

15 February 2012

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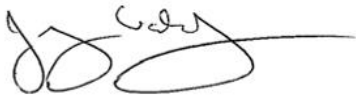
Via e-lodgements: Sequence #620

Dear Sir / Madam

Half Year Results 31 December 2011 and Commentary

Please find attached the Half Year Results and Commentary for the period ended 31 December 2011.

Yours faithfully



Jennifer Waldegrave
Company Secretary

FOR IMMEDIATE RELEASE

ASX ANNOUNCEMENT

15 February 2012

COFFEY INTERNATIONAL ANNOUNCES HALF YEAR RESULTS – 31 December 2011

Coffey International Limited (ASX:COF) (Coffey) today announced an earnings before interest, tax, depreciation and amortisation (EBITDA) of \$23 million for the half year ending 31 December 2011 and reconfirmed the FY2012 EBITDA guidance of \$45 million.

Managing Director John Douglas said: *“We have made some tough decisions in the past year. This result shows that the benefits of these decisions are starting to flow through. There are positive signs that a turnaround is well underway and that we are building a base for profitable growth.”*

Highlights

Financial Performance

- H1 FY2012 EBITDA of \$23.0 million.
- Increased EBITDA margins of 10.8%.
- Positive operating cash flow of \$10.8 million.
- Positive net profit after tax of \$4.6 million.
- Improved net asset position of \$164.3 million.
- Capital raising successfully completed and debt paid down with \$37.0 million net proceeds.
- Net debt decreased from \$121.2 million at June 2011 to \$77.5 million at December 2011.
- Gearing ratio reduced to 32%.
- No interim dividend declared for the period.

Business Performance

- Safety performance remains on track.
- The refocused organisation is performing well; overhead salaries are controlled, staff turnover is falling and a bottom up strategy process is underway to reinforce managerial ownership and accountability.
- The initial portfolio review has been completed with the sale of the Rail business for \$9.0m.
- Coffey is now focused on three key businesses.
 - Geosciences: Fee revenue increased 12% to \$132.4 million with improving pricing and efficiencies and exposure to good geographies and buoyant sectors.
 - International Development: Fee revenue of \$54.2 million was down from H1 FY2011 (\$67.5 million) but comparable with H2 FY2011 (\$54.8 million). Increased revenues from the Australian and UK operations partially offset reduced US revenues.
 - Projects: Fee revenue of \$19.3 million was down from H1 FY2011 (\$26.5 million) but broadly comparable with H2 FY2011 (\$20.4 million). The business has been refocused on Australia, New Zealand and Africa, with future upside exposure to the property cycle.

Outlook

- Reconfirming FY2012 EBITDA guidance of \$45 million.
- The Board will review the potential for a dividend with the FY2012 full year results.

Board Renewal

- Board renewal continues with the appointment and retirement of two Non-executive Directors and the appointment of one Executive Director.

All comparisons in this ASX Announcement are with the prior corresponding period First Half FY2011 unless otherwise indicated. Certain comparative segment data has been represented for consistency with the current reporting period. Reference to Underlying EBITDA is EBITDA before impairment and restructuring costs which is included for useful historic comparisons as significant restructuring and impairment costs were incurred in FY2011. In H1 FY2012 Underlying EBITDA is equivalent to EBITDA.

Financial Performance

Financial Performance: First Half Results Summary

	H1 FY2011 (\$m)	H2 FY2011 (\$m)	H1 FY2012 (\$m)	Change H1:H1 %
Total Revenue	366.8	313.7	334.9	(9%)
Fee Revenue	222.6	201.1	212.5	(5%)
Reimbursable revenue and other income	144.2	112.6	122.4	-
Underlying EBITDA	15.6	16.7	23.0	47%
One-off restructure costs	(5.3)	(3.8)	-	-
Asset Impairments	-	(62.9)	-	-
EBITDA	10.3	(50.0)	23.0	123%
Depreciation	(3.8)	(3.9)	(3.4)	-
Amortisation of intangibles	(1.4)	(1.2)	(1.0)	-
Earnings Before Interest and Tax (EBIT)	5.1	(55.1)	18.6	262%
Net interest expense	(7.3)	(8.2)	(9.4)	
Profit/(Loss) before income tax and minority interests	(2.2)	(63.3)	9.2	-
Income tax expense and minority interests	(2.5)	(1.8)	(4.6)	
Net Profit After Tax attributable to members	(4.7)	(65.1)	4.6	-
Basic EPS (cents per share)	(3.6)	(49.2)	2.8	
Diluted EPS (cents per share)	(3.6)	(49.2)	2.5	
Net cash flow from operations	4.6	(9.5)	10.8	-
Net cash flow from investing	(10.5)	(3.7)	(3.1)	
Net cash flow from financing	7.6	4.8	(0.3)	
Net Debt	104.3	121.2	77.5	
Gearing ratio (net debt: equity plus net debt)	36%	50%	32%	
Net Assets	187.2	122.4	164.3	

Although fee revenue of \$212.5 million was down 5% (2011: \$222.6 million) on the prior corresponding period, it was up 5.7% on H2 FY2011 fee revenue. Underlying EBITDA (EBITDA before impairment and restructure costs) increased 47% to \$23.0 million (2011: \$15.6 million). Continuing operations, which exclude the Rail business, contributed \$20.4 million to the EBITDA result of \$23.0 million for the half year.

Underlying EBITDA margin also increased to 10.8% (FY2011: 7.6%) for the half year.

Net interest expense increased to \$9.4 million, unfavourably impacted by non-cash, non-recurring accounting charges of \$1.6 million. The full benefit of the capital raising on net interest expense will be realised in H2 FY2012.

Tax expense of \$4.5 million for the half represents an effective tax rate of 48% which includes the impact of certain non-deductible expenses in the half. The tax rate is expected to fall in the second half.

NPAT of \$4.6 million compared to a loss of \$4.7 million in H1 FY2011.

No interim dividend has been declared for the period. The Board will review the potential for a dividend with the full year results in August 2012.

The increased profitability of the Company combined with tighter working capital management increased net cash inflow from operations to \$10.8 million.

The capital raising announced in October 2011 was successfully completed with \$40 million raised in new ordinary shares (approximately 105.2 million shares). The net proceeds from the capital raising were used to repay debt.

As a result of the capital raising and improved working capital management, net debt decreased to \$77.5 million from \$121.2 million as at 30 June 2011. The gearing ratio (net debt: equity plus net debt) was reduced to 32% from 50% at 30 June 2011 (36% as at 31 December 2010).

Business Performance

Safety remains a key priority at Coffey. Coffey's Lost Time Injury Frequency rate (LTIFR) at the end of December 2011 was 1.56, down from 2.36 as at 31 December 2010.

Coffey's new organisational structure has continued to show benefits:

- Overheads have been well controlled. Non chargeable salaries have fallen from just under 25% of the total salary cost in December 2010 to just under 20% of total cost at the end of the current period. The Company continues to focus on managing overhead costs and staffing to maintain this trend.
- Employee turnover has fallen consistently since peaking in May 2011.

In the past year, managerial authority and accountability have been transferred back to Coffey's business units. Coffey's 48 Service Line Managers now manage an EBIT bottom line. Managerial bonuses are now linked to the performance of individual businesses, as are bonus pools for technical staff.

Consistent with the new management approach, Coffey has commenced a bottom up strategy process. Initial observations are that:

- Key markets, particularly in the Geosciences business, remain positive. Many of Coffey's businesses are constrained by organisational capacity, not by market demand;
- Further operational improvement is available and represents an avenue for low risk profit growth;
- Developing key technical and managerial staff is a high priority;
- Opportunities exist for organic growth within Coffey's existing geographic footprint; and
- Acquisition opportunities exist but are not management's immediate focus.

The sale of the Rail business for \$9.0m in February 2012 completes the implementation of the initial portfolio review announced in June 2011. Other review outcomes include:

- LA Environments was divested in June 2011;
- Coffey Commercial Advisory was closed in July 2011; and
- Coffey Projects' Middle East operations were closed in September 2011.

Portfolio review is an ongoing focus. The future of Specialist Training from Australia (STA) is under review in light of the prevailing strength of the Australian dollar. The business provides less than 10% of International Development's revenue and is not a high margin business.

With the sale of the Rail business, Coffey now comprises three key businesses: Geosciences, International Development and Project Management.

Segment Results

	Fee Revenue					Underlying EBITDA				
	FY2011		FY2012	Change (%)		FY2011		FY2012	Change (%)	
	H1 (\$m)	H2 (\$m)	H1 (\$m)	H1:H1	H1:H2	H1 (\$m)	H2 (\$m)	H1 (\$m)	H1:H1	H1:H2
Total	222.6	201.1	212.5	(5%)	6%	15.6	16.7	23.0	47%	38%
Geosciences	117.9	117.0	132.4	12%	13%	8.2	14.5	16.3	99%	12%
International Development	67.5	54.8	54.2	(20%)	(1%)	10.4	5.0	8.0	(23%)	60%
Project Management	26.5	20.4	19.3	(27%)	(5%)	0.7	(0.6)	0.0	(100%)	(100%)
Other	10.7	8.9	6.6	(38%)	(26%)	(0.2)	1.3	2.4		
Corporate						(3.5)	(3.5)	(3.7)		

Geosciences fee revenue increased 12% to \$132.4 million from \$117.9 million in the prior corresponding period. The Geosciences business has been capacity restrained rather than market constrained, and Coffey expects the positive trend for revenue to continue.

A combination of improved pricing and better internal efficiencies are lifting the 'Fee to Wage' ratio (calculated before bonuses).

83% of Geosciences fee revenue was derived primarily from Australia and New Zealand in the Asia-Pacific region. Regional contribution was consistent with FY2011 full year results, reflecting stable growth in revenue across both the Asia-Pacific and international operations. The business continues to be favourably exposed to the infrastructure, mining, and oil and gas sectors with a positive outlook.

International Development's fee revenue of \$54.2 million was down from H1 FY2011 (\$67.5 million) but comparable with H2 FY2011 (\$54.8 million). Increased revenues from the Australian and UK operations have partially offset a reduction in US revenues.

Project's fee revenue of \$19.3 million was down from H1 FY2011 (\$26.5 million) but broadly comparable with H2 FY2011 (\$20.4 million). The business has been refocused on Australia, New Zealand and Africa, with future upside exposure to the property cycle.

Outlook

Coffey has reconfirmed expectations for an FY2012 full year EBITDA of \$45 million.

Management expect reduced interest expense and a reduced effective tax rate in H2 FY2012 leading to improved NPAT.

The Board will review the potential for a dividend with the FY2012 full year results.

Mr Douglas concluded: "Coffey's three key businesses are well-positioned; our markets remain positive with the improved performance in our continuing operations expected to continue for the next half."

Board Renewal

The Company today announced the appointment of two new Non-Executive Directors, Ms Leeanne Bond and Mr Guy Cowan, effective 27 February 2012. These appointments will fill the casual vacancies arising following the retirement of Mr Charles Jamieson AM and Mr Stephen Williams on that date. Coffey's Chief Financial Officer, Mr Urs Meyerhans, was also appointed as Finance Director effective 27 February 2012 as part of the ongoing Board renewal and succession planning program.

Further details are outlined in a separate ASX announcement dated 15 February 2012.

-Ends -

Investor Briefing

Mr John Douglas, Managing Director, and Mr Urs Meyerhans, Chief Financial Officer, will hold an investor teleconference at 11.00am AEDT on Wednesday 15 February 2012.

To participate in this briefing, please contact Ivy Lam on +61 2 9287 2100. The video webcast of this briefing will also be available for viewing on Coffey's website (www.coffey.com).

For further information contact:

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Further information in relation to the matters described in this announcement including important notices in relation to certain forward looking information in this document is set out in an investor presentation released today to the ASX by Coffey. The information in the Important Notice section of that presentation applies to this announcement as if set out in full in this announcement.

ABOUT COFFEY

Coffey International Limited is a specialist professional services consultancy with expertise in geosciences, international development, and project management. Operating for more than 50 years, we are well known in our markets for deep technical skills and market-leading solutions to complex tasks.

Coffey's geosciences consultancy has worked on some of the world's most challenging projects. Our specialist technical knowledge and innovations have established Coffey as one of the leaders in geotechnical, environmental and mining engineering, as well as materials testing and analysis. Our engineering and strategic advisory services support clients in mining, oil and gas, infrastructure, construction, property and government through offices in Australia, New Zealand, the United Kingdom, Canada, South Africa, Ghana, Brazil and the United Arab Emirates.

Our trusted and experienced international development consulting business works alongside governments and agencies to strengthen local communities. We use our specialist expertise and local knowledge to deliver programs that build long-lasting local capacity and improve a range of social indicators. Our regional offices have strong affiliations with key governments and are based in Australia, the United States of America and the United Kingdom.

Our project management business manages delivery of complex property and infrastructure projects. We work in partnership with clients through the project lifecycle, providing counsel and support with project management and advisory services. We have offices throughout Australia and New Zealand, and South Africa.

At Coffey, our people are dedicated to sharing our clients' challenges – providing value by pushing the boundaries of technical excellence to achieve extraordinary outcomes.

For more information visit coffey.com