

HALF YEAR RESULTS DECEMBER 2006

Presentation by:

Andrew Buckley, Managing Director

Jeff Forbes, Chief Financial Officer



December 2006 Half Year - Highlights

- Total revenue of \$111.1m for the December 2006 half year increased by 23.8% over the corresponding period last year.
- Net profit after tax of \$8.29m for the December 2006 half year increased by 16.4% over the corresponding period last year.
- Three acquisitions completed in the half year made positive contributions to profits and will deliver a full half year contribution in the second half.
- Seasonality was less evident this half year.
- Fully franked interim dividend of 10 cents per share to be paid on 13 April 2006.
- Shares listed at \$1.00 in May 2004 now trading at \$6.14 (20/02/07).



Overview

Cardno is a professional services company focusing on delivery of physical and social infrastructure

Key Company Details:

- Operating track record extending back over 60 years
- Strong historical revenue and earnings growth
- Around 1600 employees in 32 offices both in Australia and overseas
- A diversity of earnings across a number of business sectors, clients and geographical locations
- Continuing strong results for the December 2006 half year
- Net profit after tax increased by 16.4% from \$7.12 million in 2005 (IFRS) to \$8.29 million in December 2006
- Shares now trading @ \$6.14 at close 20/2/2007
- Growth strategy to continue



Core Business

Cardno delivers a diverse range of professional services in physical and social infrastructure development

Physical Infrastructure:

- Building and Property
- Coastal, Ocean and Marine
- Environment and Water Quality
- Urban Development
- Management Services
- Transport & Traffic
- Water and Wastewater
- Geotechnical
- G.I.S.

Social Infrastructure:

- Law and Justice
- Health
- Governance
- Education
- Rural Development
- Natural Resource Management
- Institutional Strengthening
- HIV / AIDS
- Post Conflict

Example Projects

Palm Jebel Ali - UAE



Vasse Townsite, WA



*Design & Upgrade of Racecourse -
Flemington, VIC*



Schools rebuilding program, Indonesia



Gateway Bridge Duplication, Qld



*Hallmark Apartments,
Melbourne*





Key Projects:

- **Gateway Bridge Duplication, Brisbane**

The \$1.88 billion Gateway Upgrade Project is the largest road and bridge infrastructure project in Queensland's history. The Leighton Abigroup Joint Venture (LAJV) has engaged Cardno to provide bridge design services.

- **Gold Coast Desalination Plant, Gold Coast**

Cardno is providing engineering and design services to the GCD Alliance for the establishment of a 125ML/d reverse osmosis seawater desalination plant for the production of potable water on the Gold Coast.

- **Solomon Islands Road Improvement Project**

Cardno Acil will be involved in institutional capacity building, feasibility studies and design and supervision of approximately 100 km of national roads and bridges throughout the Islands. One of the aims of the road infrastructure project is to connect communities and villages across rural parts of the island to help alleviate poverty.

- **Flemington Racecourse Upgrade, Melbourne**

Cardno is currently undertaking the design and documentation, contract administration, construction supervision and flood mitigation works for Flemington Racecourse.

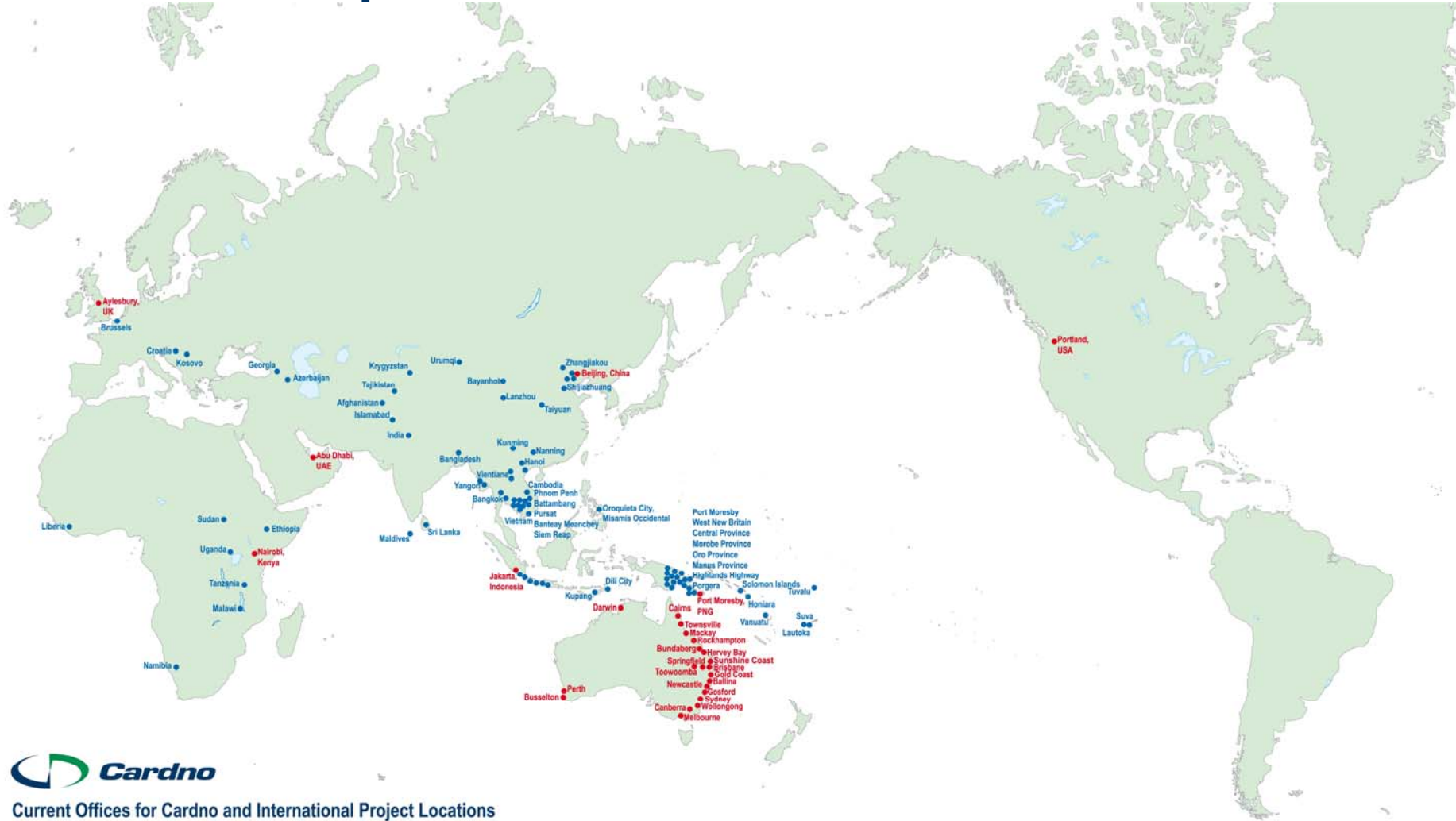
- **Vasse Newtown, Western Australia**

The project comprises the creation of a new town site in a greenfield development consisting of nearly 2000 residential lots, 130 light industrial lots, five school sites, medical, hospital and aged care and community facilities and two retail and commercial centres.

- **Marina Masterplanning Services for the Palm Jebel Ali, United Arab Emirates**

Cardno has been engaged to masterplan all of the marinas in The Palm Jebel Ali development – up to 4000 berths, making it the largest marina development in the world.

Location of Operations





Clients

- Australian Federal, State and Local Governments
- Major listed ASX companies
- Professional firms including accountants, lawyers, architects and other consulting engineers
- Hospitals, private schools, clubs, sporting bodies, charities and other private organisations
- Property developers and construction companies
- Governments and government agencies of countries throughout Asia, the Pacific and North America
- International development assistance organisations including AusAID, United Nations, World Bank, Asian Development Bank, European Union, DFID (UK), US Aid and Kuwait Fund.
- XP Software clients including public and private sector organisations in many countries



Future Growth Strategy

Vision

- Cardno's vision is to be a world leader in the provision of professional services for the improvement of physical and social infrastructure

Growth Strategy

- Growth is by a combination of organic growth, mergers and acquisitions
- Organic growth of core business is built on operating strategy of “Business Units” focusing on groups of clients.
- Merger and acquisition targets are selected for strategic fit and added value opportunity.
- The “Business Unit” management model assists in the implementation of mergers and acquisitions.

Growth Opportunities

- Continued broadening of Cardno’s Australia footprint in current disciplines.
- Consideration of new disciplines like mechanical/electrical, geotechnical, and landscape architecture
- Focusing on international opportunities in both consulting engineering (physical infrastructure) and development assistance (physical and social infrastructure)
- Current international markets of interest include USA, NZ and UK.
- Continuing focus on organic growth both through new offices and cross selling with merger partners.



Merger/Acquisition History

Track record of successful mergers and acquisitions

- **January 2007**
 - **December 2006**
 - **September 2006**
 - **June 2006**
 - **April 2006**
 - **December 2005**
 - **September 2005**
 - **August 2005**
 - **May 2005**
 - **October 2004**
 - **October 2004**
 - **March 2004**
 - **January 2004**
 - **November 2003**
 - **November 2001**
 - **July 2001**
 - **April 2001**
 - **July 1999**
 - **1945**
- Cardno Saraceni – adding Saraceni Engineering Group
Cardno Grogan Richards – adding Grogan Richards Consulting Engineers
Cardno Stanwill – adding Stanwill Consulting Engineers
Cardno Gilbert Rose – adding Gilbert Rose in W.A.
Cardno Forbes Rigby – adding Forbes Rigby in Wollongong
Cardno Ullman & Nolan – adding Ullman & Nolan Consulting
Cardno Agrisystems – adding Agrisystems Limited
Cardno Eppell Olsen – adding Eppell Olsen
Cardno Acil - adding ACIL Australia a major development assistance company
Cardno Lawson Treloar – adding Lawson & Treloar
Cardno BSD – adding BSD Consultants
Cardno Alexander Browne – adding Alexander Browne Cambridge
Cardno Young – adding Young Consulting Engineers
Cardno Taylors – adding Taylors Engineers
Cardno CCS – adding Colefax Clayton Smith
Cardno Willing – adding Willing & Partners (and XP Software)
Cardno BLH – adding Boubli Lepagier Hastings
Cardno MBK– merging Cardno & Davies and McMillan Britton & Kell
Cardno & Davies commenced operations in Queensland



Recent Acquisitions

Cardno Stanwill

- No. of people 9
- Annual Turnover (approx) \$1m
- Key skills Civil, structural & stormwater engineering
- Future Opportunities Newcastle market for Cardno services

Cardno Grogan Richards

- No. of people 110
- Annual Turnover (approx) \$16m
- Key skills Civil, structural, hydraulic, traffic & transportation engineering
- Future Opportunities Grow Cardno's capabilities in Victoria

Cardno Saraceni

- No. of people 8
- Annual Turnover (approx) \$1.8m
- Key skills Structural engineering
- Future Opportunities Strengthens Cardno's presence and capability in W.A.



Competitive Advantages

- The Company has developed an approach to service delivery that contributes to its competitive advantage. This approach focuses a Cardno Business Unit on a group of clients with the objective of developing repeat business and servicing those clients for many years.
- The Company has developed a merger and acquisition strategy that works:
 - Complementary businesses
 - Minimal overlap with existing businesses
 - Focus on retention of staff
 - Focus on adding value through cross selling



December 2006 Results - Comparison

Consolidated for the 31 December Half Years

	Dec 2006 \$'000	Dec 2005 \$'000
Total Revenue	111,077	89,732
Less Recoverables & Other	(19,734)	(18,168)
FEE REVENUE	91,343	71,564
Earnings before interest expense, tax and amortisation (EBITA)	14,020	13,106
Amortisation	1,278	1,121
Earnings before interest expense and tax (EBIT)	12,742	11,985
Interest expense	1,288	1,679
Net profit before tax	11,454	10,306
Income tax expense	3,168	3,188
NET PROFIT AFTER TAX	8,286	7,118
Earnings per Share - basic (impact of conversion of convertible notes)	17.86	18.12
Earnings per Share – diluted	16.15	15.41
Dividend per Share	10.00	9.00



December 2006 Results – Margin Comparison

	Dec 2006	Jun 2006
Fees from Services and Sale of Goods (\$000's)	\$91,343	\$149,873
EBITDA (\$000's)	\$14,954	\$25,121
Profit Before Tax (\$000's)	\$11,454	\$18,125
Net Profit (\$000's)	\$8,286	\$12,663
EBITDA Margin	16.4%	16.8%
PBT Margin	12.5%	12.1%
Net Profit Margin	9.1%	8.5%



December 2006 Balance Sheet

	Dec 2006 \$'000	Jun 2006 \$'000
Total Current Assets	76,850	70,358
Total Non-Current Assets	78,274	66,303
TOTAL ASSETS	155,124	136,661
Total Current Liabilities	57,225	47,053
Total Non-Current Liabilities	32,075	43,354
TOTAL LIABILITIES	89,300	90,407
NET ASSETS	65,824	46,254
FINANCIAL RATIOS		
Current Ratio	1.34	1.50
Gearing Ratio	.26	.42
Debt to Equity Ratio	1.36	1.95
<p>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 Liabilities ÷ Shareholders Equity</p>		



Business Outlook

- Australian conditions remain strong especially in Queensland and Western Australia
- International development / aid market growing but competitive
- Restructuring the International Division to match market needs
- Strategy is to continue organic and acquisition growth
- Acquisition integration progressing well
- Merger and acquisition pipeline remains healthy



Shareholder Outlook

- Share price growth
 - \$1.00 listing price to \$6.14 in February 2007
- Dividend payable
 - 10 cents interim dividend payable 13 April 2007, up from 9 cents in April 2006 and consistent with 10 cents in October 2006
- Dividend Policy – 70% to 85% payout ratio on full year profits



Cardno's Vision

*“Cardno’s vision is to be a **world leader** in the provision of professional services for the improvement of physical and social infrastructure.”*