

ASX AND MEDIA RELEASE

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CARDNO ACQUIRES UK WATER ENGINEERING SOFTWARE BUSINESS

Infrastructure services company, Cardno Limited (CDD) today announced the acquisition of UK based water engineering software company Micro Drainage for GBP11.7m plus net assets of around GBP1.3m (AUD27.6m in total).

The acquisition follows Cardno's AUD44.7m purchase of Bowler Geotechnical on February 22, 2008.

Micro Drainage was founded in 1983 and is the dominant provider of stormwater drainage design software to engineering consultants and water companies in the United Kingdom and Ireland. The software allows users to simulate the impact of floods and changes in population density on the design of sustainable and cost effective stormwater solutions.

The Micro Drainage acquisition will be EPS positive and the purchase will be funded via a mix of around 75% in cash and 25% in shares. To provide a natural currency hedge Cardno will fund the cash portion from its debt facility with HSBC in GBP.

Micro Drainage will contribute annualised EBIT of around GBP2.0m (AUD4.2m). The effective date for the acquisition is 4 March, 2008.

Since its inception, Micro Drainage's innovative product range has received strong support from UK regulatory authorities and is used by civil engineers in government agencies, private entities and consultancies, and academic institutions.

The acquisition of Micro Drainage complements the operations of XP Software, Cardno's long established Australian and US based water engineering software business which has representation in eight countries. Combined sales of Micro Drainage and XP Software products exceed 15,000 software licenses worldwide.

"By leveraging XP Software's extensive international network, Cardno has the ability to market Micro Drainage's product range worldwide as well as being able to offer existing XP Software customers a complementary and in-demand product suite," said Mr Andrew Buckley, Cardno's Managing Director.

"Both XP Software and Micro Drainage's products help engineers to plan and design better water management solutions for our communities," said Mr Buckley.

Co-founders of Micro Drainage, Aidan and Marian Millerick, will remain with the company and become shareholders of Cardno. Aidan Millerick will also take on a broader role within Cardno as Discipline Leader of Water Modelling to help disseminate his knowledge in this technical field across the group of companies.

Mr Millerick, Managing Director of the company since its inception, said that over the past 25 years Micro Drainage has become the market leader in its field in the UK and Ireland and some parts of Europe. "Today the majority of water engineering consultants and water companies in the UK use our software," he added.

“In Cardno we have found an ideal partner to support our future growth and international expansion. Cardno has the unique perspective of knowing how to run a successful software company combined with an extensive team of in-house water resource practitioners who understand the importance of such software in designing sustainable and cost effective solutions for their clients.”

“Our clients will also benefit from the union with Cardno and XP Software as our collective development and client support resources will enable us to accelerate the delivery of quality solutions,” Mr Millerick said.

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About Cardno: Cardno is an integrated professional services provider, locally delivering the specialist advice necessary to create or improve the physical and social infrastructure that underpins communities around the world. Cardno’s team comprises leading advisers who plan, design, manage and deliver sustainable projects or community programs. Cardno is an international company, listed on the Australian Securities Exchange [ASX: CDD].
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