

ASX STATEMENT & MEDIA RELEASE

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CARDNO LAUNCHES INTO US MARKET WITH ACQUISITION OF EMG

Cardno Limited (ASX: CDD) today announced it has acquired the US-based Emerging Markets Group Ltd (EMG), giving the company a global presence in the US\$100 billion* development assistance market.

The US\$9.5 million acquisition, funded by a mix of cash and shares, is expected to add US\$50 million to Cardno's annual revenue and to immediately make a positive contribution to earnings per share.

Andrew Buckley, Managing Director of Cardno, said the EMG deal extends the company's global reach in the development assistance market following the acquisition of Australian-based Cardno Acil in May 2005 and UK-headquartered Cardno Agrisystems in September 2005. Cardno's specialist social infrastructure operations will now have permanent operations in Australia, the US, UK, Africa, Asia and Europe.

EMG's major client, USAID, has the largest bilateral international development assistance budget in the world and a significant share of the USA's US\$23 billion* contribution to global development assistance.

"EMG offers complementary skills to Cardno's existing international development assistance businesses and is a recognised specialist in financial sector development, public and private sector reform, health sector development, and in fostering economic growth in emerging markets through tourism," Mr Buckley said.

EMG has a global workforce of 350. The head office is in Washington, DC and it has additional offices in London and Brussels, which provide access to European Union and UK funding agencies.

"Without a presence in the United States, Australian companies have found it difficult to access the US development assistance market. This acquisition will allow EMG to expand its scope of services by leveraging the specialist skills of Cardno Agrisystems and Cardno Acil."

"With more than 850 staff and contractors working in the international development sector, Cardno is now in a position to bid and deliver projects almost anywhere in the world.

"Cardno's combined international development assistance businesses will now have more than AUD\$500 million long term contracts under management with permanent and project offices in more than 60 countries worldwide," Mr Buckley said.

Of EMG's total turnover, US\$25 million represents direct fee income, with the balance being reimbursable expenditure on behalf of its clients.

Mr Buckley said that international development assistance contracts differ from Cardno's traditional consulting work as USAID's contracts follow US Federal Government contracting rules which typically restrict margins, but there is scope for improvement.

"The upside for Cardno is our ability to cross sell across the three businesses into multiple markets with the aim of increased revenue and earnings," Mr Buckley said.

Mr Buckley said EMG's key management will remain with the business and will become Cardno shareholders. Ms Andy Dijkerman will continue to lead the operations of EMG.

"EMG is committed to achieving positive synergies with the rest of the Cardno group. Our intention is to draw upon the physical infrastructure expertise and regional development experience of Cardno to deliver a wider range of projects and programs to our major clients in the United States and Europe," said Ms Dijkerman.

The company is currently working across a range of projects including financial sector reform in Armenia, economic initiatives in Bangladesh, HIV/AIDS mitigation programs in Moldova and land titling projects in Afghanistan.

Mr Buckley said Cardno had established a US holding company, Cardno USA Inc, to acquire EMG and to pursue other North American growth opportunities in both the development assistance and consulting engineering sectors.

"To support EMG and our planned expansion into North America, Mr Michael Renshaw, a senior executive responsible for Cardno's international expansion, will relocate to the United States," Mr. Buckley said.

The EMG addition will bolster Cardno's staff numbers to more than 1,900 internationally.

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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 Stock Exchange [ASX: CDD]. www.cardno.com

About EMG: EMG was founded in 1983, as a development assistance arm of international professional services firm Deloitte Touche Tohmatsu. In 2004 EMG was sold to its current senior executives in a management buyout. www.emergingmarketsgroup.com

*OECD *Development aid from OECD countries*, May 2007