

17 February 2010

Company Announcements Office
Australian Securities Exchange Limited
Exchange Centre
Level 4, 20 Bridge Street
Sydney, NSW, 2000

Via e-lodgements: Sequence #500

Dear Sir / Madam

RE: RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2009

Please find attached the media release in relation to the Company's results for the half year ended 31 December.

Please see attached release.

Yours faithfully



John E. Hartigan
Company Secretary

ASX & MEDIA RELEASE

17 February 2010

Coffey International Limited Half Year Results Period ending 31 December 2009

1. Overview

- Solid performance, particularly in light of a record prior half and against unfavourable foreign exchange movements
- Without adverse foreign exchange movement, Operating EBITDA would have been in line with corresponding period
- Operating EBITDA up \$11.4 million (58%) on H2 FY09
- Achieved in excess of \$20m annualised cost savings compared to December 2008
- Successful implementation of new organisational structure with minimum disruption
- Strong signs of a rebound in the Asia Pacific region
- Some impact from GFC particularly in Middle East and Brazil
- Total revenue down 3% to \$404.3m
- Fee revenue down 7% to \$241.0m
- Operating EBITDA* down 14% to \$31.1m, impacted by foreign exchange
- Negative foreign exchange impact on EBITDA of \$5.6m in H1 FY10 compared to H1FY09
- Operating EBITDA* (excluding foreign exchange impact) up 1.2% to \$32.7m
- Working capital management continued to improve, down 12% to 66 days from June 09
- Net Debt reduced by \$5.5m, down to \$87.3m from June 09
- Net Debt / Capital ratio down 2% to 31% from June 09
- Fully franked interim dividend of 7.5 cents per share

The Directors of global professional services consultancy Coffey International Limited ((ASX:COF) ("Coffey") ("the Company")) today announced Operating EBITDA* of \$31.1 million for the half year ending 31 December 2009, down 14% on the prior corresponding period (1 June 2008- 31 December 2008), driven by a negative \$5.6m unrealised foreign exchange (FX) impact.

When compared to the second half of the 2009 financial year (ending 30 June 2009) the Operating EBITDA* result is up by \$11.4m or 58%. This result was achieved on fee revenue from continuing operations of \$241.0 million, down 7% on the December 2008 half year result. Total revenue from continuing operations was down 3% on the prior corresponding period to \$404.3 million. These numbers were both negatively impacted by FX.

The reported net profit was down 20% to \$10.9 million dollars for the period, representing basic earnings per share of 9.5 cents. Earnings per share prior to amortisation and vendor based payment expense was 11.7 cents per share.

The Company has continued to focus on strengthening the balance sheet with net debt reducing by approximately \$5.5 million for the period. Net debt to equity plus debt has reduced from 33% in the prior corresponding period to 31% in the current period.

The Directors have declared a fully franked interim dividend of 7.5 cents per share. The interim dividend represents 64% of earnings per share pre-amortisation and share-based payment expense and is 1.0 cents per share down on the prior corresponding period.

The Directors have determined that the Company's dividend reinvestment plan ("DRP") will operate for the interim dividend. Shares issued include a discount of 5% in respect of the share price used to determine allocations. The period over which the share price for DRP is calculated is the five trading days prior to and including the record date. The last date for receipt of election notices for participation in the DRP is 12 March 2010.

The record date for the interim dividend is the 12 March 2010 and it will be paid on 26 March 2010.

	31 December 2009 \$'000	31 December 2008 \$'000	Change %
Revenue from continuing operations	404,291	417,925	(3%)
Fee revenue	241,010	260,426	(7%)
Operating EBITDA (pre vendor earn-out and share-based payment expense)	31,122	36,297	(14%)
Depreciation	(3,918)	(3,732)	
Amortisation of intangibles	(1,780)	(2,440)	
Vendor earn-out and share-based payment expense	(757)	(1,640)	
EBIT	24,667	28,485	(13%)
Net interest expense, taxation and minority interests	(13,814)	(14,976)	
Net Profit after income tax attributable to members	10,853	13,509	(20%)
Profit after tax before amortisation and vendor share-based payment expense	13,390	17,589	(24%)
EPS before amortisation and vendor share-based payment expense (cps)	11.7	15.7	(25%)
Basic EPS (cps)	9.5	12.0	
Diluted EPS (cps)	8.7	11.0	
Dividend per share (cps)	7.5	8.5	(6%)
Net debt (comparative June 2009)	(87,293)	(92,810)	
Net debt to equity plus debt (comparative June 2009)	31%	33%	
Interest Cover (times)	5.4	6.5	
Net Assets	194,740	194,051	

2. OVERVIEW COMMENTS

Overview Comments

Managing Director Mr Roger Olds said: Coffey has continued the rebound observed in the fourth quarter of FY09 and performed well overall despite some regions still being affected by the global financial crisis (GFC). A strengthening Australian Dollar caused the main difference (\$5.6m EBITDA) between the record six months to December 2008 and the current period. Importantly, when compared to the previous operating half (1 January 2009 – 30 June 2009) when the effects of the GFC had a significant impact, our Operating EBITDA has increased by 58% or \$11.4 million.

Since December 2008, total cost savings exceeding \$20 million annualised have been achieved, as a result of our focus on overall efficiencies and responsible cost saving initiatives.

It was also pleasing to see continuing improvement in working capital management.

On 1 October 2009, the company undertook a major management restructure, creating a matrix of service lines (formerly referred to as businesses) and regions. As a result of the restructure the Company segment reporting will now be done by region.

Also as part of the restructure, two Coffey businesses (Coffey Environments and Coffey Natural Systems) were merged to become a single service offering (Coffey Environments) that will provide clients with end-to-end environmental services.

Since 31 December 2009, the Company has completed the sale of MPL Laboratories Pty Ltd, a specialist analytical laboratory service located in Western Australia. The sale was consistent with our plans to be leaders in our specialist services. Chemical testing is not core business for Coffey.

Coffey now has the new management structure and three-year plan firmly embedded and with a strong balance sheet, we are in an excellent position to fund organic growth with the additional flexibility to add bolt-on acquisitions to our core service lines.

3. SEGMENT RESULTS

	Segment Fee Revenue \$'000			Operating EBITDA* \$'000		
	2009	2008	% Change	2009	2008	% Change
Asia Pacific	155,396	162,096	(4%)	37,256	31,938	17%
Americas	53,314	64,666	(18%)	11,528	14,815	(22%)
Europe and Middle East	26,434	24,755	7%	(2,768)	978	(383%)
Africa	5,866	8,909	(34%)	1,595	3,316	(52%)
Group/Unallocated	-	-	-	(16,489)	(14,750)	(12%)
Total Group	241,010	260,426	(7%)	31,122	36,297	(14%)

COMMENTARY ON SEGMENT RESULTS

3.1 Asia Pacific – Operating EBITDA \$37.3m (H1 2008-09: \$31.9m)

The Asia Pacific region recorded significant increases in Operating EBITDA of 17% to \$37.3 million for the period, despite a small decline (4%) on fee revenue of \$155.4 million. The results were driven by the award of number of larger infrastructure projects and operational margin improvements. Results varied by service line across the region, however, overall the result reflected the current indicators of a rebounding Australian economy, with Operating EBITDA increasing by 84% on the previous operating period (January 1 2009 - 30 June 2009).

Our Geotechnics, Environments and Information service lines all benefited from winning and delivering large infrastructure and oil and gas projects during the period. Our Projects and Rail service lines continued their success in winning and delivering an increasing number of government projects.

While signs of recovery were seen in our Mining service line, the business volume was still behind the prior corresponding period. The Commercial Advisory service line also experienced a reduction in demand following delays to many projects in Queensland.

Regional project wins	Service line
<ul style="list-style-type: none"> Department of Defence – asbestos and fire engineering Arrow – Bowen & Stuart gas fields Shell – GLNG 	<ul style="list-style-type: none"> Coffey Environments
<ul style="list-style-type: none"> Kempsey Bypass Alliance Hunter Alliance Inpex near shore investigation Bechtel – GLNG marine investigation 	<ul style="list-style-type: none"> Coffey Geotechnics
<ul style="list-style-type: none"> Philippines Provincial Roads Management Australian Scholarships in South Asia, Vietnam & Pakistan Local Governance Innovations for communities in Aceh 	<ul style="list-style-type: none"> Coffey International Development
<ul style="list-style-type: none"> Department of Defence Department of Education and Training Christchurch Airport 	<ul style="list-style-type: none"> Coffey Projects
<ul style="list-style-type: none"> Tarcutta / Woomargarama Bypass Camden Valley Upgrade 	<ul style="list-style-type: none"> Coffey Information
<ul style="list-style-type: none"> Mount Isa Mines – Backfill System Upgrade 	<ul style="list-style-type: none"> Coffey Mining

4.2 Americas – Operating EBITDA \$11.5m (H1 2008-09: \$14.8m)

The Americas region experienced a 22% reduction in Operating EBITDA to \$11.5 million on the back of a similar reduction in fee revenue caused primarily by the strengthening of the Australian dollar. This result was also affected by reduced profitability of our Mining and Environments service lines in the region due to the downturn in the global economy. The International Development service line continued to perform exceptionally well, with an increased fee revenue and profitability at a local currency level compared to the prior corresponding period.

The Canadian Geotechnics service line continued to perform well on the back of a number of road, rail and water infrastructure projects.

Our Brazilian Mining operations continued to suffer from a contraction of the exploration market and a lack of investment in new mines. Our USA (California) Environments operations continued to suffer from a depressed and competitive market. Management currently has recovery plans in place for both service lines.

Regional project wins	Service Lines
<ul style="list-style-type: none">• Congo Promoting Stabilization and Community Reintegration Project• Russia – Mainstreaming Human, Social and Civil Rights Project• Philippines Enhancing Anti-Corruption Efforts Project	Coffey International Development
<ul style="list-style-type: none">• Toronto Transit Commission Spadina Subway Extension• Highway 401 Expansion• Highway 427 Collector Rehabilitation• Water Main Replacement Program for the City of Toronto	Coffey Geotechnics
<ul style="list-style-type: none">• Water Management System GIS Solution	Coffey Mining
<ul style="list-style-type: none">• LA Unified School District and Los Angeles World Airports Projects	Coffey Environments

4.3 Europe and Middle East – Operating EBITDA (\$2.8m) (H1 2008-09: \$1.0m)

The Europe and Middle East revenue continued to grow during the half, with fee revenue increasing by 7% to \$26.4 million on the back of the (albeit slower than expected) project initiation of a major five-year contract with the Saudi Arabian Government. Expensing of project set-up costs and lower start-up activities had a negative financial impact on this six-month performance. This contract is expected to deliver increased profitability over time as the lower margin activities have been front-loaded into the contract.

In the Middle East, the Projects service line was impacted by the Dubai financial crisis and property crash which has led to postponement and cancellation of several projects. The business made provisions against several of its outstanding debts as the credit risk increased. Management continues to focus on expanding its services to other Gulf states.

The UK remained in recession during the December half with the private sector showing no signs of economic recovery and public spending coming under pressure as a result of the cost of bank bail-out and quantitative easing strategies employed to counter the GFC. Despite this situation our Geotechnics operations made a substantial improvement in its operating performance, and in the second quarter of the half saw a return to profitability.

Overall there was a decline in profit with Operating EBITDA decreasing to a loss of \$2.8 million for the half.

Regional project wins	Service Line
<ul style="list-style-type: none"> • GSM Association – Development Fund Managers • DFID – Bosnia: Aid Coordination in Bosnia; Support to the socio-economic Planning Process in Bosnia and Herzegovina • European Commission, DG Maritime Affairs – Interim evaluation on establishing financial measures for the implementation of Common Fisheries Policy and Law of the Sea; • Abu Dhabi Municipality, Procurement Management Project 	<ul style="list-style-type: none"> • Coffey International Development
<ul style="list-style-type: none"> • LLWR – Low Level Waste Repository Environmental Safety Case Project 	<ul style="list-style-type: none"> • Coffey Geotechnics

4.4 Africa – Operating EBITDA \$1.6m (H1 2008-09: \$3.3m)

The African region has suffered a 34% drop in fee revenue on the half to \$5.9 million. This has been driven by the recession that has gripped the South African economy and the slowdown in mining activity across the continent. The reduction in fee revenue has had a direct impact on the operating EBITDA result, reducing it by \$1.6m on the prior December half.

The recession in South Africa has also impacted the Projects operations, which has seen delays and discontinuation of construction and infrastructure projects. It is expected that the economy will see some recovery over the next six months and a number of projects are being recommenced.

Mining in South Africa also suffered from the economic conditions recording an approximate 50% reduction in fee revenue over the period. Our mining operations in Zambia were suspended during the period further impacting on fee revenue and Operating EBITDA. Our West Africa operations recorded relative milder declines over the period with promising signs of this business rebounding in the second half.

Regional project wins	Service Lines
<ul style="list-style-type: none"> • Vodacom Foreshore Data Centre 	<ul style="list-style-type: none"> • Coffey Projects
<ul style="list-style-type: none"> • DMC Mining – Mayoko Iron Ore Project • Karmeni – Kalkfontein Bushveldt Complex Platinum Project 	<ul style="list-style-type: none"> • Coffey Mining

4.5 Group/Unallocated – Operating EBITDA (\$16.5m) (H1 2008-09: (\$14.8m)

Unallocated expenses comprise certain operating costs which are managed centrally rather than being charged back to the regions. Group / Unallocated expenses include Finance, Systems, People and Culture, Corporate Development, and Business Development, as well as the governance and operational costs of a public company itself.

Group/Unallocated costs increased by 12% to \$16.5m as a result of unrealised foreign exchange losses with the group treasury function of \$1.6m between the comparable periods. Excluding the foreign exchange losses, Group costs were held in line with the prior period as tight cost controls were put in place despite ongoing investment to upgrade the capabilities within the Corporate function.

5. OUTLOOK

The interim financial year results show a clear pattern of a strong economic recovery in the Asia Pacific region with a slower emerging recovery in Europe and the Middle East, the Americas and Africa. While the GFC has clearly had an impact on our first half results, particularly outside the Asia Pacific region, Coffey is well positioned to take advantage of the gradual recovery being observed in other regions.

During the half Coffey successfully implemented a new structure which positions us to execute our strategy for global growth across our four regions. Under the new structure, the company has built a

dedicated business development capability that is actively driving our organic growth plans.

We will continue to focus on achieving efficiencies and strong working capital management, while building the revenue base through increased business development activity. We have a strong focus on returning the loss making service lines to profitability as regional economies recover. We are confident that we will continue to deliver strong results through our diversified business and current strategies, despite some continuing economic uncertainty and volatility in global economics.

Roger Olds
Managing Director
17 February 2010

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Investor and Media contacts:

Diana Krause, Global Manager External Communication, Coffey International Limited
T: (+61) (3) 9473 1300; M: (+61) 420 959 942; E: diana_krause@coffey.com

About Coffey

Coffey International Limited (ASX:COF) has been operating for 50 years and is part of the S&P/ASX 300. We have a range of specialist businesses working in the social and physical infrastructure markets, and collectively, we aim to achieve our vision: global specialists solving emerging challenges to improve the lives of communities.

Around the world, we are providing services at every stage of the infrastructure lifecycle – starting with planning and financing the project, through development and resolving the technical challenges to the management of resources, timelines and budgets. The cycle continues as we use our specialist knowledge to ensure objectives continue to be met in the long term and infrastructure is appropriately maintained.

Our work involves a wide range of built assets – like roads, buildings, gas pipelines, mines, and sporting facilities – just about everything that is required to meet the demands of a growing world population, rapid urbanisation and heightened environmental sustainability awareness.

Through our expertise, we are also enabling government and aid agencies to strengthen local communities, increasing quality of life and living standards. We develop mechanisms and manage projects across a range of social infrastructure, including economic development, education and training and health.

Coffey International Limited has approximately 4,000 people working on projects in more than 80 countries and has permanent offices throughout the Americas, Africa, Asia Pacific, Europe and the Middle East.

Visit coffey.com for more information.