Cardno
Shaping the Future

Cardno Limited
Half Year Results December 2009

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Jeff Forbes – Chief Financial Officer

Financial Half Year Highlights December 2009

- Gross Revenue for the December 2009 half year was $228.6m
- EBITDA for the half year was $25.0m
- Net Profit after tax was $16.05m – which was down on the PCP but up on the June 2009 half year.
- Strong operating cash flow of $17.02 m was an increase on the PCP.
- Cash on hand at 31 December was $64.03m
- Net debt was $13.2m – net debt to equity 5.0%
- Earnings per share (basic) was 18.97 cents
- Half year dividend of 14 cents payable 26 March, record date 12 March.
- Number of people around 2900
- Cardno acquired the ITC Group in January (building services consulting engineering firm) adding further diversification and cross selling opportunities with strong growth potential.

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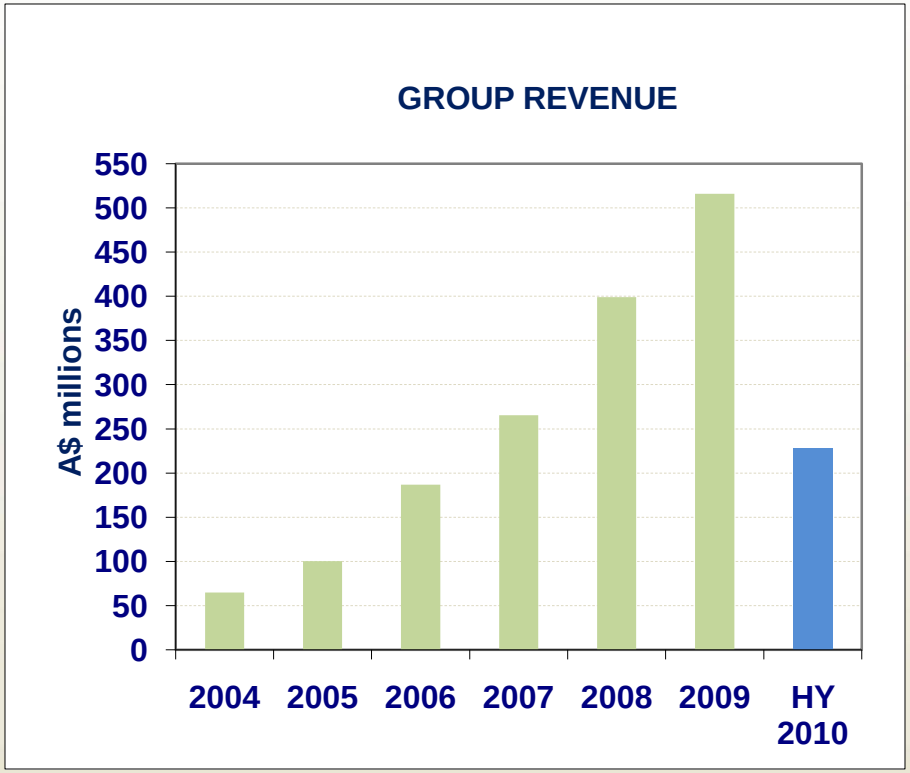
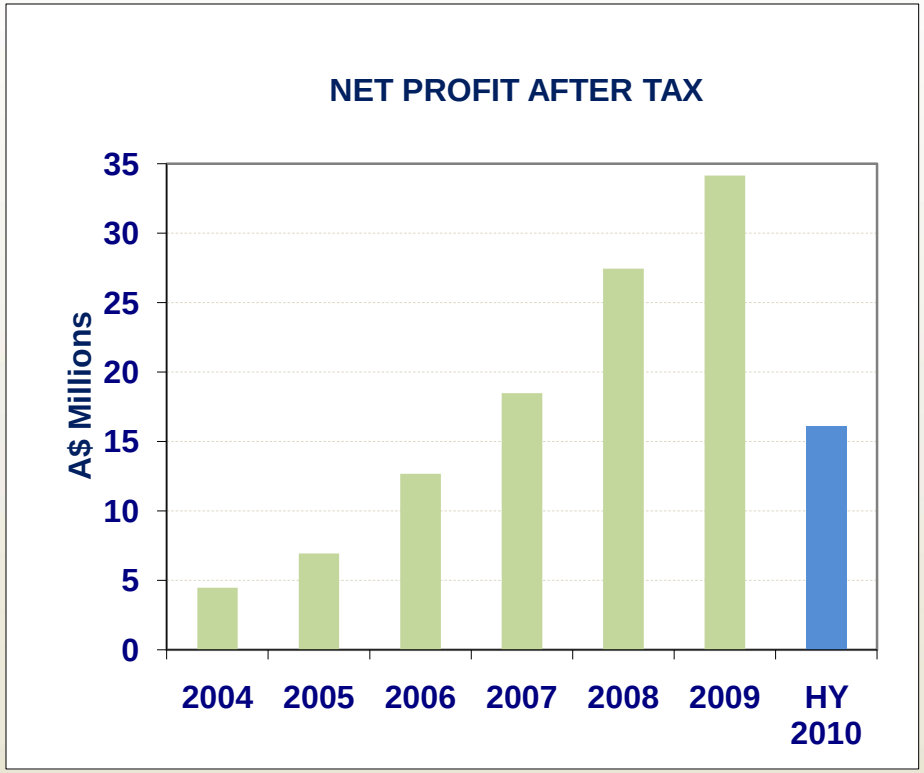
6 Year Performance History





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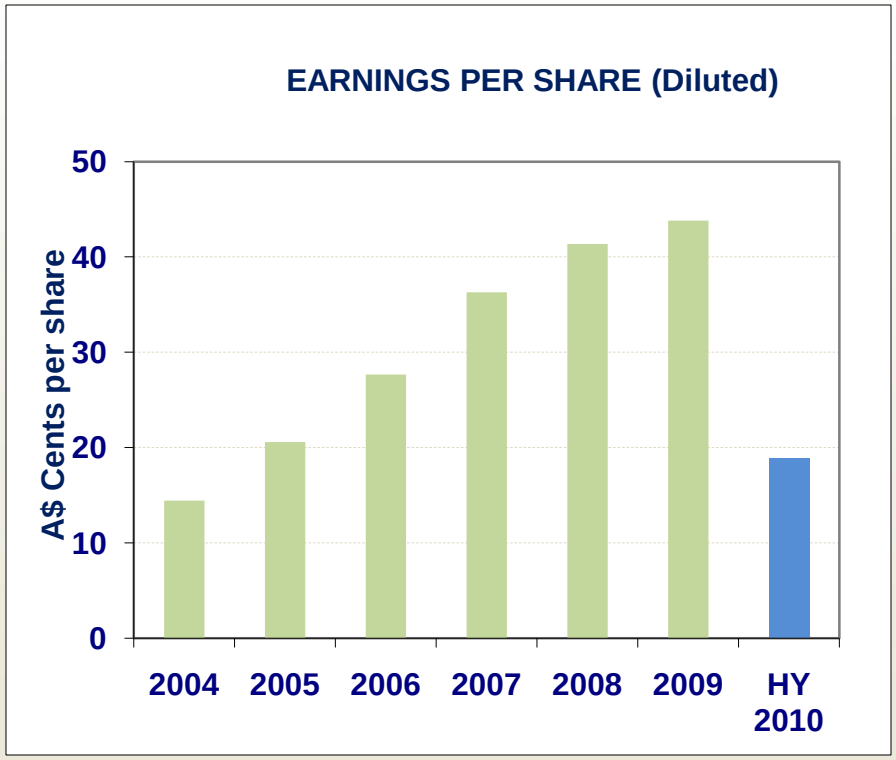
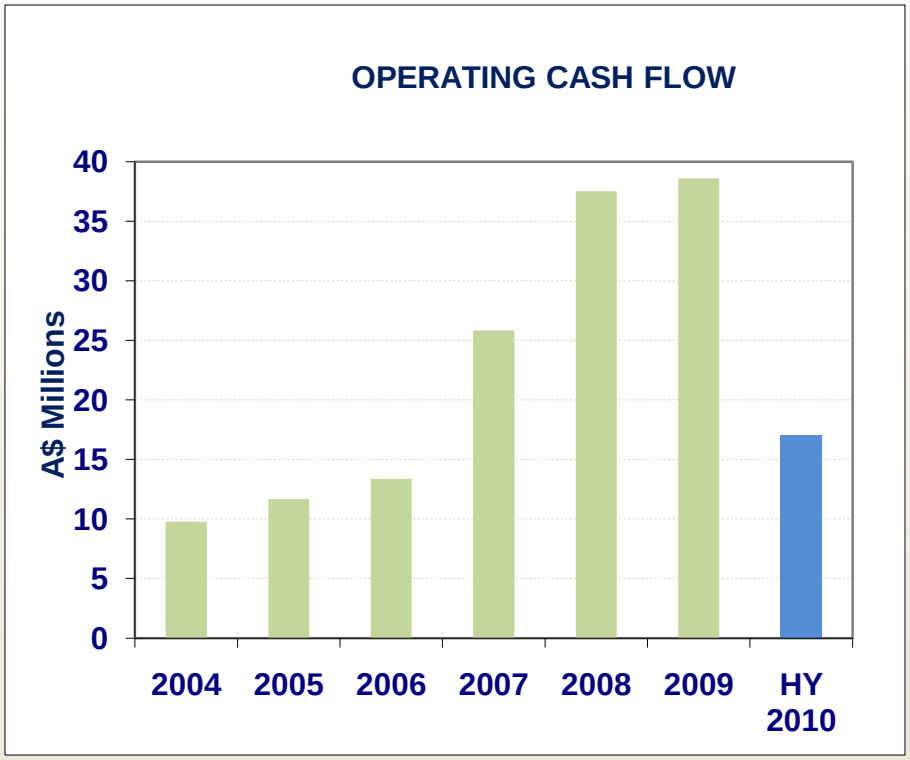
6 Year Performance History





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Core Business

International Development Assistance

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

- PHYSICAL INFRASTRUCTURE
- Roads & Bridges
- Water & Wastewater
- Environmental

Public Sector Infrastructure

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

Private Sector Infrastructure

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

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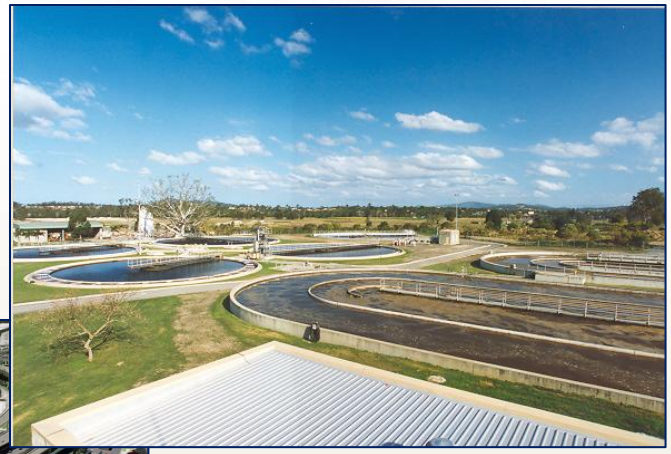
Global Presence

- Development Assistance Projects
- Cardno Offices

Updated: March 2009 by Cardno Acil

Projects



Logan Water Alliance, Queensland

School Reconstruction Project, West Java and West Sumatra

Interstate I-4 Connector Project, Florida

Desalination Plants, QLD, NSW, & VIC

University of New South Wales

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Merger & Acquisition Strategy

Cardno's Merger and Acquisition Strategy works

Growth and Diversification Objective

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

Continuous Integration of New Partners

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

Merger/Acquisition History

Record of successful mergers and acquisitions

1945
Cardno
& Davies

1999
Cardno
MBK

270 staff

2001/02
Cardno Willing
Cardno CCS
Cardno BLH

410 staff

2003/04
Cardno Taylors
Cardno Young
Cardno Alexander
Browne

550 staff

2004/05
Cardno BSD
Cardno Lawson
Treloar
Cardno Acil

1100 staff

2005/06
Cardno Eppell Olsen
Cardno Agrisystems
Cardno Ullman
& Nolan
Cardno Forbes Rigby
Cardno Gilbert Rose

1500 staff

2006/07
Cardno Stanwill
Cardno Grogan
Richards
Cardno Saraceni
Cardno S.P.L.A.T.
EMG - USA
Cardno WRG
Cardno Low
& Hooke
Cardno TCB

2400 staff

2007/08
Cardno Buckland
Cardno Bowler
Micro Drainage

2850 staff

2008/09
Cardno Ecology Lab
Cardno Spectrum
Survey
Cardno TBE

3350 staff

2009/10
Cardno ITC

2900 staff

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Acquisitions

Cardno ITC

- Cardno acquired Australia based ITC Group on 1 January 2010.
- Cardno ITC is a 100 person electrical, mechanical and specialist engineering group providing services for the building sector.
- Cardno ITC capability includes expertise in electrical; mechanical; fire; hydraulics; sustainability; facility solutions; audio/visual; asset auditing; security; vertical transportation; lighting; acoustic; telecommunications and environmental auditing.
- Revenue is primarily generated from the government, residential and corporate infrastructure market.
- Cardno ITC provides professional engineering, sustainability and facility services to deliver complete and innovative solutions including all Building, Tenancy, Infrastructure and Technology Environments.
- The group has offices in Sydney, Brisbane, Melbourne, Canberra and Perth.
- Cardno ITC is a dynamic growing company and with significant cross selling opportunities we expect it to grow substantially over the next few years.

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Merger & Acquisition Strategy

Future Merger & Acquisition Outlook

- Pipeline is strong, prices are stable
- Cardno ITC acquisition shows Cardno is back in the market and following the stated strategy.
- Further Australian discipline capability remains a focus.
- Resources and mechanical/electrical exposure still sought.
- North American infrastructure and environment markets are also important to Cardno.
- Development Assistance opportunities are also sought, especially physical infrastructure.

Capital Management

- **Strong Balance Sheet**
  - Net debt is low at $13.2m
  - Net Debt to Equity is 5.0%
  - Cash at 31 December 2009 $64.03m
  - Acquisition of Cardno ITC still leaves cash for further opportunities.

- **Strong Cash Flow**
  - Cash flow up to $17.02m (c.t. $16.7 m for pcp)
  - Strong cash flow management during difficult economic conditions.

Half Year 2009/10 Results - Comparison

	Half Year Dec 09 A$'000	Half Year June 09 A$'000	% Growth Dec 09 vs Jun 09	Half Year Dec 08 A$'000
Total Revenue	228,621	250,285	(8.7%)	265,557
Less Recoverables & Other	57,677	55,452	(4.0%)	70,929
Fee Revenue	**170,944**	**194,833**	**(12.3%)**	**194,628**
EBITDA	25,038	24,676	1.5%	33,056
EBIT	20,618	18,949	8.9%	27,726
Net profit before tax	19,183	18,271	5.0%	23,821
Net profit after tax	**16,051**	**15,897**	**1.0%**	**18,256**
Earnings per Share – basic	18.97 cents	20.13 cents	(5.8%)	24.17 cents
Earnings per Share – diluted	18.86 cents	19.93 cents	(5.4%)	24.16 cents
Dividend per Share (cents)	14.00 cents	14.00 cents		14.00 cents

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December 2009 Balance Sheet

	December 2009 A$'000	June 2009 A$'000
Total Current Assets	207,826	219,093
Total Non-Current Assets	242,659	253,631
TOTAL ASSETS	**450,485**	**472,724**
Total Current Liabilities	109,601	123,109
Total Non-Current Liabilities	74,945	83,694
TOTAL LIABILITIES	**184,546**	**206,803**
NET ASSETS	**265,939**	**265,921**
FINANCIAL RATIOS		
Current Ratio[1]	1.90	1.78
Gearing Ratio[2]	0.22	0.26
Debt to Equity Ratio[3]	29.0%	32.0%

Note 1: The Current Ratio is Current Assets ÷ Current Liabilities
Note 2: The Gearing Ratio is Long Term Liabilities ÷ (Shareholders Equity + Long Term Liabilities)
Note 3: The Debt to Equity Ratio is Total Debt ($85m) ÷ Shareholders Equity

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Statement of Cash Flows

	Half Year Dec 09 A$'000	Half Year Dec 08 A$'000
Net Cash Provided By/(Used In) Operating Activities	17,021	16,666
Net Cash Provided By/(Used In) Investing Activities	(844)	(49,675)
Net Cash Provided By/(Used In) Financing Activities	(16,329)	22,670
Net Increase/(Decrease) In Cash And Cash Equivalents Held (excluding forex movement)	**(152)**	**(10,339)**
Cash And Cash Equivalents At 31 December	64,027	42,285

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Operating Segments

December 2009 Half Year	Australia & NZ A$'000	North America A$'000	International Development Assistance A$'000
Revenue			
Fee Revenue	100,530	31,026	39,679
Recoverables & Other	5,478	17,189	33,945
Total Revenue	106,008	48,215	73,624
Segment Result	15,917	2,223	2,140
Segment Margins (% Fee Revenue)	15.8%	7.2%	5.4%

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Future Outlook

- Public Infrastructure spending remains healthy
- International Development Assistance markets are strong but project timing has affected half year
- Private sector expenditure shows growth in most regions
- Opportunities to grow both by acquisition and organically
- Merger & Acquisition opportunities in Australia, N.Z. and U.S. are under active consideration
- Cardno is well placed with cash and low gearing

Conclusion

- A leading Australian and International infrastructure services company operating over 60 years
- Strong track record of delivering growth and shareholder value, 25% CAGR on EPS growth
- Diversification both geographically and by disciplines has allowed Cardno to “weather” downturn well
- Well positioned to reap benefits of strengthening world economy
- Global infrastructure markets and International Development Assistance opportunities are strong
- Strong balance sheet and cash will enable Cardno to continue to pursue acquisition strategy globally

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