue, infrastructure consulting accounts for a further 24% of revenue and government services consulting represents the remaining 18%. Cardno Consulting Americas' client facing staff are primarily represented by scientists (44%), followed by technicians or technical officers (17%), engineers (14%) and functional specialists (12%).

114 The locations of its offices and staff in North America are depicted in the following:

[18] Refer paragraph 126.

Cardno Consulting Americas – staff numbers and locations



115 Cardno Consulting Americas' service line offerings include:

(a) **natural resources consulting** – the provision of natural resources assessment permitting and compliance services including for complex projects. The division also provides US Department of Defense National Environmental Policy Act compliance and provides spill and incident response services[19]

(b) **environmental assessment and remediation consulting** – the provision of environmental assessment and remediation services to both public and private sector clients. Services include due diligence, site characterisation, remediation design, feasibility assessments, decommissioning and demolition

(c) **restoration services** – restoration implementation services including restoration engineering, geomorphology and stream and habitat restoration, complemented by native plant and seed services

(d) **toxicology and epidemiology consulting** – Cardno Consulting is a leader in applied toxicology, computational modelling, product and food safety, litigation support, contaminated sites and health and safety. It also has world class experts that research and assist companies to assess the impact of toxins on human health

(e) **asset management** – a global supplier of asset management services with clients ranging from the US Department of Defence to other US based government entities at the federal, state and local level

[19] For instance, Cardno Consulting was the lead contractor on the management of the BP Deep Water Horizon oil spill in the Gulf of Mexico.

(f) **civil engineering** – the provision of engineering consulting services for public and private infrastructure projects. Services include roadway and bridge design, traffic and safety consulting, site civil engineering, landscape architecture, master planning, water and wastewater engineering and construction engineering inspection

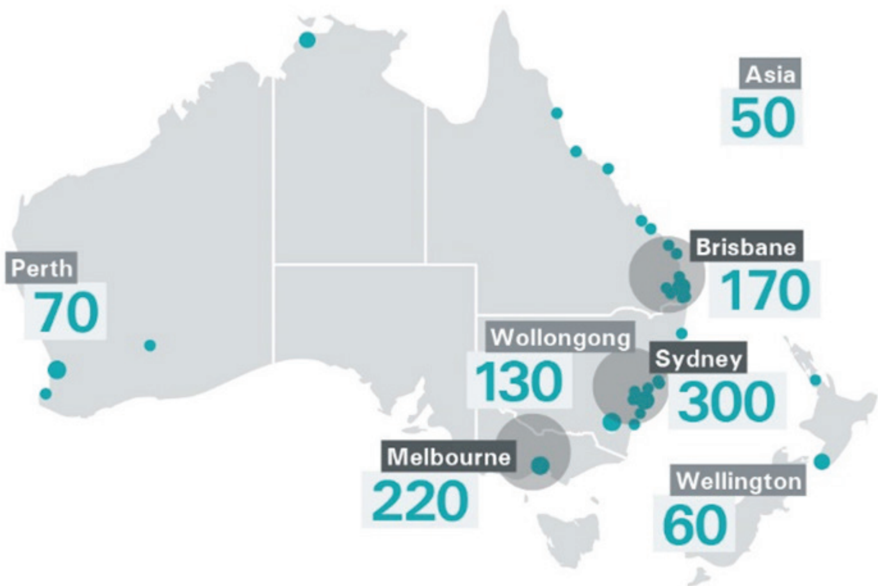
(g) **structural engineering** – the provision of structural engineering consulting services, predominantly around Texas. Recent projects have included the new ExxonMobil campus, the Museum of Fine Arts, Houston, and the Texas Methodist Hospital.

Cardno Consulting Asia Pacific

116 Cardno Consulting's Asia Pacific operations are predominantly focused on the Australian market, with other significant markets serviced in the region including New Zealand, Papua New Guinea, Indonesia and Malaysia. The division delivers consulting, engineering and design services and employs around 1,350 staff across 29 offices. Cardno Consulting has long-standing relationships with most of its existing clients and its client base is varied across industries and sectors.

117 Cardno Consulting Asia Pacific operates multidisciplinary teams of engineers, scientists and technicians. Its client facing staff are primarily represented by engineers (48%), followed by functional specialists (20%), designers / drafters (12%) and scientists (7%).

Cardno Consulting Asia Pacific – staff numbers and locations



118 In the Asia Pacific region, Cardno Consulting has developed a strong profile across a number of key sectors including transport, water, land management and defence. Construction expenditure in Australia (including spending in the residential, commercial and infrastructure sectors) is the fundamental driver for Cardno Consulting Asia Pacific's services[20].

119 Services provided by the Cardno Consulting Asia Pacific division include:

(a) **urban and regional planning** – includes a full range of urban and regional planning services by multi-disciplinary teams including engineers, drafters, surveyors, town planners and scientists. The division also has strong credentials in master planning of developments including environmental permitting, civil engineering and contract administration

(b) **environmental and sustainability** – the provision of end-to-end environment and sustainability services including expertise in environmental assessment, water management and permitting for governments, developers, contractors and asset owners

(c) **water and wastewater** – the provision of a comprehensive range of networking and design services for water and wastewater schemes, wastewater treatment plants, water distribution and storage systems for both the private and public sectors

(d) **transport projects** – offers a full range of technical solutions across the road, rail, port and airport sub-sectors, from feasibility through planning, design and construction to operations and maintenance. The division has undertaken a range of small, medium and large-scale transport multidisciplinary projects for both the public and private sectors. Cardno Consulting also works on a significant number of transport related panels for local, state and federal authorities across the region. These panels, most of which include multi-year contracts, provide a steady annual revenue stream.

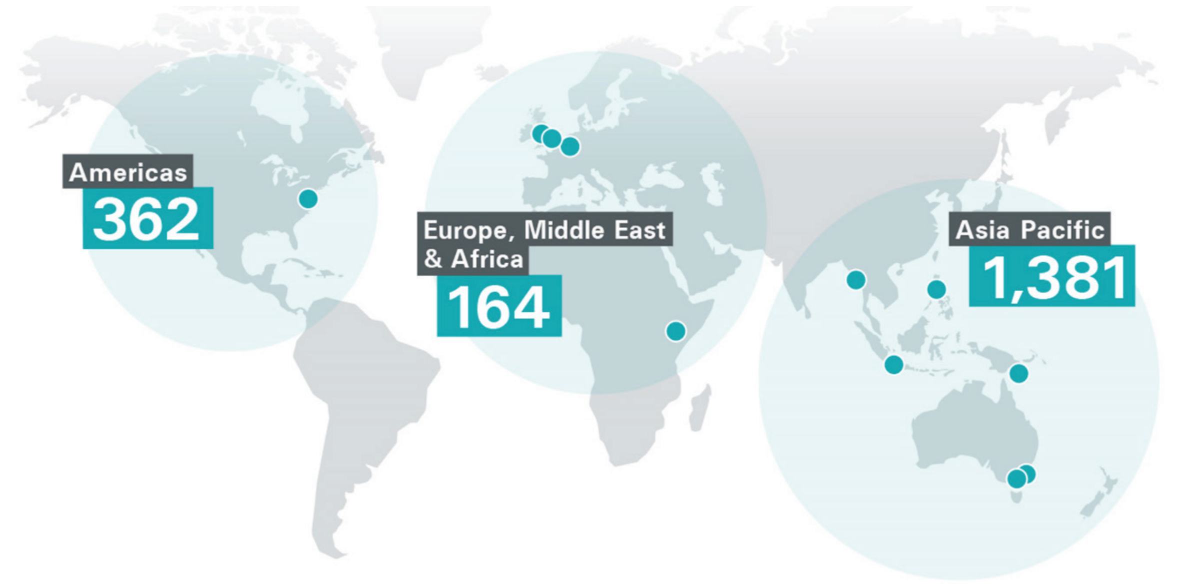
Cardno Consulting ID

120 The ID business partners with sovereign governments, communities and private clients to create appropriate and sustainable solutions in developing economies. Its specific areas of international development assistance expertise cover education, law, justice, post conflict work, finance and economics, community development, health, infrastructure and planning. The ID business employs around 1,900 staff and operates from 11 permanent offices and multiple site office locations. It provides a full range of development consulting services covering social, physical and economic infrastructure.

121 A summary of the ID division's office locations and staff numbers is shown below:

20 On average, spending on consultancy services in Australia and the Asia Pacific region is estimated to be approximately 1% to 3% of total construction project spend.

Cardno Consulting ID – staff numbers and locations



122 Demand for Cardno Consulting ID's services is driven primarily by expenditures by DFAT, USAID, DFID and other government and non-government bodies. The division is one of the largest international development contractors to the DFAT and is a significant provider of projects to USAID, the DFID and non-government bodies including the Millennium Challenge. The business is also building a private client business segment offering shared value consulting, and helping companies comply with Modern-Day Slavery requirements.

123 The service lines offered by the Cardno Consulting ID division are as follows:

(a) **agriculture and rural development** – the delivery of programs that improve access to training and resources in agricultural technologies and natural resource management to enrich rural development

(b) **climate change** – services are designed to establish sustainable climate change adaptation, mitigation and integration measures and address complex scenarios

(c) **education** – designing and implementing programs to increase access to education and life-long learning that span all levels of education

(d) **economic growth** – working with businesses and governments to facilitate activities that have meaningful and broad economic impact for communities

(e) **gender and inclusion** – Cardno Consulting ID has significant experience and expertise in the implementation of gender and social inclusion considerations. It works in collaboration with key government, private sector and civil society actors

(f) **governance** – services include a range of initiatives aimed at improving public and private sector development, strengthening law and justice and protecting human rights

(g) **global health** – designing and implementing programs that build healthcare capacity through reform, training, education, procurement and facility upgrades. Services are targeted at strengthening health systems through private and non-profit sector solutions

(h) **public finance management** – providing support for strategic, social, institutional and public sector expenditure reforms. The division is a leader in assessing, designing and implementing transparent and sound procurement and financial systems and procedures

(i) **post conflict and fragile states** – Cardno Consulting ID has extensive experience in delivering programs in post conflict and other complex situations

(j) **social and environmental management** – working closely with companies, governments and communities to assess investment impacts and design strategies to mitigate risks and promote benefits for communities

(k) **market linkages and trade** – establishing and strengthening market linkages and trade by advising and implementing modern trade policies with up-to-date legislative and regulatory frameworks

(l) **infrastructure and environment** – providing project design, consultation and construction with a focus on sustainability and the environment. The division provides infrastructure services from initial project conception through to detailed design and construction supervision for a wide range of projects.

Financial performance

124 The pro forma financial performance of Cardno Consulting for the three years ended FY19 is set out below. These pro forma results:

(a) exclude any contribution from the Intega business as a result of the Demerger

(b) reflect the full year revenue, EBITDA and EBIT contribution from TGM, assuming TGM had been acquired from 1 July 2016

(c) reflect a reduction of $0.5 million in ongoing corporate costs due to the establishment of Intega as a separate listed company.

Cardno Consulting – pro forma financial performance[1]			
	FY17 A$m	**FY18 A$m**	**FY19 A$m**
Revenue	949.1	880.8	955.4
Pro forma EBITDA	40.9	40.8	38.0
Depreciation and amortisation	(12.8)	(9.9)	(11.3)
Pro forma EBIT	28.1	30.8	26.7
EBITDA margin (%)	*4.3*	*4.6*	*4.0*

Note:
1 Rounding differences exist.

125 The Americas division has been the standout performer for Cardno Consulting in recent years with profits growing materially over the three years to FY19. This was due to a number of initiatives including the integration of past acquisitions, financial discipline, implementation of effective systems, development of its workforce and level of client engagement, improved execution and a more targeted investment focus.

126 The two other Cardno Consulting divisions have underperformed expectations, with:

(a) the Asia Pacific division maintaining excessive staff levels in FY18 and FY19, given expectations of winning additional major projects (at the time) that did not eventuate. This impacted turnover levels and profitability. Whilst this business continues to bid for major contracts, during June 2019 a restructure was undertaken that removed more than $10 million (annualised) in labour costs. This is expected to improve EBITDA margins from FY20 onwards

(b) the ID division underperforming during FY19, in part due to the additional business development costs incurred during the year (some $3 million), which did not yield any benefit in FY19, but is expected to increase profitability and related margins over the medium term.

127 As outlined in the Scheme Booklet, Cardno Consulting management has stated that:

(a) the Americas division:

(i) will continue to grow both organically, by accelerating growth of successful service lines and reducing its cost base, and by acquisition; and

(ii) as a result of (i), has significant opportunity to expand operations both at the revenue and EBITDA level over the three years to FY22

(b) the Asia Pacific division has the opportunity to expand its operations through market growth in key sectors and additional service lines, whilst the recent reductions in employee numbers are expected to improve EBITDA margins over the next three years

(c) the recent investment in business development and focus on higher margin private sector work is expected to aid the growth of the ID division.

Financial position

128 The pro forma financial position of Cardno (post Demerger) as at 30 June 2019 is set out below:

Cardno (post Demerger) – statement of financial position[1]	
	30 Jun 19 A$m
Debtors and prepayments	165.8
Work in progress	67.5
Creditors, accruals and provisions	(159.7)
Net working capital	73.6
Property, plant and equipment	24.0
Intangible assets	252.5
Deferred tax assets	106.6
Investments in other non-related entities	1.2
Other non-current liabilities	(1.9)
Employee benefits	(48.6)
Total funds employed	407.5
Cash and cash equivalents	39.2
Interest bearing liabilities	(82.8)
Deferred consideration	(6.1)
Net cash / (borrowings)	(49.7)
Net assets attributable to Cardno shareholders	357.8

Note:

1 Rounding differences exist.

VI Evaluation of the Demerger

Valuation implications

129 The key consideration for shareholders in any demerger is its likely impact on the share market value of their investment in the company. Accordingly, we have considered the likely impact of the proposed Demerger on Cardno's share market value, including in particular:

(a) the earnings multiples implied by the current Cardno share price relative to the implied earnings multiples for other engineering consulting and QTM businesses (in order to ascertain the extent to which the market may "re-rate" the two separate companies)

(b) the level of additional on-going administration costs associated with having two separate listed companies

(c) whether the "sum of the parts" subsequent to the Demerger is likely to be greater than the whole prior to the Demerger.

Share market values prior to announcement of Demerger

130 The listed market prices of Cardno shares in the six month period prior to the announcement of the proposed Demerger on 21 August 2019 are summarised below:

Cardno – liquidity in shares

Period	High	Low	VWAP[(1)] $	Value $000
1 month to 20 August 2019	0.93	0.79	0.89	2,638
3 months to 20 August 2019	0.98	0.79	0.91	20,451
6 months to 20 August 2019	1.20	0.79	0.98	36,059

Note:
1 Volume weighted average price (VWAP).

131 Based on the above share trading (which exhibits a downward trend over the period), for the purposes of our report we have adopted a listed market price for Cardno shares (prior to the Demerger) of $0.85 to $0.95 per share. On this basis the implied enterprise value of Cardno is as follows:

Cardno – implied enterprise value

	Low $m	High $m
Shares on issue (m)	444.3	444.3
Recent trading range ($)	$0.85	$0.95
Market capitalisation	377.7	422.1
Net debt as at 30 June 2019	93.6	93.6
Deferred consideration	24.1	24.1
Enterprise value	495.4	539.8

Note:
1 Principally relates to the Raba Kistner and TGM acquisitions (which were both acquired effective 30 November 2018).

Implied EBITDA and EBIT multiples

132 For the purpose of calculating the implied EBITDA multiple we have adopted pro forma FY19 EBITDA of around $69.0 million. This is consistent with the actual underlying EBITDA achieved by Cardno in FY19 of $62.0 million[21], adjusted to reflect the full year earnings contribution from Raba Kistner and TGM (which were both acquired with effect from 30 November 2018).

133 On this basis, the enterprise value range above implies the following EBITDA multiples for Cardno for FY19:

Implied EBITDA and EBIT multiples	Low $m	High $m
Enterprise value	495.4	539.8
Pro forma FY19 EBITDA	69.0	69.0
Pro forma FY19 EBITDA multiple	7.2	7.8

Additional ongoing costs

134 As a result of having two separate listed companies following implementation of the Demerger, total annual ongoing corporate costs (on a combined basis) are expected to increase by approximately $1.3 million. These net additional annual costs reflect additional ongoing costs to be incurred by Intega of $1.8 million, offset by ongoing annual cost savings in Cardno of $0.5 million.

135 Applying the adjusted FY19 EBITDA multiple range of 7.2 to 7.8 above implies a capitalised value for additional corporate costs of between $9.4 million and $10.1 million[22]. This range of values represents around 1.9% of the implied enterprise value of Cardno prior to the announcement of the Demerger, which we consider to be relatively immaterial.

Listed company multiples and transaction evidence

136 We set out in Appendices C and D and below a summary of:

(a) the implied trading multiples for other listed companies with operations in the same broad industry sectors as the Cardno Consulting and Intega businesses; and

(b) the EBITDA multiples implied by recent transaction evidence in the engineering consulting and QTM sectors.

[21] Cardno initially provided guidance for FY19 EBITDA on 20 February 2019 of $60 million plus or minus $3 million.

[22] Being $1.3 million in net additional corporate costs multiplied by an EBITDA multiple of 7.2 to 7.8.

137 Given the respective size of the Cardno Consulting and Intega businesses, for the purposes of this comparison we have only included listed companies and transactions with an implied enterprise value between $0.1 billion and $1.5 billion. We note that, based on our experience in the sector, larger companies (and transactions involving larger companies) in the engineering services sector generally trade on higher multiples.

EBITDA multiples			
	Sample size	**EBITDA multiples Range**	**Median**
FY19 listed company (portfolio) multiples			
Engineering consulting listed companies	6	5.1 – 14.7	6.9
QTM listed companies	4	4.1 – 11.1	7.6
Controlling interest multiples(1)			
Transaction evidence (primarily engineering consulting)	37	5.7 – 12.5(2)	8.3(2)

Note:
1 Controlling interest multiples implicitly reflect a (takeover) premium for control, which broadly translates to a premium of 20% to 25% for EBITDA multiples, although this varies depending on the level of debt funding employed in each company. If the median EBITDA multiple of 8.3 was adjusted to exclude the average control premium implied by the empirical evidence, then the EBITDA multiple would reduce to a range of 6.6 to 6.9 times on a listed (portfolio) basis.
2 Transaction EBITDA multiples are as at the date of the transaction and are based on the forecast EBITDA multiples (or historical if no forecast EBITDA multiple was available).

Potential value uplift due to Demerger

138 Based on the above, in the short term, we do not expect that the listed market value of the combined Cardno and Intega shareholdings (post Demerger) will be materially different from the listed market value of Cardno shares prior to the Demerger. That is, we do not expect the Demerger to result in any material change in total value for Cardno shareholders in the short term.

139 However, in the medium to long term we believe that the Demerger offers the potential for greater value creation. This is principally because:

(a) Cardno and Intega (post Demerger) will have simpler and more transparent corporate structures (with no cross ownership or funding arrangements) than the current single group structure. This should assist in increasing the visibility of both companies within the financial community. As separate reporting entities, in our opinion, investors will be able to better evaluate and understand each company’s financial performance, operations and strategy relative to their direct peers.

In particular, as Intega will become a separate listed company if the Demerger is approved, in our opinion investors are more likely to recognise:

(i) Intega’s strong market positions in construction materials testing in both Australia (management estimates that the business is significantly larger than the nearest competitor) and in Texas (where Raba Kistner is one of the largest QTM companies)

(ii) Intega's significant expansion opportunities in the US. Whilst the large majority of Raba Kistner's[23] revenue is currently generated in Texas, over the past 18 months the business has been engaged on a number of marquee projects (e.g. the upgrade of the Los Angeles Airport and the Boston underground extension), and the management of Raba Kistner believe that there is significant opportunity to grow the business through geographic expansion into other parts of the US

(b) as an independent company, in our view, competitors to Cardno will be more inclined to utilise Intega for QTM services than would otherwise be the case

(c) if the Demerger is approved a separate board and management team will be responsible for each of Cardno and Intega. This should enhance the operational focus of each entity and facilitate the pursuit of different strategic objectives without the limitations of the current operational structure

(d) the takeover prospects for each business are likely to be enhanced because the Demerger allows a potential bidder to acquire and/or make a takeover bid for the shares in the company of their choice without needing to acquire the other business. Whilst it remains the case that any successful bidder for either Cardno or Intega would first have to come to an agreement on price with Crescent Capital (due to its relevant interest in 50.4% of the shares in Cardno[24]), it is the nature of private equity investors such as Crescent Capital that their preference is not to be long-term owners of businesses.

Comparative financial position

140 The financial position of Cardno shareholders prior to the Demerger is set out in Section III. The comparative financial position of Intega and Cardno shareholders subsequent to the Demerger is set out in Sections IV and V respectively. A summary of the comparative financial positions is set out below:

Comparative financial position	Pre Demerger	Post Demerger	
	Cardno	Cardno	Intega
	$m	$m	$m
Working capital	139.0	73.6	73.7
Intangible assets	359.1	252.5	106.5
Other assets (net)	98.4	81.3	3.7
Net operating assets	596.4	407.5	183.9
Net debt	(117.7)	(49.7)	(68.0)
Net assets	478.7	357.8	115.9
Net debt / pro forma FY19 EBITDA	1.6	1.3	2.3
Net debt / net assets	0.2	0.1	0.6

23 As stated above, Cardno acquired Raba Kistner effective 30 November 2018. Raba Kistner will be part of the Intega group if the Demerger proceeds.

24 Crescent Capital will own the same percentage interest in Cardno and Intega post Demerger.

141 The net asset position of Cardno and Intega (combined) post Demerger is some $5.0 million lower than the net asset position of Cardno pre Demerger, which is equal to the estimated transaction costs of the Demerger[25].

142 Whilst the net debt to net assets ratio of Cardno and Intega post Demerger (in total) is broadly equal to Cardno (pre Demerger)[26]:

(a) the level of gearing for Cardno post Demerger decreases relative to net assets compared to the position of Cardno prior to the Demerger; and

(b) the level of gearing for Intega relative to net assets is higher than the position of Cardno prior to the Demerger.

Other potential benefits of the Demerger

Management and Board focus

143 If the Demerger is approved a separate board and management team will be responsible for each of Cardno and Intega. A separate board and management enhances the operational focus of each entity and improves the pursuit of different strategic objectives without the limitations of the current operational structure.

144 Having separate listed entities also increases the ability of each of the companies to align business performance with employee remuneration. This may improve accountability to shareholders and provides more incentive to employees to perform as rewards can be more closely tied to shareholder returns.

Investor flexibility

145 If the Demerger is approved Cardno shareholders and new investors will have the choice to own shares in either Cardno, Intega or both companies. The Demerger therefore provides improved investor flexibility.

Independent capital structure and dividend policy

146 If the Demerger is approved Cardno and Intega will be able to adopt a capital structure and dividend policy based on their individual business and strategic objectives. They will also be able to manage their capital resources without the need to compete internally for capital.

147 In addition, both companies will have direct access to the equity and debt capital markets by virtue of their separate listings. This should allow the operations of each company to be funded more efficiently.

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25 Additional debt facility fees associated with establishing new debt facilities for each of Cardno and Intega are estimated at $1.5 million. These costs will be capitalised and amortised over the three year term of the new debt facilities.

26 For the purposes of the pro forma (post Demerger) balance sheets summarised above, the transaction costs of $5.0 million (excluding debt facility fees) have been accrued (and are therefore not reflected in an increase in the net debt level).

Disadvantages of the Demerger

Transaction and on-going costs

148 The one-off transaction costs incurred as a result of the Demerger (excluding debt facility fees) are estimated at $5.0 million. These costs include expenses incurred in separating the businesses, shareholder communication costs, legal, accounting and other advisory and experts' fees and costs incurred in respect of the Demerger. However, the substantial majority of these costs will be committed prior to the shareholder meetings to vote on the Demerger and associated Capital Reduction. Accordingly, the level of transaction costs which will be avoided if the Demerger is not approved is therefore modest.

149 Debt facility fees associated with establishing new debt facilities for Cardno and Intega are estimated (in total) at $1.5 million. For financial reporting purposes these fees will be capitalised and then amortised over the three year term of the new debt facilities.

150 Whilst these fees therefore represent an additional upfront cost of the Demerger, it should be noted that similar debt facility renewal fees would have been incurred in any event on or before the maturity date of the existing debt facilities (in December 2021).

151 Furthermore, the interest rates (and associated fees) on the new debt facilities (which apply post Demerger) are slightly higher than those under Cardno's current debt facilities, which management estimate will increase total annual finance costs by around $1.1 million (after tax). However, partly offsetting these increased costs, management have negotiated an increase in the size and term of the facilities which provide scope for further acquisitions.

152 In addition to the above, Intega is also expected to incur approximately $6.6 million in one-off separation costs to set up systems and processes to allow it to operate as an independent entity, which will be shared by Cardno and Intega equally. These costs (which have been estimated by management adopting a conservative approach) represent approximately 1.3% of the enterprise value of Cardno (pre Demerger)[27].

Ineligible foreign shareholders

153 Due to the cost and impracticalities of complying with various overseas securities laws, the Cardno Board has determined that Cardno shareholders with registered addresses outside Australia, New Zealand, the US, the UK, Papua New Guinea or Ecuador (referred to as ineligible foreign shareholders) will not be issued with Intega shares.

154 Such ineligible foreign shareholders will instead receive in cash the proceeds (on an averaged basis) from the sale on the ASX of the Intega shares to which they would otherwise have been entitled, free of any brokerage costs or stamp duty.

[27] Being $6.6 million divided by $517.6 million (being the mid-point of the enterprise value set out in paragraph 131).

Taxation consequences

Taxation consequences for shareholders

155 Separate advice on the taxation implications of the Demerger for Australian resident shareholders who hold their Cardno shares on capital account is set out in Section 7 of the Demerger Scheme Booklet. This advice has been reviewed and agreed by PwC. In summary, for Cardno shareholders who are residents of Australia for income tax purposes and who hold their Cardno shares on capital account, no part of the Capital Reduction will constitute a taxable dividend.

156 Australian residents who hold their Cardno shares on revenue account or Cardno shareholders who are non-residents for tax purposes should obtain their own advice in relation to the taxation implications of the Demerger.

Availability of tax losses and tax depreciable assets

157 Cardno has obtained independent taxation advice in relation to the proposed Demerger and associated restructure steps. Based on this advice:

(a) the existing Cardno Australian tax consolidated group will retain any unutilised carried forward tax losses as at the time of the Demerger[28]

(b) Cardno will also retain the benefit of any US unutilised carried forward tax losses at the time of the Demerger (which as at 30 June 2019 were estimated at around US$115.9 million, although for financial reporting purposes the associated tax benefit in respect of some of these losses maybe derecognised)

(c) given the reduced scale of operations of Cardno post Demerger the time frame over which recoupment of these losses is anticipated will increase. Accordingly, the present value of the tax losses (in terms of company cash flows) will reduce. Based on advice from Cardno management as to the expected timing of recoupment both pre and post Demerger, we have assessed the present value impact of the above at around A$6.0 million

(d) Intega is expected to retain the benefit of available net operating losses and depreciable goodwill (being taxation benefits available in respect of the US operations of Intega) of around US$14.1 million and US$47.8 million respectively.

Taxation liabilities arising

158 Based on the reorganisation and related steps proposed to effect the Demerger (both in Australia and overseas) a taxation liability of around $155,000 is expected to arise. This additional liability relates primarily to transfer taxes arising in respect of the proposed transfer of certain foreign (outside of Australia and the US) assets.

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[28] As at 30 June 2019 the unutilised carried forward revenue tax losses of the Cardno Australian tax consolidated group were approximately A$65.1 million.

Summary of advantages and disadvantages

159 Based on the above, we summarise below the advantages and disadvantages of the Demerger from the perspective of Cardno shareholders:

Advantages	Disadvantages
• In our opinion, the Demerger offers the potential for greater value creation in the medium to long term compared to the current structure. Further, in our view, this potential upside is greater than the reduction in earnings caused by the higher ongoing corporate costs and the impact of one-off costs to implement the Demerger (both of which are relatively immaterial) • The Demerger provides a more appropriate structure to better enable both businesses to grow by acquisition and pursue consolidation opportunities • The Demerger increases the ability to align business performance with employee remuneration • The Demerger allows better investor flexibility by providing shareholders with the choice to own shares in either Cardno or Intega, or both companies • The Demerger will allow each company to separately adopt a capital structure and dividend policy based on their individual business and strategic objectives • The Demerger will allow both companies to have direct access to the equity and debt capital markets by virtue of their separate listings • As an independent company, in our view, competitors to Cardno will be more inclined to utilise Intega for QTM services • The takeover prospects for each business are likely to be enhanced as a result of the Demerger	• As a result of having two separate listed companies following implementation of the Demerger, total corporate costs (on a combined basis) are expected to increase by approximately $1.3 million (representing some 1.9% of pro forma FY19 EBITDA). • One-off costs incurred as a result of the Demerger (excluding transaction costs the large majority of which are committed and debt facility fees which are largely being brought forward, but including separation costs) are estimated at $6.6 million(1) (representing some 1.3% of Cardno's enterprise value prior to the Demerger) • Finance costs are expected to increase by around $1.1 million (after tax) per annum(2) as a result of the Demerger as the interest rates (and associated fees) on the new debt facilities are slightly higher than those on Cardno's existing debt facilities • As a result of having two separate listed companies following implementation of the Demerger the expected timing of recoupment of tax losses will increase. We have assessed the present value impact of the recoupment of these tax losses at around $6.0 million

Note:
1 Being separation implementation costs related to the costs of setting up and changing systems and processes for both Integra and Cardno as a result of the Demerger.
2 Based on the net debt level of each company reflected in the pro forma balance sheet as at 30 June 2019.

Conclusion on Demerger

160 Determining whether the Demerger is in the best interests of shareholders involves weighing up the above advantages and disadvantages. Whilst the negative aspects of the Demerger cannot be disregarded, each of the disadvantages has mitigating factors, the costs are not material in the overall context of the demerged entities and the risks are not outside the normal risks of any corporate restructuring transaction.

161 In the circumstances, in our opinion, the advantages of the Demerger outweigh the disadvantages. Accordingly, we have concluded that the Demerger is in the best interests of Cardno shareholders.

VII Position of Cardno's creditors

162 As stated in Section I, we have also been asked to provide our opinion on whether the proposed Capital Reduction (which is necessary to implement the Demerger) materially prejudices Cardno's ability to pay its creditors. In this regard we have considered the position of creditors of both Cardno and Intega subsequent to the Demerger, as on a combined basis these creditors represent creditors of Cardno pre Demerger.

163 Cardno's actual financial position as at 30 June 2019 together with the respective pro forma financial positions of both Cardno and Intega post Demerger (assuming the Capital Reduction was implemented on 30 June 2019) is shown below:

Comparative financial position

	Pre Demerger	Post Demerger	
	Cardno	Cardno	Intega
	$m	$m	$m
Working capital	139.0	73.6	73.7
Intangible assets	359.1	252.5	106.5
Other assets (net)	98.4	81.3	3.7
Net operating assets	596.4	407.5	183.9
Net debt	(117.7)	(49.7)	(68.0)
Net assets	478.7	357.8	115.9
Net debt / Pro forma FY19 EBITDA	1.6	1.3	2.3
Net debt / net assets	0.2	0.1	0.6

164 Based on the respective financial positions of Cardno Consulting and Intega post Demerger and Cardno pre Demerger we note:

(a) whilst the net assets of Cardno reduce significantly as a result of the proposed Capital Reduction, there is effectively an offsetting increase in the net assets of Intega, as the notional capital return to Cardno shareholders will be deemed to have been applied by Cardno shareholders by way of a subscription for shares in Intega

(b) both Cardno and Intega will have a significant net investment in working capital post the Demerger, which prima facie will be more than sufficient to discharge in full the respective liabilities to creditors at the date the Capital Reduction takes place

(c) both Cardno and Intega will have recently established borrowing facilities, with available additional borrowing capacity (if required) and repayment terms extending to October 2022.

165 Given the above, in our opinion, the Capital Reduction will not materially prejudice the ability of either Cardno or Intega to pay their respective creditors subsequent to the Demerger.

Appendix A

Financial Services Guide

Lonergan Edwards & Associates Limited

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

2 LEA holds Australian Financial Services Licence No. 246532.

Financial Services Guide

3 The Corporations Act authorises LEA to provide this Financial Services Guide (FSG) in connection with its preparation of an IER to accompany the Explanatory Memorandum to be sent to Cardno shareholders in connection with the Demerger.

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

Financial services we are licensed to provide

5 Our Australian financial services licence allows us to provide a broad range of services to retail and wholesale clients, including providing financial product advice in relation to various financial products such as securities, derivatives, interests in managed investment schemes, superannuation products, debentures, stocks and bonds.

General financial product advice

6 The IER contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

7 You should consider your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Fees, commissions and other benefits we may receive

8 LEA charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity who engages LEA to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this IER, LEA is entitled to receive a fee estimated at $125,000 plus GST.

9 Neither LEA nor its directors and officers receives any commissions or other benefits, except for the fees for services referred to above.

Appendix A

10 All of our employees receive a salary. Our employees are eligible for bonuses based on overall performance and the firm's profitability, and do not receive any commissions or other benefits arising directly from services provided to our clients. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. Our directors do not receive any commissions or other benefits arising directly from services provided to our clients.

11 We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

Complaints

12 If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner.

13 If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Australian Financial Complaints Authority (AFCA), an external complaints resolution service. You will not be charged for using the AFCA service.

Contact details

14 LEA can be contacted by sending a letter to the following address:

Level 7
64 Castlereagh Street
Sydney NSW 2000
(or GPO Box 1640, Sydney NSW 2001)

Appendix B

Qualifications, declarations and consents

Qualifications

1 LEA is a licensed investment adviser under the Corporations Act. LEA's authorised representatives have extensive experience in the field of corporate finance, particularly in relation to the valuation of shares and businesses and have prepared hundreds of IERs.

2 This report was prepared by Mr Craig Edwards and Mr Martin Holt, who are each authorised representatives of LEA. Mr Edwards and Mr Holt have over 25 years and 33 years experience respectively in the provision of valuation advice (and related advisory services).

Declarations

3 This report has been prepared at the request of the Directors of Cardno to accompany the Explanatory Memorandum to be sent to Cardno shareholders. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Demerger is in the best interests of Cardno shareholders.

Interests

4 At the date of this report, neither LEA, Mr Edwards nor Mr Holt have any interest in the outcome of the Demerger. With the exception of the fee shown in Appendix A, LEA will not receive any other benefits, either directly or indirectly, for or in connection with the preparation of this report.

5 We have considered the matters described in ASIC RG 112 – *Independence of experts*, and consider that there are no circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective independent assistance in this engagement.

Indemnification

6 As a condition of LEA's agreement to prepare this report, Cardno has agreed to indemnify LEA in relation to any claim arising from or in connection with its reliance on information or documentation provided by or on behalf of Cardno which is false or misleading or omits material particulars or arising from any failure to supply relevant documents or information.

Consents

7 LEA consents to the inclusion of this report in the form and context in which it is included in the Demerger Scheme Booklet.

Appendix C

Listed company multiples

1 Set out below are the implied EBITDA multiples for listed engineering consulting and QTM companies[29] with an enterprise value between $100 million and $1.5 billion:

Listed company trading multiples[(1)]	Enterprise value[(2)] $m	EBITDA multiples 2019 x	2020 x
Engineering consultancy companies			
NV5 Global	1,501	14.7	12.0
RPS Group	626	6.6	6.1
Multiconsult	315	5.1	4.4
Lycopodium	149	7.0	5.9
Ohba Co	117	6.7	na
GR Engineering Services	109	8.8	5.9
Median		6.9	5.9
QTM companies			
Keller Group	1,324	4.1	3.9
Mistras Group	1,012	8.1	7.3
Anhui Transport Consulting & Design Institute	994	7.1	5.7
Willdan Group	665	11.1	9.8
Median		7.6	6.5

Note:
1 Enterprise value and earnings multiples calculated as at 12 July 2019.
2 Enterprise value includes net debt (interest bearing liabilities less non-restricted cash), net derivative liabilities, market capitalisation adjusted for material option dilution, share placements (for the purpose of reducing debt) and buybacks and excludes surplus assets.
Source: Bloomberg, latest full year statutory accounts, latest interim accounts, company announcements and LEA analysis.

Engineering consultancy companies

NV5 Global Inc.

2 NV5 Global is a leading provider of professional and technical engineering consulting solutions, offering services to public and private sector clients in the infrastructure, energy, construction, real estate and environmental markets. The company operates through five business verticals which include Construction Quality Assurance, Infrastructure, Energy, Program Management and Environmental. NV5 Global has over 2,000 employees and operates from over 100 locations throughout North America, Asia and the Middle East.

29 Note, these companies all have significant other operations including other engineering consulting services.

RPS Group Plc

3 RPS Group is a professional services consultancy firm with over 5,600 staff that serves clients across the property, energy, transport, water, resources, defence and government sectors. The company provides a range of services including project and program management, design and development, advisory and management consulting, exploration and development, water services, environment, planning and approval and health, safety and risk. RPS Group is headquartered in Abingdon, UK and operates in over 125 countries across the Asia Pacific, North America and Europe.

Multiconsult ASA

4 Multiconsult is one of Norway's leading engineering design, consultancy and architecture companies. It operates across the real estate, industry, oil and gas, renewable energy, transportation, water and environment sectors. The company's services include multidisciplinary consultancy, design, planning, project supervision, project management, geotechnical site surveys, verifications and controls. Multiconsult employs over 2,930 staff and operates from 39 offices primarily located throughout Norway.

Lycopodium Ltd

5 Lycopodium provides engineering and project management consulting services across a range of industries including the minerals, process industries, renewable, infrastructure, rail, asset management and metallurgical sectors. Its operations cover Australia, Asia, Europe, Middle East, Africa and the US. In addition to consultancy services, the company also offers engineering, procurement and construction management services.

Ohba Co Ltd

6 Ohba is a Japanese based consulting firm which provides a range of technical services pertaining to city planning. The company's services cover civil engineering, environmental, geospatial, land and civil management, systems development and land utilisation consulting. As at May 2018, Ohba had approximately 521 employees (which included 155 professional engineers) and operated from offices located throughout Japan.

GR Engineering Services Ltd

7 GR Engineering Services is an engineering consulting and contracting company providing fixed price engineering design and construction services to the resources and mineral processing industries. Headquartered in Perth, GR Engineering Services also has offices in Brisbane and Indonesia and other operations in Ghana, Mali, the Ivory Coast and the UK. The company employs a dedicated workforce of over 200 staff, in addition to directly employed site construction personnel and subcontractors.

Appendix C

QTM companies

Keller Group Plc

8 Keller Group is the world's largest geotechnical specialist contractor, providing technically advanced geotechnical solutions to the construction and infrastructure industries. The company's services include ground improvement, grouting, heavy foundations, earth retention, post tension systems and instrumentation and monitoring. Headquartered in London, UK, Keller Group has over 10,000 employees and operates in over 40 countries throughout North America, Asia Pacific, Europe and the Middle East.

Mistras Group Inc.

9 Mistras Group is a global provider of asset protection solutions used to maximise the uptime and safety of critical energy, industrial and public infrastructure across the oil and gas, aerospace, power, infrastructure and manufacturing sectors. The company's services include field laboratory inspections and testing, engineering services for asset integrity management, maintenance and light mechanical services and manufacturing of inspection monitoring equipment. Mistras Group employs over 5,000 employees and operates from its offices located throughout North America, South America, Europe and Asia.

Anhui Transport Consulting & Design Institute Co Ltd

10 Anhui Transport Consulting & Design Institute is a Chinese based provider of engineering consulting services for traffic and transport projects. The company provides a range of technical services including surveying, design, consultation, research and development, testing and detection, environmental impact assessment and urban planning. It also offers geological disaster assessments for highways, water transport, municipal works, buildings and other traffic and transport projects. The company employs over 1,000 professional and technical staff and operates in over 20 provinces throughout China.

Willdan Group Inc.

11 Willdan Group provides professional technical and consulting services across two business segments, being Energy and Engineering & Consulting. Willdan Group's Energy segment provides engineering services to rail, port, water, mining and other civil engineering projects. Its Engineering & Consulting division provides engineering and consulting services to a broader customer base, including construction management, building and safety, geotechnical and materials testing. Willdan Group employs over 1,200 employees and operates from offices located throughout the US.

Transaction evidence

1 The following table sets out the implied EBITDA multiples for engineering companies (primarily engineering consulting) with an implied enterprise value between $0.1 billion and $1.5 billion:

Transaction evidence					
			Enterprise value[2]	EBITDA multiple	
Date[1]	Target	Description	(millions)	Historical x	Forecast x
Dec 18	Poyry OYJ	Consultancy – Energy / Infrastructure	819	8.8	10.3
Mar 18	Moretrench Inc	Consultancy – Geotechnical	118	5.7	na
Oct 17	AFW UK Oil & Gas Limited	Consultancy – Oil & Gas	303	8.9	na
Aug 17	Opus International Consultants	Consultancy – Infrastructure	257	9.8	8.3
Mar 17	TRC Companies Inc	Consultancy – Environmental / Energy / Infrastructure	860	11.3	10.4
Oct 16	Mouchel Consulting	Consultancy – Infrastructure / Transport	121	7.6	na
May 16	SMEC Holdings Ltd	Consultancy – Transport / Infrastructure	432	9.6	9.8
Mar 16	MWH Global Inc	Consultancy – Water	1,042	9.5	na
Oct 15	Professional Service Industries	Testing / Assurance	452	7.7	na
Oct 15	Coffey International Ltd	Consultancy – diversified	186	7.9	7.8
Oct 15	Willbros Group's Professional Services	Consultancy – Utilities	184	7.3	na
Sep 15	Cardno Ltd	Consultancy – Environmental / Energy / Design	891	8.3	7.2
Aug 15	MMM Group Ltd	Consultancy – Transportation / Infrastructure / Civil	447	8.9	na
Jul 15	Ausenco Ltd	Consultancy – Mining	155	9.7	7.0
Jun 15	Grontmij N.V.	Consultancy – Infrastructure / Transportation	582	12.1	10.5
Apr 15	Mouchel Group	Consultancy – Infrastructure	667	10.1	na
Sep 14	Parsons Brinckerhoff Group Inc	Consultancy – Infrastructure / Civil	1,329	10.6	8.8
Jul 14	Hyder Consulting plc	Consultancy – Civil / Design	514	12.0	11.8
Mar 14	PPI Group	Consultancy – Oil & Gas	161	6.7	na
Mar 14	MDM Engineering Group Ltd	Consultancy – Mining	100	7.6	na
Mar 14	Focus Group Holding Inc	Consultancy – Oil & Gas	366	8.3	na
Sep 13	Sinclair Knight Merz	Consultancy – Mining / Infrastructure / Environmental	1,250	6.5	7.1
Aug 13	National Technical Systems Inc	Testing / Certification	368	13.7	10.9

Appendix D

Transaction evidence

Date[1]	Target	Description	Enterprise value[2] (millions)	EBITDA multiple Historical x	EBITDA multiple Forecast x
Jun 13	Brinderson L.P.	Consultancy – Oil & Gas	162	6.3	na
Dec 12	Michael Baker Corporation	Consultancy – diversified	276	11.1	8.8
Jun 12	WSP Group plc	Consultancy – Civil / Infrastructure / Environmental	628	7.8	7.9
Feb 12	ATC Associates Inc	Consultancy – Environmental / geotechnical	95	na	6.4
Sep 11	Halcrow Holdings Ltd	Consultancy – Civil / Infrastructure / Construction	353	7.4	na
May 11	MACTEC Inc	Consultancy – Environmental / Infrastructure	263	7.6	na
May 11	Environmental Resources Management	Consultancy – Environmental	899	12.5	na
Dec 10	Aker Solutions' P&C Business	Consultancy – Mining / Oil & Gas	678	8.3	na
Dec 10	PSN Ltd	Consultancy – Oil & Gas	959	11.4	9.6
Aug 10	The PBSJ Corporation	Consultancy – Environmental / Transportation / Design	320	7.7	7.5
Jun 10	Scott Wilson Group plc	Consultancy – Infrastructure / Transportation / Civil	486	8.5	na
Jun 10	ENTRIX and Environmental Resolutions	Consultancy – Environmental	128	na	6.3
Sep 09	Parsons Brinckerhoff Inc	Consultancy – Civil / Infrastructure	636	10.6	na
Feb 07	Colt Companies	Consultancy – Oil & Gas	1,120	9.7	na

Note:

1 Date of announcement.

2 On a 100% basis.

na – not available.

Appendix E

Glossary

Term	Meaning
AFCA	Australian Financial Complaints Authority
APAC	Asia Pacific
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
Capital Reduction	Cardno will reduce its share capital by an amount calculated by reference to the respective listed market values of Cardno and Intega immediately after the Demerger becomes Effective
Capital Reduction Resolution	Members' resolution to approve the Capital Reduction
Cardno / the Group	Cardno Limited
Cardno Consulting	The Cardno Consulting businesses operated by Cardno post demerger
COMPLY	Laboratory information management system suitable for construction materials testing
Construction Sciences	Construction material testing business acquired by Cardno in 2008
Corporations Act	*Corporations Act 2001* (Cth)
Corporations Regulations	Corporations Regulations 2001
Crescent Capital	Crescent Capital Partners
Demerger	The proposed Demerger which, if implemented, will result in the establishment of Intega as a separate publicly listed company
Demerger Deed	This sets out the principles of the Demerger and matters relating to the ongoing relationship between Cardno and Intega after the Demerger, including in relation to ownership of assets and liabilities of the respective businesses
Demerger Resolutions	The Demerger Scheme Resolution, the Capital Reduction Resolution and the Financial Assistance Resolution
Demerger Scheme Resolution	Members' resolution to approve the Scheme
DFAT	Australian Department of Foreign Affairs and Trade
DFID	UK Department for International Development
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Eligible Cardno Shareholders	Cardno shareholders who are not ineligible foreign shareholders and Small Shareholders
ElVIS	Project quality management system
FCO	UK Foreign and Commonwealth Office
Financial Assistance Resolution	Resolution to approve the financial assistance to be provided by Intega and its subsidiaries in connection with the Demerger
FSG	Financial Services Guide
FY	Financial year ending 30 June
GST	Goods and services tax
ID	International Development
IER	Independent expert's report
Intega	Intega Group Limited
LEA	Lonergan Edwards & Associates Limited
PPI	Quality and audit plan business acquired by Cardno in 2014
QA Reporter	Quality audit system
QTM	Quality, testing and measurement
Raba Kistner	Raba-Kistner Consultants Inc
RG 111	Regulatory Guide 111 – *Content of expert reports*

Appendix E

Term	Meaning
Sale Facility	Small Shareholders may elect to have the Intega shares to which they are entitled sold on the ASX on their behalf and receive the sale proceeds in cash free of any brokerage costs
Scheme	Scheme of arrangement under which each Eligible Cardno Shareholder will receive one Intega share for each Cardno share they hold on the Record Date
Small Shareholders	Eligible Cardno Shareholders who hold 5,000 or fewer Cardno shares as at the relevant record date
T2/UES	Subservice utility engineering business in Canada wholly acquired by Cardno in 2017
TGM	TGM Group Pty Ltd
TSA	Transitional Services Agreement
UK	United Kingdom
US	United States of America
USAID	US Agency for International Development
VWAP	Volume weighted average price
WANOS	Weighted average number of shares outstanding

Attachment B Investigating Accountant's Report

A division of KPMG Financial Advisory Services (Australia) Pty Ltd
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Australia

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

The Directors
Intega Group Limited
Level 1
17 Byres Street
Newstead, QLD 4006

6 September 2019

Dear Directors

Limited Assurance Investigating Accountant's Report

and Financial Services Guide

Investigating Accountant's Report

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 Limited") and Intega Group Limited ("Intega") to prepare this report for inclusion in the Scheme Booklet to be dated 6 September 2019 ("Scheme Booklet"), and to be issued by Cardno Limited, in respect of the proposed demerger and subsequent listing of a select group of business units and companies combined to form Intega from Cardno Limited, with the remaining companies and business units continuing to be called Cardno Limited ("Cardno Consulting").

Expressions defined in the Scheme Booklet have the same meaning in this report.

This Investigating Accountant's Report should be read in conjunction with the KPMG Transaction Services Financial Services Guide included in the Scheme Booklet.

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 Scheme Booklet.

The pro forma historical financial information is presented in the Scheme Booklet 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*.

Intega 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 Intega (the responsible party) included in the Scheme Booklet:

- the Intega pro forma historical income statements for the years ended 30 June 2017, 30 June 2018 and 30 June 2019 as set out in Table 1 in Section 3.6(c) of the Scheme Booklet;
- the Intega pro forma historical balance sheet as at 30 June 2019 as set out in Table 5 in Section 3.6(f) of the Scheme Booklet; and
- the Intega pro forma historical cash flows for the years ended 30 June 2017, 30 June 2018 and 30 June 2019 as set out in Table 7 in Section 3.6(g) of the Scheme Booklet.

(Hereafter the "Intega Pro Forma Historical Financial Information")

The Intega Pro Forma Historical Financial Information has been derived from the historical financial information directly related to Intega in Cardno's accounting records, after adjusting for the effects of pro forma adjustments described in Sections 3.6(c) and 3.6(f) of the Scheme Booklet. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in Sections 3.6(c) and 3.6(f) of the Scheme Booklet. Due to its nature, the Intega Pro Forma Historical Financial Information does not represent the company's actual or prospective financial position, financial performance or cash flows.

The Intega Pro Forma Historical Financial Information has been compiled by Intega to illustrate the impact of the events or transactions described in Sections 3.6(c) and 3.6(f) of the Scheme Booklet on Intega's financial position as at 30 June 2019 and Intega's financial performance and cash flows for the years ended 30 June 2017, 2018 and 2019. As part of this process, information about Intega's financial position, financial performance and cash flows has been extracted by Intega from Cardno Limited's financial statements for the years ended 30 June 2017, 2018 and 2019 and from Intega's financial statements for the years ended 30 June 2017, 2018 and 2019.

The financial statements of Cardno Limited for the years ended 30 June 2017, 2018 and 2019 were audited by KPMG in accordance with Australian Auditing Standards. The audit opinions issued to the members of Cardno Limited relating to those financial statements were unqualified. The financial statements of Intega for the years ended 30 June 2017, 2018 and 2019 were audited by KPMG in accordance with Australian Auditing Standards. The audit opinions issued to the members of Intega relating to those financial statements were unqualified.

For the purposes of preparing this report we have performed limited assurance procedures in relation to the Intega 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 Intega Pro Forma Historical Financial Information is not prepared or presented fairly, in all material respects, by the Intega Directors in accordance with the stated basis of preparation as set out in Section 3.6(a) of the Scheme Booklet.

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 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 Intega Pro Forma Historical Financial Information is prepared, in all material respects, by the Intega Directors in accordance with the stated basis of preparation.

Cardno Consulting 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 Consulting (the responsible party) included in the Scheme Booklet:

- the Cardno Consulting pro forma historical income statements for the years ended 30 June 2018, 30 June 2018 and 30 June 2019 as set out in Table 11 of Section 4.7(e) of the Scheme Booklet;
- the Cardno Consulting pro forma historical balance sheet as at 30 June 2019 as set out in Table 16 of Section 4.7(i) of the Scheme Booklet; and
- the Cardno Consulting pro forma historical cash flows for the years ended 30 June 2017, 30 June 2018 and 30 June 2019 as set out in Table 18 of Section 4.7(l) of the Scheme Booklet.

(Hereafter the "Cardno Consulting Pro Forma Historical Financial Information")

The Cardno Consulting Pro Forma Historical Financial Information has been derived from the historical financial information directly related to Cardno Consulting in Cardno Limited's accounting records, after adjusting for the effects of pro forma adjustments described in Sections 4.7(f) and 4.7(i) of the Scheme Booklet. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in Sections 4.7(f) and 4.7(i) of the Scheme Booklet. Due to its nature, the Cardno Consulting Pro Forma Historical Financial Information does not represent the company's actual or prospective financial position, financial performance or cash flows.

The Cardno Consulting Pro Forma Historical Financial Information has been compiled by Cardno Limited to illustrate the impact of the events or transactions described in Sections 4.7(f) and 4.7(i) of the Scheme Booklet on Cardno Consulting's financial position as at 30 June 2019 and Cardno Consulting's financial performance and cash flows for the years ended 30 June 2017, 2018 and 2019. As part of this process, information about Cardno Consulting's financial position, financial performance and cash flows has been extracted by Cardno Limited from Cardno Limited's financial statements for the years ended 30 June 2017, 2018 and 2019.

The financial statements of Cardno Limited for the years ended 30 June 2017, 2018 and 2019 were audited by KPMG in accordance with Australian Auditing Standards. The audit opinions issued to the members of Cardno Limited relating to those financial statements were unqualified.

For the purposes of preparing this report we have performed limited assurance procedures in relation to the Cardno Consulting 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 Cardno Consulting Pro Forma Historical Financial Information is not prepared or presented fairly, in all material respects, by the directors in accordance with the stated basis of preparation as set out in Section 4.7(a) of the Scheme Booklet.

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 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 Cardno Consulting Pro Forma Historical Financial Information is prepared, in all material respects, by the Cardno Directors in accordance with the stated basis of preparation.

Directors' responsibilities

The Directors of Intega are responsible for the preparation of the Intega 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 Intega Pro Forma Historical Financial Information.

The Directors of Cardno Limited are responsible for the preparation of the Cardno Consulting 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 Cardno Consulting Pro Forma Historical Financial Information.

The Intega and Cardno Limited 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 Intega 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 Intega Pro Forma Historical Financial Information, comprising:

- the Intega pro forma historical income statements for the years ended 30 June 2017, 30 June 2018 and 30 June 2019 as set out in Table 1 in Section 3.6(c) of the Scheme Booklet;
- the Intega pro forma historical balance sheet as at 30 June 2019 as set out in Table 5 in Section 3.6(f) of the Scheme Booklet; and
- the Intega pro forma historical cash flows for the years ended 30 June 2017, 30 June 2018 and 30 June 2019 as set out in Table 7 in Section 3.6(g) of the Scheme Booklet,

is not prepared or presented fairly, in all material respects, on the basis of the pro forma transactions and/or adjustments described in Sections 3.6(c) and 3.6(f) of the Scheme Booklet, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, and Intega's accounting policies.

Review statement on the Cardno Consulting 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 Cardno Consulting Pro Forma Historical Financial Information, comprising:

- the Cardno Consulting pro forma historical income statements for the years ended 30 June 2018, 30 June 2018 and 30 June 2019 as set out in Table 11 of Section 4.7(e) of the Scheme Booklet;
- the Cardno Consulting pro form historical balance sheet as at 30 June 2019 as set out in Table 16 of Section 4.7(i) of the Scheme Booklet; and
- the Cardno Consulting pro forma historical cash flows for the years ended 30 June 2017, 30 June 2018 and 30 June 2019 as set out in Table 18 of Section 4.7(l) of the Scheme Booklet,

is not prepared or presented fairly, in all material respects, on the basis of the pro forma transactions and/or adjustments described in Sections 4.7(f) and 4.7(i) of the Scheme Booklet, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, and Cardno Limited's accounting policies.

Independence

KPMG Transaction Services does not have any interest in the outcome of the proposed Transaction, 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 Limited and Intega Group Limited and from time to time, KPMG also provides Cardno Limited with certain other professional services for which normal professional fees are received.

General advice warning

This report has been prepared, and included in the Scheme Booklet 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 Sections 3.6(a) and 4.7(a) of the Scheme Booklet which describe the purpose of the financial information, being for inclusion in the Scheme Booklet. 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 Scheme Booklet in the form and context in which it is so included, but has not authorised the issue of the Scheme Booklet. Accordingly, KPMG

Transaction Services makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Scheme Booklet.

Yours faithfully

Anne-Maree Keane
Authorised Representative

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www.kpmg.com.au

Financial Services Guide
Dated 6 September 2019

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 Anne-Maree Keane as an authorised representative of KPMG Transaction Services, authorised representative number (1236095) **(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 and Intega Group Limited (Client) to provide general financial product advice in the form of a Report to be included in Scheme Booklet (Document) prepared by the Client in relation to the demerger and subsequent listing of a select group of business units and companies combined to form Intega Group Limited from Cardno Limited, with the remaining companies and business units continuing to be called Cardno Limited (Transaction).

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 Document. Neither KPMG Transaction Services nor the Authorised Representative are acting for any person other than the Client.

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 Document before making any decision in relation to the Transaction.

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 Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay KPMG Transaction Services $475,000 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.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client 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: 1300 78 08 08
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
Level 38, Tower Three
300 Barangaroo Avenue
Sydney NSW 2000
PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200

Anne-Maree Keane
C/O KPMG
PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200

Attachment C Demerger Scheme

Demerger Scheme of Arrangement

Cardno Limited (ACN 108 112 303)

Each person who is registered on the Cardno Register as the holder of Cardno Shares as at the Demerger Scheme Record Date

Contents

Page

Date:

Parties

1 **Cardno Limited (ACN 108 112 303)** of 'Green Square North Tower' Level 11, 515 St Pauls Terrace, Fortitude Valley QLD 4006 (**Cardno**)

2 Each person who is registered on the Cardno Register as the holder of Cardno Shares as at the Demerger Scheme Record Date (**Cardno Shareholders**)

Background

This Demerger Scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth)

The parties agree

1 Defined terms, interpretation and Demerger Scheme components

1.1 Defined terms

A term or expression starting with a capital letter which is defined in the dictionary in Schedule 1 has the meaning given to it in the dictionary.

1.2 Interpretation

The interpretation clause in Schedule 1 sets out rules of interpretation for this Demerger Scheme.

1.3 Demerger Scheme components

This Demerger Scheme includes any schedule to it.

2 Preliminary matters

2.1 Cardno

Cardno is:

(a) a public company limited by shares;

(b) incorporated in Australia and registered in Queensland; and

(c) admitted to the Official List of the ASX.

2.2 Demerger Scheme Implementation Deed

Cardno and Intega have agreed to implement the terms of this Demerger Scheme by executing the Demerger Scheme Implementation Deed.

2.3 Demerger Deed Poll

Intega has executed the Demerger Deed Poll for the purpose of covenanting in favour of the Demerger Scheme Participants to perform (or procure the performance of) its obligations under, or contemplated by, this Demerger Scheme.

3 Conditions Precedent

3.1 Conditions precedent

This Demerger Scheme is conditional on, and will have no force or effect (and will not become Effective) until, the satisfaction of each of the following conditions precedent:

(a) (**No change of Cardno Board recommendation**) between the date of the Demerger Scheme Booklet and the Demerger Scheme Meeting, a majority of the Cardno Directors continues to recommend, and does not change or withdraw their recommendation, to Cardno Shareholders to vote in favour of the Demerger Resolutions;

(b) (**Demerger Relief Ruling**) before the Delivery Time, the Commissioner of Taxation has not confirmed in writing that the Demerger Relief Ruling will not be granted;

(c) (**No termination**) as at the Delivery Time, each of the Demerger Scheme Implementation Deed and Demerger Deed Poll has not been validly terminated in accordance with its terms;

(d) (**Cardno Shareholder approval**) Cardno Shareholders approving the following resolutions by the Requisite Majorities:

(i) the Demerger Scheme Resolution at the Demerger Scheme Meeting;

(ii) the Capital Reduction Resolution at the General Meeting; and

(iii) the Financial Assistance Resolution at the General Meeting;

(e) (**Regulatory Approvals**) all Regulatory Approvals have been obtained (either unconditionally or on conditions reasonably satisfactory to Cardno), and not revoked, before the Delivery Time;

(f) (**ASX Listing**) before the Delivery Time, ASX approving the admission of Intega to the Official List and Official Quotation of Intega Shares to be transferred pursuant to this Demerger Scheme on the ASX with effect on or before the Business Day after the Effective Date, subject only to the Demerger Scheme becoming Effective and such other conditions that are acceptable to Cardno and Intega (each acting reasonably);

(g) (**Pre-Demerger Restructure Steps**) before the Delivery Time, each of the each of the Pre-Demerger Restructure Steps is implemented; and

(h) (**Court Approval**) the Court approving this Demerger Scheme in accordance with section 411(4)(b) of the Corporations Act (either unconditionally and without alteration or with alterations or conditions consented to by Cardno and Intega in accordance with clause 8.5) and the lodgement with ASIC of an office copy of that Court order pursuant to section 411(10) of the Corporations Act (**Court Approval Condition**),

(each, a **Condition Precedent**).

3.2 Certificate

(a) Cardno will provide to the Court on the Second Court Date a certificate, or such other evidence as the Court requests, confirming (in respect of matters within its knowledge) whether or not all of the Conditions Precedent (other than the Court Approval Condition) have been satisfied.

(b) The certificate referred to in clause 3.2(a) constitutes conclusive evidence that such Conditions Precedent (other than the Court Approval Condition) were satisfied.

4 Demerger Scheme becoming Effective

4.1 Effective Date

Subject to the satisfaction of the Conditions Precedent set out in clause 3.1 and subject to clause 4.2 of this Demerger Scheme, this Demerger Scheme will become Effective on and from the Effective Date.

4.2 End Date

This Demerger Scheme will lapse and be of no further force or effect (and will not become Effective) if the Effective Date does not occur on or before the End Date.

5 Implementation of this Demerger Scheme

5.1 Lodgement of Court orders with ASIC

Cardno must lodge with ASIC, in accordance with subsection 411(10) of the Corporations Act, an office copy of the Court order approving this Demerger Scheme on the first Business Day after the day on which the Court approves this Demerger Scheme (or such later date as Cardno and Intega agree in writing).

5.2 Subdivision of Intega Shares

On or before the Demerger Implementation Date (and, in any event, no later than immediately before implementation of the steps set out in clause 5.3), Cardno must procure (as sole shareholder of Intega) that Intega's share capital is subdivided so that the number of Intega Shares on issue is equal to the number of Intega Shares required to be transferred to Demerger Scheme Participants and Selling Shareholders under clause 5.4.

5.3 Implementation of the Capital Reduction and Demerger Scheme

On the Demerger Implementation Date, without the need for any further act by any Demerger Scheme Participant, Cardno will:

(a) reduce its share capital by the Capital Reduction Aggregate Amount in accordance with the Capital Reduction Resolution; and

(b) apply the Capital Reduction Entitlement of each Demerger Scheme Participant in accordance with clause 5.4.

5.4 Entitlements of Demerger Scheme Participants

The Capital Reduction Entitlement of each Demerger Scheme Participant will, on the Demerger Implementation Date, be applied (without the need for any further act by a Demerger Scheme Participant) as follows:

(a) for each Eligible Cardno Shareholder (that is not a Selling Small Shareholder), by Cardno as consideration in full for the transfer to that Eligible Cardno Shareholder of that number of Intega Shares which is equal to one Intega Share for each Cardno Share held by that Eligible Cardno Shareholder on the Demerger Scheme Record Date; and

(b) for each Selling Shareholder, by Cardno as consideration in full for the transfer to the Sale Agent of that number of Intega Shares which is equal to one Intega Share for each Cardno Share held by that Selling Shareholder on the Demerger Scheme Record Date,

in accordance with clause 5.5.

5.5 Transfer of Intega Shares

The obligations of Cardno under clause 5.4 will be discharged by Cardno:

(a) transferring all the Intega Shares to the Demerger Scheme Participants (or in the case of Selling Shareholders, to the Sale Agent) in the numbers determined in accordance with clause 5.4; and

(b) the entry in the Intega Register:

  (i) of the name of each Demerger Scheme Participant (other than Selling Shareholders) in respect of the Intega Shares transferred to the relevant Demerger Scheme Participant; or

  (ii) of the name of the Sale Agent in respect of those Intega Shares referred to in clause 5.4(b) for Selling Shareholders.

5.6 Selling Shareholders

Cardno will be under no obligation to transfer, and must not transfer, any Intega Shares under this Demerger Scheme to any Selling Shareholder and, instead, clauses 6.2 to 6.6 (inclusive) will apply in respect of those Selling Shareholders.

5.7 Despatch of holding statements

As soon as practicable after the Demerger Implementation Date and in accordance with the ASX Listing Rules, Cardno will procure that Intega despatches or procures the despatch to:

(a) each Demerger Scheme Participant (other than Selling Shareholders), holding statements for the Intega Shares transferred to the relevant Demerger Scheme Participant under clause 5.5; and

(b) the Sale Agent, holding statements for the Intega Shares transferred to the Sale Agent on behalf of the Selling Shareholders under clause 5.5,

by pre-paid post to their Registered Address as at the Demerger Scheme Record Date, or as otherwise validly directed by the relevant Demerger Scheme Participant (other than a Selling Shareholder) or Sale Agent.

5.8 Joint holders

In the case of Demerger Scheme Participants (who are not Selling Shareholders) who are joint holders of Cardno Shares:

(a) entry in the Intega Register must take place in the same order as the holders' names appear in the Cardno Register;

(b) holding statements in relation to the Intega Shares will be issued in the name of the joint holders and will be forwarded to the holder whose name appears first in the Cardno Register on the Demerger Scheme Record Date; and

(c) any other document required to be sent to the joint holders under this Demerger Scheme will be forwarded to the holder whose name appears first in the Cardno Register as at the Demerger Scheme Record Date.

5.9 Status of Intega Shares

Cardno, in transferring Intega Shares to a Demerger Scheme Participant or the Sale Agent pursuant to clause 5.5, is deemed to have warranted to the relevant transferee that each such Intega Share is, at the date of the transfer, fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests and other interests, whether legal or otherwise, of the Cardno Group or any person claiming through, under or in trust for the Cardno Group, and restrictions on transfer of any kind, and that it has full power and capacity to transfer the Intega Shares to Demerger Scheme Participants and the Sale Agent (together with any rights and entitlements attaching to those Intega Shares) pursuant to the Demerger Scheme.

6 Sale Facility

6.1 Sale Facility Election for Small Shareholders

(a) A Demerger Scheme Participant that is a Small Shareholder may make a Sale Facility Election not to receive Intega Shares and to participate in the Sale Facility by completing a Sale Facility Election Form and returning it to the address specified in the Sale Facility Election Form so that it is received by the Cardno Share Registry (and not withdrawn) by no later than the Sale Facility Election Time.

(b) A Small Shareholder may withdraw their Sale Facility Election under clause 6.1(a) by lodging a Sale Facility Election Withdrawal Form, provided that it is received by the Cardno Share Registry by no later than the Sale Facility Election Time.

(c) A Sale Facility Election made under clause 6.1(a) may only be made in respect of all (and not some) of the Cardno Shares held by the relevant Small Shareholder.

6.2 Operation of the Sale Facility

(a) Each Selling Shareholder will be taken to have directed Cardno to immediately transfer their entitlement to Intega Shares under this Demerger Scheme on the Demerger Implementation Date to the Sale Agent in accordance with clause 5.5 (and all such Intega Shares shall be referred to in this Demerger Scheme as the **Sale Shares**).

(b) Cardno will procure, in accordance with the terms of the Sale Facility, that:

(i) the Sale Agent, as soon as reasonably practicable (and, in any event, no later than the end of the Sale Period), sells on a Licensed Market all the Sale Shares at such price or prices and on such other terms as the Sale Agent determines in its discretion (and at the risk of the Selling Shareholders), acting in good faith;

(ii) the Sale Agent remits to the Cardno Share Registry the aggregate proceeds of sale of the Sale Shares (free of any brokerage costs or stamp duty) (the **Aggregate Sale Facility Proceeds**);

(iii) within 20 Business Days after receiving the Aggregate Sale Facility Proceeds, the Cardno Share Registry pays, or procures the payment, to each Selling Shareholder (in accordance with clause 6.2(c), but subject to clause 6.2(d)) an amount calculated as follows (**Sale Facility Proceeds Entitlement**):

$(A \div B) \times C$

Where:

A = the Aggregate Sale Facility Proceeds;

B = the total number of Intega Shares transferred to the Sale Agent under clause 5.5; and

C = the number of Intega Shares transferred to the Sale Agent under clause 5.5 in respect of that Selling Shareholder.

The payment of a Selling Shareholder's Sale Facility Proceeds Entitlement under this clause 6.1 represents that Selling Shareholder's entitlement to part of the Aggregate Sale Facility Proceeds under this Demerger Scheme. Any cash amount payable to a Selling Shareholder will be rounded down to the nearest whole Australian cent.

(c) Subject to clauses 6.2(d), 6.2(e) and 6.3, a Selling Shareholder's Sale Facility Proceeds Entitlement must be paid to that Selling Shareholder by (in the absolute discretion of Cardno):

(i) where a Selling Shareholder has, before the Demerger Scheme Record Date, made a valid election in accordance with the requirements of the Cardno Share Registry to receive payments from Cardno by electronic funds transfer to a bank account nominated by the Selling Shareholder, paying, or procuring the payment of, the relevant amount in Australian dollars by electronic means in accordance with that election; or

(ii) by dispatching or procuring the dispatch of, a cheque for the relevant amount in Australian dollars to the Selling Shareholder by prepaid post to their Registered Address (as at the Demerger Scheme Record Date), such cheque being drawn in the name of the Selling Shareholder (or in the case of joint holders, in accordance with clause 6.2(d) below).

(d) In the case of Selling Shareholders who are joint holders of Cardno Shares:

(i) any cheque required to be sent to those joint holders under this Demerger Scheme will be made payable to the joint holders and sent to the holder whose name appears first in the Cardno Register as at the Demerger Scheme Record Date; and

(ii) any other document required to be sent to the joint holders under this Demerger Scheme will be forwarded to the holder whose name appears first in the Cardno Register as at the Demerger Scheme Record Date.

(e) If Cardno receives professional advice that any withholding or other tax is required by law to be withheld from a payment to a Selling Shareholder under this clause 6.2, Cardno is entitled to withhold the relevant amount before making the payment to the Selling Shareholder (and payment of the reduced amount shall be taken to be full payment of the relevant amount for the purposes of this Demerger Scheme, including this clause 6.2). Cardno must pay any amount so withheld to the relevant taxation authorities within the time permitted by law, and, if requested in writing by the relevant Selling Shareholder, provide a receipt or other appropriate evidence of such payment (or procure the provision of such receipt or other evidence) to the relevant Selling Shareholder.

(f) None of Cardno, Intega or the Sale Agent gives any assurance as to the price that will be achieved for the sale of Sale Shares described in clause 6.2(b)(i). The sale of Sale Shares under this clause 6.2 will be at the risk of the Selling Shareholder.

6.3 Unclaimed Sale Facility Proceeds Entitlements

(a) Cardno may cancel a cheque issued under clause 6.2(c)(ii) if the cheque:

(i) is returned to Cardno; or

(ii) has not been presented for payment within six months after the date on which the cheque was sent.

(b) In the event that:

(i) either:

(A) a Selling Shareholder does not have a Registered Address; or

(B) Cardno believes that a Selling Shareholder is not known at the Selling Shareholder's Registered Address,

and the Selling Shareholder has not made an election in accordance with the requirements of the Cardno Share Registry to receive payments from Cardno by electronic funds transfer to a bank account nominated by the Selling Shareholder in accordance with clause 6.2(c)(i), or a deposit into such an account is rejected or refunded; or

(ii) a cheque issued under this clause 6.2(c)(ii) has been cancelled in accordance with clause 6.3(a),

Cardno may credit the amount payable to the relevant Selling Shareholder to a separate bank account of Cardno (**Separate Account**) to be held until the Selling Shareholder claims the amount or the amount is dealt with in accordance with the *Unclaimed Money Act 1995* (NSW). Until such time as the amount is dealt with in accordance with the *Unclaimed Money Act 1995* (NSW), Cardno must hold the amount on trust for the relevant Selling Shareholder, but any interest or other benefit accruing from the amount will be to the benefit of Cardno. An amount credited to the Separate Account is to be treated as having been paid to the Selling Shareholder when credited to the Separate Account. Cardno must maintain records of the amounts paid, the Selling Shareholders who are entitled to the amounts and any transfers of the amounts.

(c) The *Unclaimed Money Act 1995* (NSW) will apply in relation to any Sale Facility Proceeds Entitlement which becomes 'unclaimed money' (as defined in section 7 of the *Unclaimed Money Act 1995* (NSW)).

6.4 Satisfaction of obligations

Cardno, by complying with the terms of clause 6.2 in respect of a Selling Shareholder, will be taken to have satisfied and discharged its obligations to the relevant Selling Shareholder under the terms of the Capital Reduction Resolution and the Demerger Scheme. A Selling Shareholder will have no claim against Cardno or Intega for any entitlement they would have had to Intega Shares but for the terms of this Demerger Scheme.

6.5 Acknowledgement

Under this Demerger Scheme, each Selling Shareholder (including those Selling Shareholders who do not attend the Demerger Scheme Meeting to approve the Demerger Scheme or General Meeting to approve the Capital Reduction Resolution, do not vote at either meeting or vote against the Demerger Scheme or Capital Reduction Resolution) agrees and acknowledges that the sale in respect of that person's Capital Reduction Entitlement under the Sale Facility or this Demerger Scheme by operation of clause 6.2 constitutes satisfaction of all that person's entitlements in and to that person's Capital Reduction Entitlement.

6.6 Appointment as agent

Each Selling Shareholder appoints Cardno as its agent to receive on its behalf any financial services guide or other notices which may be issued by the Sale Agent to that Selling Shareholder.

7 Dealings in Cardno Shares

7.1 Cardno Register

Subject to the Corporations Act, the ASX Listing Rules and the ASX Operating Rules, the establishment of who are Demerger Scheme Participants and their respective entitlements, will be determined solely on the basis of the Cardno Register and this Demerger Scheme.

7.2 Determination of Demerger Scheme Participants

To establish the identity of the Demerger Scheme Participants, dealings in Cardno Shares or other alterations to the Cardno Register will only be recognised if:

(a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Cardno Register as the holder of the relevant Cardno Shares on or before the Demerger Scheme Record Date; and

(b) in all other cases, registrable transfers or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received on or before the Demerger Scheme Record Date by the Cardno Share Registry,

and, for the purpose of establishing the identity of the Demerger Scheme Participants, Cardno will not accept for registration, nor recognise for any purpose, any transfer or transmission application or other request received after such times or received prior to such times but not in registrable or actionable form, as appropriate.

8 General Demerger Scheme provisions

8.1 Agreement to become a member of Intega

Under this Demerger Scheme, each Demerger Scheme Participant (including those Demerger Scheme Participants who do not attend the Demerger Scheme Meeting to approve the Demerger Scheme or General Meeting to approve the Capital Reduction Resolution, do not vote at either meeting or vote against the Demerger Scheme or Capital Reduction Resolution) who will receive Intega Shares:

(a) agrees to become a member of Intega, to have their name entered in the Intega Register, accepts the Intega Shares transferred to them and agrees to be bound by the Intega Constitution; and

(b) agrees and acknowledges that the transfer of Intega Shares in accordance with clause 5.4 constitutes satisfaction of all that person's entitlements in and to that person's Capital Reduction Entitlement,

without the need for any further act by a Demerger Scheme Participant.

This clause 8.1 does not apply to Selling Shareholders.

8.2 Appointment of attorney and agent

(a) Each Demerger Scheme Participant, without the need for any further act by any Demerger Scheme Participant, irrevocably appoints Cardno and each Cardno Director and Company Secretary of Cardno (jointly and each of them severally) as its attorney and agent for the purpose of executing any document or doing any other act necessary or desirable to give effect to the terms of this Demerger Scheme, including without limitation:

(i) the execution and delivery of any form or document necessary or expedient to effect the transfer of Intega Shares to Eligible Cardno Shareholders, the Sale Agent or any other person in accordance with the terms of this Demerger Scheme;

(ii) executing and delivering any document or form, or doing any other act necessary, to give effect to the terms of this Demerger Scheme, including, without limitation, the communication of the Eligible Cardno Shareholder's consent, agreement, notification or instructions under clauses 6, 8.1, 8.3, 8.4 or 8.5; and

(iii) the enforcement of the Demerger Deed Poll against Intega,

and Cardno accepts such appointment.

(b) Cardno, as agent of each Demerger Scheme Participant, may sub-delegate its functions under clause 8.2(a) to all or any of its directors and secretaries (jointly and severally).

8.3 Instructions to Cardno

To the extent permitted by law, binding instructions or notifications between an Eligible Cardno Shareholder and Cardno relating to Cardno Shares or an Eligible Cardno Shareholder's status as a Cardno Shareholder (including, without limitation, any instructions in relation to payment of amounts or dividends (excluding Cardno’s dividend investment plan) or communications from Cardno) will, from the Demerger Scheme Record Date, be deemed by reason of this Demerger Scheme to be similarly binding instructions or notifications to, and accepted by, Intega in respect of the Intega Shares transferred to Eligible Cardno Shareholders until those instructions or notifications are, in each case, revoked or amended in writing addressed to Intega at its share registry.

8.4 Demerger Scheme Participants' consent

Each Demerger Scheme Participant:

(a) irrevocably consents to Cardno doing all things necessary, incidental or expedient for or to the implementation and performance of the Demerger Scheme; and

(b) acknowledges that the Demerger Scheme binds Cardno and all of the Demerger Scheme Participants from time to time (including those who do not attend the Demerger Scheme Meeting to approve the Demerger Scheme or the General Meeting to approve the Capital Reduction Resolution, do not vote at either meeting or vote against the Demerger Scheme or Capital Reduction Resolution).

8.5 Amendments to the Demerger Scheme

Cardno may, by its counsel and with the consent of Intega, consent, on behalf of all persons concerned (including a Demerger Scheme Participant), to any variations, alterations or conditions to this Demerger Scheme as the Court thinks fit to make or impose.

8.6 Further action by Cardno

Cardno will execute all documents and do all acts and things necessary or desirable for the implementation and performance of its obligations under this Demerger Scheme and will, on behalf of Demerger Scheme Participants, procure Intega to execute all documents and do all acts and things necessary or desirable for the implementation and performance of the steps attributed to Intega under this Demerger Scheme.

8.7 Demerger Scheme binding

To the extent of any inconsistency between this Demerger Scheme and the Cardno Constitution, this Demerger Scheme overrides the Constitution and binds Cardno and all Demerger Scheme Participants.

8.8 Enforcement of Demerger Deed Poll

Cardno undertakes in favour of each Demerger Scheme Participant that it will enforce the Demerger Deed Poll against Intega on behalf of and as agent and attorney for Demerger Scheme Participants.

9 General

9.1 Notices

(a) If a notice, transfer, transmission application, direction or other communication referred to in this Demerger Scheme is sent by post to Cardno, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Cardno's registered office or at the office of the Cardno Share Registry.

(b) The accidental omission to give notice of the Demerger Scheme Meeting or General Meeting or the non-receipt of such notice by a Cardno Shareholder will not, unless so ordered by the Court, invalidate the Demerger Scheme Meeting, the General Meeting or the proceedings of the Demerger Scheme Meeting or General Meeting.

9.2 Governing law and jurisdiction

(a) This Demerger Scheme is governed by the law in force in Queensland, Australia.

(b) Cardno and each Cardno Shareholder irrevocably submits to the non-exclusive jurisdiction of courts exercising jurisdiction in Queensland, Australia and courts of appeal from them in respect of any proceedings arising out of or in connection with this Demerger Scheme. Cardno and each Cardno Shareholder irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

9.3 No liability when acting in good faith

Each Demerger Scheme Participant agrees that neither Cardno nor Intega nor any director, officer, secretary or employee of either of those companies will be liable for anything done or omitted to be done in the performance of this Demerger Scheme or the Demerger Deed Poll in good faith.

Schedule 1 Definitions and interpretation

1 Definitions

The meanings of the terms used in this Demerger Scheme are set out below.

Aggregate Sale Facility Proceeds has the meaning given to that term in clause 6.2(b)(ii).

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or, as the context requires, the financial market operated by it.

ASX Listing means the admission of Intega to the Official List and for Official Quotation of the Intega Shares on ASX.

ASX Listing Rules means the official listing rules of ASX from time to time.

ASX Operating Rules means the operating rules of ASX Settlement Pty Limited (ACN 008 504 532).

Business Day has the meaning given to that term in the ASX Listing Rules.

Capital Reduction means the reduction of the share capital of Cardno by the Capital Reduction Aggregate Amount to be applied equally against each Cardno Share on issue as at the Demerger Scheme Record Date in accordance with the terms of the Capital Reduction Resolution.

Capital Reduction Amount means so much of the Capital Reduction Aggregate Amount allocated to each Demerger Scheme Share under the Capital Reduction Resolution.

Capital Reduction Aggregate Amount means the amount of the capital of Cardno that is to be reduced in accordance with the Capital Reduction Resolution, calculated as follows:

$$\text{Capital Reduction Aggregate Amount} = \frac{B}{(B+C)} \times D$$

Where:

B = the market value of Intega, calculated as the VWAP of the Intega Shares for the first five trading days after the day on which the Court order approving the Demerger Scheme is lodged with ASIC.

C = the market value of Cardno, calculated as the VWAP of the Cardno Shares for the first five trading days after the day on which the Court order approving the Demerger Scheme is lodged with ASIC.

D = Cardno’s share capital account balance immediately before the Demerger is implemented.

Capital Reduction Entitlement means in relation to a Demerger Scheme Participant, the Capital Reduction Aggregate Amount, divided by the number of Cardno Shares on issue as at the Demerger Scheme Record Date, then multiplied by the number of Cardno Shares held by the Demerger Scheme Participant on the Demerger Scheme Record Date (rounded to the nearest Australian cent).

Capital Reduction Resolution means the ordinary resolution concerning the Capital Reduction to be considered by the Cardno Shareholders at the General Meeting.

Cardno Board means the board of directors of Cardno.

Cardno Constitution means the constitution of Cardno, as amended from time to time.

Cardno Directors means the directors of Cardno.

Cardno Group means Cardno and its Subsidiaries, other than the Intega Group.

Cardno Register means the register of Cardno Shareholders maintained by or on behalf of Cardno in accordance with the Corporations Act.

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

Cardno Share Registry means Computershare Investor Services Pty Limited of Level 1, 200 Mary Street, Brisbane QLD 4000.

Cardno Shareholder means a person who is registered in the Cardno Register as the holder of a Cardno Share.

CHESS means the Clearing House Electronic Subregister System, which provides for electronic share transfers in Australia and is operated by ASX Settlement Pty Limited (ACN 008 504 532).

Condition Precedent has the meaning given to that term in clause 3.1.

Corporations Act means the *Corporations Act 2001* (Cth), as amended from time to time.

Court means the Federal Court of Australia.

Court Approval Condition has the meaning given to that term in clause 3.1(h).

Delivery Time means, in relation to the Second Court Date, 2 hours before the commencement of the Second Court Hearing (or, if the commencement of the Second Court Hearing is adjourned, the commencement of the adjourned Second Court Hearing).

Demerger means the demerger of Intega from Cardno to be implemented through the Capital Reduction and by the Demerger Scheme on the terms of the Demerger Transaction Documents.

Demerger Deed Poll means the deed poll executed by Intega under which Intega covenants in favour of each Demerger Scheme Participant to perform its obligations under this Demerger Scheme, a copy of which is at Attachment D of the Demerger Scheme Booklet (subject to any amendments permitted by its terms).

Demerger Implementation Date means the date that is seven Business Days after the Demerger Scheme Record Date, or such other date as:

(a) determined by Cardno;

(b) ordered by the Court; or

(c) may be required by ASX.

Demerger Relief Ruling means a Private Ruling for Cardno issued by the Commissioner of Taxation confirming that the demerger relief provisions in Division 125 of the *Income Tax Assessment Act* 1997 (Cth) will apply to the Demerger and that the Commissioner of Taxation will not apply Section 45B of the *Income Tax Assessment Act 1936* (Cth).

Demerger Resolutions means the Demerger Scheme Resolution, Capital Reduction Resolution and Financial Assistance Resolution.

Demerger Scheme means this scheme of arrangement under Part 5.1 of the Corporations Act between Cardno and the Demerger Scheme Participants, subject to any alterations or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act and consented to by Cardno and Intega in accordance with clause 8.5.

Demerger Scheme Booklet means the Demerger Scheme Booklet published by Cardno explaining the Demerger and containing, among other things, the Demerger Scheme, an explanatory statement in relation to the Demerger Scheme as required by Part 5.1 of the Corporations Act and the notice of meeting for the Demerger Scheme Meeting.

Demerger Scheme Implementation Deed means the implementation deed dated 20 August 2019 between Cardno and Intega under which, amongst other things, Cardno has agreed to propose this Demerger Scheme to the Cardno Shareholders, and each of Cardno and Intega has agreed to take certain steps to give effect to this Demerger Scheme.

Demerger Scheme Meeting means the meeting of Cardno Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider the Demerger Scheme Resolution, and includes any adjournment of that meeting.

Demerger Scheme Participant means, subject to clause 7.1, each person registered in the Cardno Register as the holder of a Cardno Share as at the Demerger Scheme Record Date.

Demerger Scheme Record Date means the time and date for determining entitlements to Intega Shares in accordance with clause 5.4, being 7:00pm on the second Business Day after the Effective Date, or such other date or such other date as determined by Cardno.

Demerger Scheme Resolution means the resolution to approve the Demerger Scheme to be considered by the Cardno Shareholders at the Demerger Scheme Meeting.

Demerger Transaction Documents means each of:

(a) this Demerger Scheme;

(b) the Demerger Deed;

(c) the Scheme Implementation Deed

(d) the Demerger Deed Poll; and

(e) the Transitional Services Agreement.

Effective means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to this Demerger Scheme.

Effective Date means the date on which this Demerger Scheme becomes Effective.

Eligible Cardno Shareholder means a Cardno Shareholder whose Registered Address is in one of the following jurisdictions:

(a) Australia and its external territories;

(b) Ecuador;

(c) New Zealand;

(d) Papua New Guinea;

(e) United Kingdom;

(f) United States;

(g) Canada; or

(h) any other jurisdiction in which Cardno reasonably believes it is not prohibited or unduly onerous or impractical to implement the Demerger and to transfer the Intega Shares to the Cardno Shareholder.

End Date means 31 December 2019, or such later date as is agreed in writing by Cardno and Intega and, if required, approved by the Court.

Financial Assistance Resolution means the special resolution concerning the financial assistance to be provided by Intega in connection with the Demerger to be considered by the Cardno Shareholders at the General Meeting.

General Meeting means the general meeting of Cardno Shareholders convened to consider the Capital Reduction Resolution and the Financial Assistance Resolution (and includes any adjournment of that meeting).

Government Agency means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal, statutory or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any state, or any other federal, state, provincial, local or other government, whether foreign or Australian. It also includes any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions (including ASIC and the Takeovers Panel).

Ineligible Foreign Holder means a Demerger Scheme Participant who is not an Eligible Cardno Shareholder.

Intega means Intega Group Limited (ACN 633 194 920).

Intega Constitution means the constitution of Intega, as amended from time to time.

Intega Group means Intega and its Subsidiaries.

Intega Register means the register of Intega Shareholders maintained by Intega in accordance with the Corporations Act.

Intega Share means a fully paid ordinary share in Intega.

Intega Shareholder means a person who is registered in the Intega Register as a holder of a Intega Share following implementation of the Demerger.

Licensed Market means a financial market the operation of which is authorised by an Australian market licence under section 795B of the Corporations Act.

Official List means the Official List of the ASX.

Official Quotation means the quotation of Intega Shares on the Official List.

Pre-Demerger Restructure Steps means the steps required to effect the Restructure agreed between Cardno and Intega in good faith.

Registered Address means, in relation to a Cardno Shareholder, the address shown in the Cardno Register as at the Demerger Scheme Record Date.

Regulatory Approvals means such approvals, consents, waivers or other acts from or by Regulatory Authorities as are necessary or, in the reasonable opinion of Cardno, desirable in connection with or to implement the Demerger.

Regulatory Authority includes:

(a) ASX, ASIC and the Australian Competition and Consumer Commission;

(b) a government or governmental, semi-governmental or judicial entity or authority (including a Government Agency);

(c) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and

(d) any regulatory organisation established under statute.

Requisite Majorities means:

(a) in relation to the Demerger Scheme Resolution to be put to Cardno Shareholders at the Demerger Scheme Meeting, the resolution being passed:

(i) by a majority in number (more than 50 per cent) of Cardno Shareholders, who are present and voting, either in person or by proxy, attorney or in the case of a corporation its duly appointed corporate representative; and

(ii) by at least 75 per cent of the votes cast on the resolution by Cardno Shareholders, who are present and voting, either in person or by proxy, attorney or in the case of a corporation its duly appointed corporate representative;

(b) in relation to the Capital Reduction Resolution to be put to Cardno Shareholders at the General Meeting, a resolution being passed by at least 50 per cent of the votes cast on the resolution by Cardno Shareholders, who are present and voting, either in person or by proxy, attorney or in the case of a corporation its duly appointed corporate representative; and

(c) in relation to the Financial Assistance Resolution to be put to Cardno Shareholders at the General Meeting, a resolution being passed by at least 75 per cent of the votes cast on the resolution by Cardno Shareholders, who are present and voting, either in person or by proxy, attorney or in the case of a corporation its duly appointed corporate representative.

Sale Agent means the nominee appointed by Cardno to sell or facilitate the transfer of the Selling Shareholders' Intega Shares that Selling Shareholders would otherwise be entitled to receive, as contemplated by clause 6 and in accordance with the Sale Facility.

Sale Facility means the facility to be established and implemented by Cardno under which Intega Shares may be sold pursuant to clause 6.

Sale Facility Election means a valid election not to receive Intega Shares and to participate in the Sale Facility made by a Small Shareholder under clause 6.1.

Sale Facility Election Form means the form to be completed by Small Shareholders who wish to participate in the Sale Facility and not receive Intega Shares.

Sale Facility Election Time means 5:00pm on the date that is two Business Days after the Effective Date or any other time and date agreed between Cardno and Intega.

Sale Facility Election Withdrawal Form means the form to be completed by a person who wishes to withdraw a Sale Facility Election.

Sale Facility Proceeds Entitlement has the meaning given to that term in clause 6.2(b)(iii)

Sale Period means the period on and from the Demerger Implementation Date to and including the 20th Business Day after that date (or, subject to obtaining any necessary ASIC exemptions or waivers, such longer period of time which Cardno and the Sale Agent determine).

Sale Shares has the meaning given to that term in clause 6.2(a).

Second Court Date means the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Demerger Scheme is heard (or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard), with such hearing being the **Second Court Hearing**.

Selling Shareholder means a Selling Small Shareholder or an Ineligible Foreign Holder and **Selling Shareholders** means Selling Small Shareholders and Ineligible Foreign Holders.

Selling Small Shareholder means a Small Shareholder who has made a valid Sale Facility Election.

Separate Account has the meaning given to that term in clause 6.3(b).

Small Shareholder means an Eligible Cardno Shareholder who individually holds 5,000 or fewer Cardno Shares as at the Demerger Scheme Record Date.

Subsidiary has the meaning given to that term in the Corporations Act.

2 Interpretation

In this Demerger Scheme:

(a) headings and bold type are for convenience only and do not affect the interpretation of this Demerger Scheme;

(b) the singular includes the plural and the plural includes the singular;

(c) words of any gender include all genders;

(d) other parts of speech and grammatical forms of a word or phrase defined in this Demerger Scheme have a corresponding meaning;

(e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency as well as an individual;

(f) a reference to a clause, party, schedule, attachment or exhibit is a reference to a clause of, and a party, schedule, attachment or exhibit to, this Demerger Scheme;

(g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them (whether passed by the same or another Government Agency with legal power to do so);

(h) a reference to a document (including this Demerger Scheme) includes all amendments or supplements to, or replacements or novations of, that document;

(i) a reference to 'A$' or 'dollar' is to Australian currency;

(j) a reference to any time is, unless otherwise indicated, a reference to that time in Sydney, Australia;

(k) a term defined in or for the purposes of the Corporations Act, and which is not defined in clause 1 of this Schedule 1, has the same meaning when used in this Demerger Scheme;

(l) a reference to a party to a document includes that party's successors and permitted assignees;

(m) no provision of this Demerger Scheme will be construed adversely to a party because that party was responsible for the preparation of this Demerger Scheme or that provision;

(n) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;

(o) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;

(p) a reference to a body, other than a party to this Demerger Scheme (including an institute, association or authority), whether statutory or not:

    (i) which ceases to exist; or

    (ii) whose powers or functions are transferred to another body,

    is a reference to the body which replaces it or which substantially succeeds to its powers or functions;

(q) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;

(r) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later; and

(s) a reference to the ASX Listing Rules or the ASX Operating Rules includes any variation, consolidation or replacement of these rules and is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

3 Interpretation of inclusive expressions

Specifying anything in this Demerger Scheme after the words 'include' or 'for example' or similar expressions does not limit what else is included.

4 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

Attachment D Demerger Deed Poll

Demerger Deed Poll

Intega Group Limited (ACN 633 194 920)

In favour of each person who is registered on the Cardno Register as the holder of Cardno Shares as at the Demerger Scheme Record Date

Contents

Date: 30 AUGUST 2019

Parties

1 **Intega Group Limited (ACN 633 194 920)** of Level 1, 17 Byres Street, Newstead QLD 4006 (**Intega**),

in favour of:

2 each person who is registered on the Cardno Register as the holder of Cardno Shares as at the Demerger Scheme Record Date (each a **Demerger Scheme Participant**).

Background

A On 20 August 2019, Intega and Cardno Limited (ACN 108 112 303) (**Cardno**) entered into a demerger scheme implementation deed with respect to the Demerger Scheme and associated matters (**Demerger Scheme Implementation Deed**).

B Cardno has agreed in the Demerger Scheme Implementation Deed to propose a scheme of arrangement under section 411 of the Corporations Act between Cardno and the Cardno Shareholders pursuant to which (among other things), subject to the satisfaction or waiver of certain conditions precedent, Intega will be demerged from Cardno in the manner more fully described in that scheme of arrangement.

C In accordance with the Demerger Scheme Implementation Deed, Intega enters into this deed poll for the purposes of covenanting in favour of the Demerger Scheme Participants that it will perform all actions attributed to it under the Demerger Scheme.

This deed poll provides as follows

1 Definitions and interpretation

1.1 Definitions

Unless the contrary intention appears, terms defined in the Demerger Scheme have the same meaning when used in this deed poll. In addition, in this deed poll, the following defined terms have the meaning set out below:

Demerger Scheme means the scheme of arrangement under Part 5.1 of the Corporations Act between Cardno and the Cardno Shareholders, subject to any alterations or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act and consented to by Cardno and Intega in accordance with terms of the Demerger Scheme.

1.2 Interpretation

In this deed poll:

(a) headings and bold type are for convenience only and do not affect the interpretation of this deed poll;

(b) the singular includes the plural and the plural includes the singular;

(c) words of any gender include all genders;

(d) other parts of speech and grammatical forms of a word or phrase defined in this deed poll have a corresponding meaning;

(e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency as well as an individual;

(f) a reference to a clause, party, schedule, attachment or exhibit is a reference to a clause of, and a party, schedule, attachment or exhibit to, this deed poll;

(g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them (whether passed by the same or another Government Agency with legal power to do so);

(h) a reference to a document (including this deed poll) includes all amendments or supplements to, or replacements or novations of, that document;

(i) the word 'includes' in any form is not a word of limitation;

(j) a reference to 'A$' or 'dollar' is to Australian currency;

(k) a reference to any time is, unless otherwise indicated, a reference to that time in Sydney, Australia;

(l) a term defined in or for the purposes of the Corporations Act has the same meaning when used in this deed poll; and

(m) a reference to the ASX Listing Rules includes any variation, consolidation or replacement of these rules and is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

1.3 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

1.4 Nature of this deed poll

Intega acknowledges and agrees that:

(a) this deed poll may be relied on and enforced by any Demerger Scheme Participant in accordance with its terms even though the Demerger Scheme Participants are not party to it; and

(b) under the Demerger Scheme, each Demerger Scheme Participant irrevocably appoints Cardno and each of its directors and officers (jointly and each of them severally) as its attorney and agent to enforce this deed poll against Intega on its behalf.

2 Condition precedent and termination of this deed poll

2.1 Condition precedent

Intega's obligations under this deed poll are subject to the Demerger Scheme becoming Effective.

2.2 Termination of this deed poll

Subject to clause 2.3, the obligations of Intega under this deed poll will automatically terminate and the terms of this deed poll will be of no further force or effect if:

(a) the Demerger Scheme does not become Effective on or before the End Date; or

(b) the Demerger Scheme Implementation Deed is terminated in accordance with its terms,

unless Cardno and Intega otherwise agree in writing.

2.3 Consequences of termination of this deed poll

If this deed poll is terminated under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to Demerger Scheme Participants:

(a) Intega is released from its obligations to further perform this deed poll, except those obligations under clause 8; and

(b) each Demerger Scheme Participant retains the rights, powers and remedies it has against Intega in respect of any breach of this deed poll which occurs before it is terminated.

3 Transfer of Intega Shares

3.1 Agreement to become members of Intega

Under clause 8.1 of the Demerger Scheme, each Demerger Scheme Participant (other than Selling Shareholders) agrees to become a member of Intega, to have their name entered in the Intega Share Register, to accept the Intega Shares transferred to them and agrees to be bound by the Intega Constitution.

3.2 Subdivision of Intega Shares

On or before the Demerger Implementation Date (and, in any event, no later than immediately before implementation of the steps set out in clauses 5.5 of the Demerger Scheme), Intega must take all steps necessary to ensure that Intega's share capital is subdivided so that the number of Intega Shares on issue is equal to the number of Intega Shares required to be transferred to Demerger Scheme Participants and Selling Shareholders under clause 5.5 of the Demerger Scheme.

3.3 Obligation to update Intega Register

On the Demerger Implementation Date, Intega must enter (or procure the entry) into the Intega Register of:

(a) each Demerger Scheme Participant (other than Selling Shareholders) in respect of the Intega Shares transferred to the relevant Demerger Scheme Participant in accordance with Demerger Scheme; and

(b) the Sale Agent, in respect of the Intega Shares transferred to the Sale Agent on behalf of the Selling Shareholders in accordance with the Demerger Scheme.

3.4 Despatch of holding statements

(a) In accordance with clause 5.7 of the Demerger Scheme, as soon as practicable after the Demerger Implementation Date and in accordance with the Listing Rules, Intega must despatch or procure the despatch to:

(i) each Demerger Scheme Participant (other than Selling Shareholders), holding statements for the Intega Shares transferred to the relevant Demerger Scheme Participant in accordance with the Demerger Scheme; and

(ii) the Sale Agent, holding statements for the Intega Shares transferred to the Sale Agent on behalf of the Selling Shareholders in accordance with Demerger Scheme,

by pre-paid post to their Registered Address as at the Demerger Scheme Record Date, or as otherwise validly directed by the relevant Demerger Scheme Participant (other than a Selling Shareholder) or Sale Agent.

(b) In the case of Demerger Scheme Participants (who are not Selling Shareholders) who are joint holders of Cardno Shares:

(i) entry in the Intega Register must take place in the same order as the holders' names appear in the Cardno Register; and

(ii) holding statements in relation to the Intega Shares will be issued in the name of the joint holders and will be forwarded to the holder whose name appears first in the Cardno Register on the Demerger Scheme Record Date.

(c) This clause 3.4 does not apply to a Demerger Scheme Participant (other than a Selling Shareholder) who does not have a Registered Address, or where Cardno and Intega believe that such Demerger Scheme Participant (other than a Selling Shareholder) is not known at their Registered Address.

4 Other obligations of Intega

4.1 Official Quotation of Intega Shares

Intega must apply for admission of Intega to the Official List and for Official Quotation of Intega Shares to be transferred pursuant to the Demerger Scheme on the ASX with effect on or before the Business Day after the Effective Date, subject only to the Demerger Scheme becoming Effective and such other conditions that are acceptable to Cardno and the Intega.

4.2 General

Intega covenants in favour of Demerger Scheme Participants to:

....

(a) observe and perform the steps attributed to it under, and to otherwise comply with, the Demerger Scheme as if Intega was named as a party to the Demerger Scheme; and

(b) do all acts and things necessary to give effect to the Demerger Scheme.

5 Representations and warranties

Intega represents and warrants that:

(a) it is a corporation validly existing under the laws of its place of registration;

(b) it has the corporate power to enter into and perform, or cause to be performed, its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;

(c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll; and

(d) this deed poll is valid and binding on it and is enforceable against it in accordance with its terms, subject to any necessary stamping and registration.

6 Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

(a) Intega has fully performed its obligations under this deed poll; or

(b) the earlier termination of this deed poll under clause 2.2.

7 Notices

7.1 How and where Notices may be sent

A notice or other communication in respect of this deed poll (**Notice**) must be in writing and delivered by hand or sent by pre-paid post or email to Intega at the address or the email address for Intega set out below or as otherwise specified by Intega by Notice:

Attention:	Shael Munz, Chief Financial Officer
Address:	Level 1, 17 Byres Street, Newstead QLD 4006
Email:	shael.munz@constructionsciences.net
Copy to:	
Attention:	John Williamson-Noble, Gilbert + Tobin
Address:	Level 35, Tower Two, International Towers Sydney, 200 Barangaroo Avenue, Barangaroo NSW 2000
Email:	JWilliamson-Noble@gtlaw.com.au

7.2 Notices to be in legible writing in English

A Notice to or by Integа must be in legible writing and in English.

7.3 When Notices are taken to have been given and received

(a) A Notice sent by post is regarded as given and received in the ordinary course of post.

(b) A Notice sent by email is regarded as given and received when the email (including any attachment) comes to the attention of the recipient or a person acting on the recipient's behalf.

(c) A Notice delivered or received other than on a Business Day or after 4:00pm (recipient's time) is regarded as received at 9:00am on the following Business Day and a Notice delivered or received before 9:00am (recipient's time) is regarded as received at 9:00am.

8 General

8.1 Governing law and jurisdiction

(a) This deed poll is governed by the law in force in Queensland, Australia.

(b) Integа irrevocably submits to the non-exclusive jurisdiction of courts exercising jurisdiction in Queensland, Australia and courts of appeal from them in respect of any proceedings arising out of or in connection with this deed poll. Integа irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

8.2 Waiver

(a) Integа may not rely on the words or conduct of any Demerger Scheme Participant as a waiver of any right unless the waiver is in writing and signed by the Demerger Scheme Participant granting the waiver.

(b) No Demerger Scheme Participant may rely on the words or conduct of Integа as a waiver of any right unless the waiver is in writing and signed by Integа.

(c) The meanings of the terms used in this clause are set out below.

conduct includes delay in the exercise of a right.

right means any right arising under or in connection with this deed poll and includes the right to rely on this clause.

waiver includes an election between rights and remedies and conduct which might otherwise give rise to an estoppel.

8.3 Variation

A provision of this deed poll or any right created under it may not be varied, altered or otherwise amended unless:

(a) the variation is agreed to by Cardno and Integа in writing; and

(b) the Court has indicated that the variation, alteration or amendment would not itself preclude approval of the Demerger Scheme,

in which event Intega must enter into a further deed poll in favour of the Demerger Scheme Participants giving effect to the variation, alteration or amendment.

8.4 Cumulative rights, powers and remedies

The rights, powers and remedies of Intega and the Demerger Scheme Participants under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

8.5 Assignment

The rights and obligations created by this deed poll are personal to Intega and each Demerger Scheme Participant and Intega and each Demerger Scheme Participant may not assign or otherwise deal with its rights under this deed poll without the consent of Intega and Cardno.

8.6 Further action to be taken at Intega' expense

Intega must, at its own expense (unless agreed to be borne by Cardno), do all things and execute all documents (on its own behalf or on behalf of each Demerger Scheme Participant) necessary to give effect to this deed poll.

Execution page

Executed as a deed poll.

Signed, sealed and delivered by **Intega Group Limited (ACN 633 194 920)** in accordance with section 127 of the *Corporations Act 2001* (Cth) by:	
Signature of director	Signature of director/secretary
NEVILLE BUCH	Michael Alscher
Name of director (print)	Name of director/secretary (print)

Attachment E Notice of Demerger Scheme Meeting

Cardno Limited

ACN 108 112 303

Notice of Demerger Scheme Meeting and Explanatory Memorandum to Shareholders

Date of Meeting

Thursday, 10 October 2019

Time of Meeting

11.30am (Sydney time)

Place of Meeting

The Hobart Room, Sofitel Sydney Wentworth, 61-101 Phillip Street, Sydney NSW 2000

A Proxy Form is enclosed

Please read this Notice and Explanatory Memorandum carefully.

If you are unable to attend the Demerger Scheme Meeting please complete and return the enclosed Proxy Form in accordance with the specified directions.

Cardno Limited

ACN 108 112 303

Notice of Demerger Scheme Meeting

Notice is hereby given that by an order of the Federal Court of Australia made on 6 September 2019 purusant to section 411(1) of the Corporations Act a meeting of holders of fully paid ordinary shares in Cardno Limited (ACN 108 112 303) will be held at The Hobart Room, Sofitel Sydney Wentworth, 61-101 Phillip Street, Sydney NSW 2000 on Thursday, 10 October 2019 at 11.30am (Sydney time).

The Court has directed that Michael Alscher act as chairman of the Demerger Scheme Meeting or failing him Neville Buch, and has directed the chairman to report the result of the Demerger Scheme Meeting to the Court.

The Directors have determined that the persons eligible to vote at the Demerger Scheme Meeting are those on the Cardno Register as at 7.00pm (Sydney time) on Tuesday, 8 October 2019.

Purpose of Meeting

The purpose of the Demerger Scheme Meeting is to consider and, if thought fit, to approve (with or without modification) a demerger scheme proposed to be made between Cardno and its Shareholders.

To enable you to make an informed voting decision, important information on the Demerger Scheme is set out in the booklet accompanying this Notice. The Demerger Scheme Booklet and Explanatory Memorandum to this Notice and Proxy Form both form part of this Notice.

Details of the definitions and abbreviations used in this Notice are set out in the Glossary to the Explanatory Memorandum.

Agenda

1 Demerger Scheme Resolution

To consider and, if thought fit, to pass the following resolution in accordance with section 411(4)(a)(ii) of the Corporations Act:

"That pursuant to and in accordance with section 411 of the Corporations Act, the arrangement proposed between Cardno and the holders of its ordinary shares as contained in and more particularly described in the Demerger Scheme Booklet of which the Notice forms part, is approved, and the Directors of Cardno are authorised to agree to such alterations or conditions as are thought fit by the Court, and subject to approval by the Court, to implement the Demerger Scheme with any such modifications or conditions."

By order of the Board

Courtney Marsden
Company Secretary

Dated: 6 September 2019

Explanatory Memorandum

Required voting majority

In order for the Demerger Scheme to become effective, the proposed resolution must be passed at a meeting by:

(a) unless the Court orders otherwise, a majority of the number of Cardno Shareholders present and voting (whether in person or by proxy, attorney or, in the case of corporate shareholders, a corporate representative) at the meeting; and

(b) at least 75% of the votes cast on the resolution.

The Court has a discretion under section 411(4)(a)(ii)(A) of the Corporations Act to approve the Demerger Scheme if it is approved by at least 75% of the votes cast on the resolution but not by a majority in number of Cardno Shareholders (other than Excluded Shareholders) present and voting at the meeting.

Voting at the Demerger Scheme Meeting will be by poll rather than by a show of hands.

Court approval

In accordance with section 411(4)(b) of the Corporations Act, the Demerger Scheme (with or without modification) is subject to approval of the Court. If the Demerger Scheme Resolution put to this meeting is passed by the required majorities and the other conditions to the Demerger Scheme are satisfied, Cardno intends to apply to the Court for the necessary orders to give effect to the Demerger Scheme.

How to vote

Shareholders can vote by either:

- attending the Meeting and voting in person or by attorney or, in the case of Shareholders who are a body corporate, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the Proxy Form accompanying this Notice of Meeting and by submitting their proxy appointment and voting instructions in person, by post, by e-mail or by facsimile.

Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the Meeting are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting, if possible, so that their holding may be checked against the Company's share register and their attendance recorded. To be effective a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms below. Persons who are attending as an attorney should bring the original or a certified copy of the power of attorney to the Meetings, unless it has already been noted by Cardno.

Joint holders

In the case of Cardno Shares held by joint holders, only one of the joint holders is entitled to vote. If more than one joint Cardno Shareholder votes in respect of jointly held Cardno Shares, only the vote of the Cardno Shareholder whose name appears first on the Cardno Register will be counted.

Voting by a Corporation

A Shareholder that is a body corporate may authorise an individual to act as its representative and vote in person at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed.

Voting by proxy

- A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak and act generally at the Meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a Shareholder.

- The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit.
- Should any resolution, other than those specified in this Notice, be proposed at the Meeting, a proxy may vote on that resolution as they think fit.
- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the Shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
- Shareholders who return their Proxy Forms with a direction how to vote, but who do not insert the name of the person to be appointed as proxy, will be taken to have appointed the Chair of the Meeting as their proxy to vote on their behalf. If a Proxy Form is returned but the nominated proxy does not attend the Meeting, the Chair of the Meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chair of the Meeting, the secretary or any Director that do not contain a direction how to vote will be used, where possible, to support each of the Resolutions proposed in this Notice, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed Resolutions. These rules are explained in this Notice.
- To be effective, proxies must be received by 10.00am (Sydney time) on Tuesday, 8 October 2019. Proxies received after this time will be invalid.
- Proxies may be lodged using any of the following methods:
  - Online via www.investorvote.com.au and logging in using the information found on the front of your personalised proxy form.
  - Mail the completed proxy forms to GPO Box 1282, Melbourne Victoria, 3001 using the reply-paid or self-addressed envelope provided.
  - Fax the completed proxy forms to the Cardno Share Registry on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).
- The Proxy Form must be signed by the Shareholder or the Shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the Power of Attorney, or the power itself, must be received by the Company at the above address, or by facsimile, and by 10.00am (Sydney time) on Tuesday, 8 October 2019. If facsimile transmission is used, the Power of Attorney must be certified.

Shareholders who are entitled to vote

In accordance with paragraphs 7.11.37 and 7.11.38 of the Corporations Regulations, the Board has determined that a person's entitlement to vote at the Demerger Scheme Meeting will be the entitlement of that person set out in the Register of Shareholders as at 7.00pm (Sydney time) on Tuesday, 8 October 2019.

Glossary

Accounting Standards has the meaning given to that term in the Corporations Act.

Board means the Directors.

Chair means the individual appointed under rule 16.8 of the Constitution.

Closely Related Party has the meaning given to that term in the Corporations Act.

Company means Cardno Limited (ACN 108 112 303).

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

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

Court means the Federal Court of Australia.

Demerger Scheme means the demerger scheme proposed to be made between Cardno and its Shareholders.

Demerger Scheme Booklet means the booklet accompanying this Notice.

Demerger Scheme Meeting means an Demerger Scheme Meeting of the members of the Company.

Directors means the directors of the Company.

Explanatory Memorandum means the explanatory memorandum accompanying this Notice.

Key Management Personnel has the meaning given to that term in the Accounting Standards.

Meeting or **Demerger Scheme Meeting** means the Demerger Scheme Meeting convened by the Notice.

Notice means this Notice of Demerger Scheme Meeting.

Notice of Meeting means this Notice of Demerger Scheme Meeting.

Proxy Form means the proxy form accompanying the Notice.

Resolution means a resolution contained in the Notice.

Shareholder means a member of the Company from time to time.

Shares means fully paid ordinary shares in the capital of the Company.

Attachment – Demerger Scheme Booklet

Attachment F Notice of General Meeting

Cardno Limited

ACN 108 112 303

Notice of General Meeting and Explanatory Memorandum to Shareholders

Date of Meeting

Thursday, 10 October 2019

Time of Meeting

12.15pm (Sydney time) (or as soon after that time as the Demerger Scheme Meeting has concluded)

Place of Meeting

The Hobart Room, Sofitel Sydney Wentworth, 61-101 Phillip Street, Sydney, NSW 2000

A Proxy Form is enclosed

Please read this Notice and Explanatory Memorandum carefully.

If you are unable to attend the General Meeting please complete and return the enclosed Proxy Form in accordance with the specified directions.

Cardno Limited

ACN 108 112 303

Notice of General Meeting

Notice is hereby given that a general meeting of Cardno Shareholders will be held at The Hobart Room, Sofitel Sydney Wentworth, 61-101 Phillip Street, Sydney, NSW 2000 on Thursday, 10 October 2019 at 12.15pm for the purpose of transacting the following business referred to in this Notice of General Meeting.

The enclosed Explanatory Memorandum accompanies and forms part of this Notice of General Meeting.

Agenda

1 Capital Reduction Resolution

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, subject to and conditional on the scheme of arrangement set out in Annexure C of the Demerger Scheme Booklet of which the notice convening this meeting forms part becoming Effective in accordance with section 411(10) of the Corporations Act and for the purpose of section 256C(1) of the Corporations Act and for all other purposes, Cardno's share capital be reduced on the Demerger Implementation Date by the Capital Reduction Aggregate Amount, with the reduction to be effected and satisfied by applying the Capital Reduction Aggregate Amount equally against each Cardno Share on issue on the Demerger Scheme Record Date (rounded to the nearest Australian cent) in accordance with the Demerger Scheme."

2 Financial Assistance Resolution

To consider and, if thought fit, to pass the following resolution as an special resolution:

"That, for the purposes of section 260B(2) of the Corporations Act, approval is given for the financial assistance to be provided by Intega Group Limited ACN 633 194 920 and its subsidiaries from time to time in connection with the Demerger and the Related Acquisitions as described in the Demerger Scheme Booklet accompanying this notice of general meeting."

Other business

To deal with any other business which may be brought forward in accordance with the Company's Constitution and the Corporations Act.

Details of the definitions and abbreviations used in this Notice are set out in the Glossary to the Explanatory Memorandum.

By order of the Board

Courtney Marsden
Company Secretary

Dated: 6 September 2019

How to vote

Shareholders can vote by either:

- attending the Meeting and voting in person or by attorney or, in the case of Shareholders who are a body corporate, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the Proxy Form accompanying this Notice of Meeting and by submitting their proxy appointment and voting instructions in person, by post, by e-mail or by facsimile.

Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the Meeting are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting, if possible, so that their holding may be checked against the Company's share register and their attendance recorded. To be effective a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms below. Persons who are attending as an attorney should bring the original or a certified copy of the power of attorney to the Meetings, unless it has already been noted by Cardno.

Joint holders

In the case of Cardno Shares held by joint holders, only one of the joint holders is entitled to vote. If more than one joint Cardno Shareholder votes in respect of jointly held Cardno Shares, only the vote of the Cardno Shareholder whose name appears first on the Cardno Register will be counted.

Voting by a Corporation

A Shareholder that is a body corporate may authorise an individual to act as its representative and vote in person at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed.

Voting by proxy

- A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak and act generally at the Meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a Shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit.
- Should any resolution, other than those specified in this Notice, be proposed at the Meeting, a proxy may vote on that resolution as they think fit.
- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the Shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
- Shareholders who return their Proxy Forms with a direction how to vote, but who do not insert the name of the person to be appointed as proxy, will be taken to have appointed the Chair of the Meeting as their proxy to vote on their behalf. If a Proxy Form is returned but the nominated proxy does not attend the Meeting, the Chair of the Meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chair of the Meeting, the secretary or any Director that do not contain a direction how to vote will be used, where possible, to support each of the Resolutions proposed in this Notice, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed Resolutions. These rules are explained in this Notice.

- To be effective, proxies must be received by 10.00am (Sydney time) on Tuesday, 8 October 2019. Proxies received after this time will be invalid.
- Proxies may be lodged using any of the following methods:
  - Online via www.investorvote.com.au and logging in using the information found on the front of your personalised proxy form.
  - Mail the completed proxy forms to GPO Box 1282, Melbourne Victoria, 3001 using the reply-paid or self-addressed envelope provided.
  - Fax the completed proxy forms to the Cardno Share Registry on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).
- The Proxy Form must be signed by the Shareholder or the Shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the Power of Attorney, or the power itself, must be received by the Company at the above address, or by facsimile, and by 10.00am (Sydney time) on Tuesday, 8 October 2019. If facsimile transmission is used, the Power of Attorney must be certified.

Shareholders who are entitled to vote

In accordance with paragraphs 7.11.37 and 7.11.38 of the Corporations Regulations, the Board has determined that a person's entitlement to vote at the Demerger Scheme Meeting will be the entitlement of that person set out in the Register of Shareholders as at 7.00pm (Sydney time) on Tuesday, 8 October 2019.

Cardno Limited

ACN 108 112 303

Explanatory Memorandum

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of General Meeting of the Company.

Certain abbreviations and other defined terms are used throughout this Explanatory Memorandum. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary to the Explanatory Memorandum.

Resolution 1 – Capital Reduction Resolution

Cardno has proposed the Capital Reduction Resolution to permit Cardno to reduce its share capital on the Demerger Implementation Date. The proceeds of the Capital Reduction will not be paid in cash. Instead, they will be applied on behalf of Cardno Shareholders as consideration for the transfer of Intega Shares under the Demerger Scheme.

The Capital Reduction is conditional on the Demerger Scheme becoming Effective. This means that Cardno will not undertake the Capital Reduction unless the Demerger Scheme Resolution is passed by the Requisite Majority and the Demerger Scheme becomes Effective.

The Cardno Directors are of the view that, taking into account all relevant matters, the Capital Reduction is fair and reasonable to Cardno Shareholders as a whole and will not materially prejudice the ability of Cardno to pay its creditors.

For the Capital Reduction to be implemented, votes “in favour of” the resolution to approve the Capital Reduction at the General Meeting must be received from a Requisite Majority of votes cast at the General Meeting (being at least 50 per cent of the votes cast of the resolution by Cardno Shareholders who are present and voting at General Meeting, either in person or by proxy, attorney, or in the case of a corporation, its duly appointed corporate representative).

The Cardno Directors unanimously recommend that Cardno Shareholders vote in favour of the Capital Reduction Resolution, and intend to vote, or cause to be voted, all Cardno Shares held or Controlled by them in favour of the Capital Reduction Resolution.

The Independent Expert has also concluded that, in its opinion, the Capital Reduction will not materially prejudice Cardno’s ability to pay its existing creditors.

Resolution 2 – Financial Assistance Resolution

The Demerger and Related Acquisitions will involve the acquisition of shares in certain Australian Intega Obligors. In addition, amounts borrowed under the Intega Facilities Agreement will be applied to fund certain payments due in connection with the Demerger and Related Acquisitions.

Accordingly, the entry by the Australian Intega Obligors into, and the performance by each Australian Intega Obligor of its rights and obligations under the Intega Finance Documents and the Intega Security and the participation by the Australian Intega Obligors in the funding arrangements and other transactions, all as described above, constitutes the giving of financial assistance in connection with the Demerger and the Related Acquisitions, within the meaning of Part 2J.3 of the Corporations Act.

Pursuant to section 260B of the Act, it is proposed that the giving by the Australian Intega Obligors of the financial assistance be approved by a special resolution of Cardno (which will be the Listed Australian Holding Company of the Australian Intega Obligors immediately after completion of the Related Acquisitions) to be passed to approve the giving by the Australian Intega Obligors of financial assistance within the meaning of section 260A of the Corporations Act pursuant to section 260B(2) of the Corporations Act (the Cardno Financial Assistance Resolution).

The reason for the giving of the financial assistance described above is to facilitate the Demerger. In particular:

(a) completion of the Related Acquisitions are steps required in connection the Demerger; and

(b) Intega requires financing to fund payments in connection with the

Demerger and the Related Acquisitions. In connection with that financing, the Australian Intega Obligors are required to enter into the Finance Documents.

The substantial effect of the financial assistance on the Australian Intega Obligors is that each Australian Intega Obligor will have guaranteed all amounts payable under the Intega Finance Documents and granted security for such obligations over its assets and undertaking (subject to agreed exceptions). The operations of the Australian Intega Obligor will also be restricted by the representations and undertakings given by them under the Intega Finance Documents.

The Cardno Board do not currently believe that either the Intega Borrowers or any of the Australian Intega Obligors are likely to default in their obligations under the Intega Finance Documents.

For the Financial Assistance to be approved, votes “in favour of” the resolution to approve the Financial Assistance at the General Meeting must be received from a Requisite Majority of votes cast at the General Meeting (being at least 75 per cent of the votes cast of the resolution by Cardno Shareholders, who are present and voting at General Meeting, either in person or by proxy, attorney or in the case of a corporation its duly appointed corporate representative).

The Cardno Directors unanimously recommend that Cardno Shareholders vote in favour of the Financial Assistance Resolution, and intend to vote, or cause to be voted, all Cardno Shares held or Controlled by them in favour of the Financial Assistance Resolution.

Glossary

Accounting Standards has the meaning given to that term in the Corporations Act.

Australia Intega Obligor means each of:

(a) Intega;

(b) Construction Sciences Pty Ltd (ACN 128 806 735);

(c) CCS Staff Pty Ltd (ACN 050 401 771);

(d) Network Geotechnics Pty Ltd (ACN 069 211 561);

(e) Trilab Pty Ltd (ACN 065 630 506);

(f) Suresearch Australia Pty Ltd (ACN 120 489 223);

(g) Utility Locating Pty Ltd (ACN 156 481 560); and

(h) PPI Australia Pty Ltd (ACN 149 899 301).

Board means the Directors.

Borrowers has the meaning given to that term in the Demerger Scheme Booklet accompanying this Notice.

Capital Reduction means the reduction of the share capital of Cardno by the Capital Reduction Aggregate Amount to be applied equally against each Cardno Share on issue as at the Demerger Scheme Record Date in accordance with the terms of the Capital Reduction Resolution.

Capital Reduction Aggregate Amount has the meaning given to that term in the Demerger Scheme Booklet accompanying this Notice.

Cardno means Cardno Limited (ACN 108 112 303).

Cardno Share means fully paid ordinary shares in the capital of the Company.

Chair means the individual appointed under rule 16.8 of the Constitution.

Closely Related Party has the meaning given to that term in the Corporations Act.

Company means Cardno Limited (ACN 108 112 303).

Constitution means the Company's constitution, as amended from time to time.

Controlled has the meaning given to that term in section 50AA the Corporations Act.

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

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

Court means the Federal Court of Australia.

Demerger means the demerger of Intega from Cardno to be implemented through the Capital Reduction and by the Demerger Scheme on the terms of the Demerger Transaction Documents.

Demerger Deed means the demerger deed between Cardno and Intega dated 20 August 2019 and described in Section 6.10(b) of the Demerger Scheme Booklet accompanying this Notice.

Demerger Deed Poll means the deed poll dated 30 August 2019 executed by Intega and attached as Attachment D of the Demerger Scheme Booklet accompanying this Notice, under which Intega covenants to carry out its obligations under the Demerger Scheme.

Demerger Implementation Deed means the demerger implementation deed between Cardno and Intega dated 20 August 2019 and described in Section 6.10(b) of the Demerger Scheme Booklet accompanying this Notice.

Demerger Implementation Date means the date scheduled for implementation of the Demerger, currently expected to be Thursday, 31 October 2019.

Demerger Scheme means the demerger scheme proposed to be made between Cardno and its Shareholders.

Demerger Scheme Booklet means the booklet accompanying this Notice.

Demerger Scheme Resolution means the demerger scheme resolution contained in the Notice.

Demerger Transaction Documents means the Demerger Scheme, the Demerger Deed Poll, the Demerger Deed, the Demerger Implementation Agreement and the Transitional Services Agreement.

Directors means the directors of the Company.

Effective means, when used in relation to the Demerger Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under sections 411(4)(b) and 411(6) in relation to the Demerger Scheme.

Explanatory Memorandum means the explanatory memorandum accompanying this Notice.

Financial Assistance Resolution means the financial assistance resolution contained in the Notice.

General Meeting means an General Meeting of the members of the Company.

Independent Expert means the report of the Independent Expert in relation to the Demerger, as set out in Attachment A to the Demerger Scheme Booklet accompanying this Notice.

Intega means Intega Group Limited (ACN 633 194 920).

Intega Facilities Agreement has the meaning given to that term in the Demerger Scheme Booklet accompanying this Notice.

Intega Finance Documents has the meaning given to that term in the Demerger Scheme Booklet accompanying this Notice.

Intega Share means a fully paid ordinary share in Intega.

Intega Security has the meaning given to that term in the Demerger Scheme Booklet accompanying this Notice.

Key Management Personnel has the meaning given to that term in the Accounting Standards.

Listed Australian Holding Company has the meaning given to that term in the Demerger Scheme Booklet accompanying this Notice.

Meeting or **General Meeting** means the General Meeting convened by the Notice.

Notice means this Notice of General Meeting.

Notice of Meeting means this Notice of General Meeting.

Proxy Form means the proxy form accompanying the Notice.

Related Acqusitions has the meaning given to that term in the Demerger Scheme Booklet accompanying this Notice.

Requisite Majority means:

(a) in relation to the Capital Reduction Resolution to be put to Cardno Shareholders at the General Meeting, a resolution being passed by at least 50 per cent of the votes cast on the resolution by Cardno Shareholders, who are present and voting, either in person or by proxy, attorney or in the case of a corporation its duly appointed corporate representative; and

(b) in relation to the Cardno Financial Assistance Resolution to be put to Cardno Shareholders at the General Meeting, a resolution being passed by at least 75 per cent of the votes cast on the resolution by Cardno Shareholders, who are present and voting, either in person or by proxy, attorney or in the case of a corporation its duly appointed corporate representative.

Resolution means a resolution contained in the Notice.

Shareholder means a member of the Company from time to time.

Shares means fully paid ordinary shares in the capital of the Company.

Transitional Services Agreement means the transitional services agreement between Cardno and Intega dated 20 August 2019 and described in Section 6.10(d) of the Demerger Scheme Booklet accompanying this Notice.

Attachment – Demerger Scheme Booklet

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Registered office

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