

Company Announcements Office
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9 February 2015

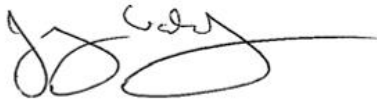
Via e-lodgements: Sequence #756

Dear Sir / Madam

APPENDIX 4D - RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

Please find attached the Interim Financial Report in relation to the Company's results for the half year ended 31 December 2014.

Yours faithfully



Jennifer Waldegrave
Company Secretary



Coffey International Limited
ABN 16 003 835 112

Appendix 4D - Results for announcement to the market
and
Interim Financial Report
half-year ended 31 December 2014

Lodged with the ASX under Listing Rule 4.2A

Appendix 4D – Coffey International Limited
Results for Announcement to the Market – 31 December 2014

COFFEY INTERNATIONAL LIMITED
Results for announcement to the market
For the half-year ended 31 December 2014
(Comparative information is for the half-year ended 31 December 2013)

Financial Results				\$A'000
Total revenue from ordinary activities	Decreased	(9%)	to	296,013
Fee revenue	Decreased	(1%)	to	193,159
EBITDA (earnings before interest, tax, depreciation and amortisation)	Decreased	(18%)	to	10,388
EBIT (earnings before interest and tax)	Decreased	(24%)	to	5,920
Profit after income tax	Decreased	(52%)	to	1,007
Profit after income tax attributable to members	Decreased	(52%)	to	965
Dividends		Amount per security (cents)	Franked amount per security (cents)	
Interim dividend	- Current year	0 cents	0 cents	
	- Prior year	0 cents	0 cents	
Final dividend	- Current year	N/A	N/A	
	- Prior year	0 cents	0 cents	
No interim dividend has been declared or proposed for the half-year reporting period ended 31 December 2014.				
NTA Backing		Dec 2014	June 2014	
Net tangible asset backing per ordinary security		10.3 cents	11.5 cents	
Commentary on Results				
The commentary on the results for the half year is contained in the interim financial report attached to this results announcement.				
EBITDA Reconciliation				
		2014 \$'000		2013 \$'000
Net profit for the half-year		965		2,019
Add back:				
Minority interests		42		81
Net interest expense		4,537		4,623
Income tax expense		376		1,068
Depreciation and amortisation		4,468		4,823
EBITDA		10,388		12,614

EBITDA has been disclosed as it is a key measure used by the Managing Director (as Chief Operating Decision Maker) and management to monitor and assess the performance of the business. EBITDA is calculated as profit before net financing costs, depreciation, amortisation and taxation.

Coffey International Limited
ABN 16 003 835 112

Interim Financial Report
for the half-year ended 31 December 2014

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by Coffey International Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Directors' Report

The directors present their report on the consolidated entity consisting of Coffey International Limited ("the Company") and the entities it controlled (the Group) at the end of, or during, the half-year ended 31 December 2014.

Directors

The following persons were directors of Coffey International Limited during the half-year and up to the date of this report:

John Mulcahy (Chairman and Non-Executive Director)

Leeanne Bond (Non-Executive Director)

Stuart Black AM (Non-Executive Director) (resigned on 4 November 2014)

Guy Cowan (Non-Executive Director)

Susan Oliver (Non-Executive Director)

John Douglas (Managing Director)

Urs Meyerhans (Finance Director)

Review of Operations

The following table provides a half year comparative of Coffey's results:

(\$ million unless otherwise stated)	H1 2014	H1 2015
Total revenue	324.0	296.0
Underlying EBITDA	15.1	10.4
Restructure costs	(2.5)	-
EBITDA	12.6	10.4
Depreciation & amortisation	(4.8)	(4.5)
EBIT	7.8	5.9
Net financing expense	(4.6)	(4.5)
Profit before income tax and minority interests	3.2	1.4
Income tax expense and Non-controlling interest	(1.2)	(0.4)
Net Profit after tax attributable to members	2.0	1.0
Basic EPS (cents per share)	0.8	0.4
Net cash flow from operations	5.3	(1.2)
Net debt	61.4	61.0
Gearing ratio: Net debt to equity plus net debt	30%	30%
Net assets	140.6	141.1

Operations overview

Geoservices fee revenue rose to \$101.6 million for the half with modest growth in Australia, but was 8.0% lower than H1 FY2014. The business responded to market conditions by reducing staff numbers late in the half, impacting on margins. As a result, reported EBITDA of \$2.9 million was down 42.0% on H1 FY2014 at \$5.0 million

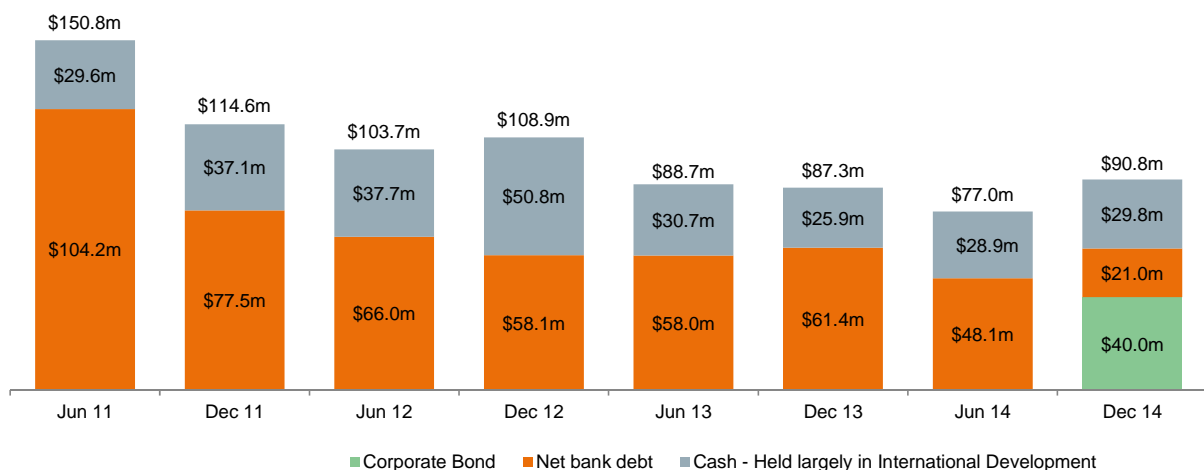
Project Management continued to improve profitability, reporting EBITDA of \$1.5 million

International Development reported revenue of \$152.8 million, down 9.2% on H1 FY2014. With lower revenue, the International Development business reported an EBITDA of \$8.4 million which was down on the H1 FY2014 result of \$9.8 million. Margins remained within our long term average of 5-6%. Total contracted revenue has increased on the prior corresponding period.

Improved debt maturity profile

Coffey's \$40 million corporate bond issue and the extension of its banking facilities diversified its funding sources, providing a more balanced debt profile with increased tenure. The banking facility was extended to September 2017, while the corporate bond matures in September 2019. The interest expense for the half included \$1.3 million in refinance break costs associated with these refinancing activities.

Total debt at December 2014 \$90.8 million



Net debt at \$61.0 million was comparable to the prior corresponding period despite the impacts of the devaluation of the Australian dollar and the cost of refinancing. The increase in net debt from \$48.1 million in June 2014 reflected cash cycles of the company's businesses, primarily International Development, combined with the sharp decrease in the Australia dollar during the half impacting USD borrowings. However, the devaluation of the Australian dollar will improve profitability, and the competitiveness of the international Geoservices business.

Working capital remained at industry leading standards at 58 days, within the company's target of 60 days or below. This represented an increase from exceptionally low levels of 54 days in June 2014.

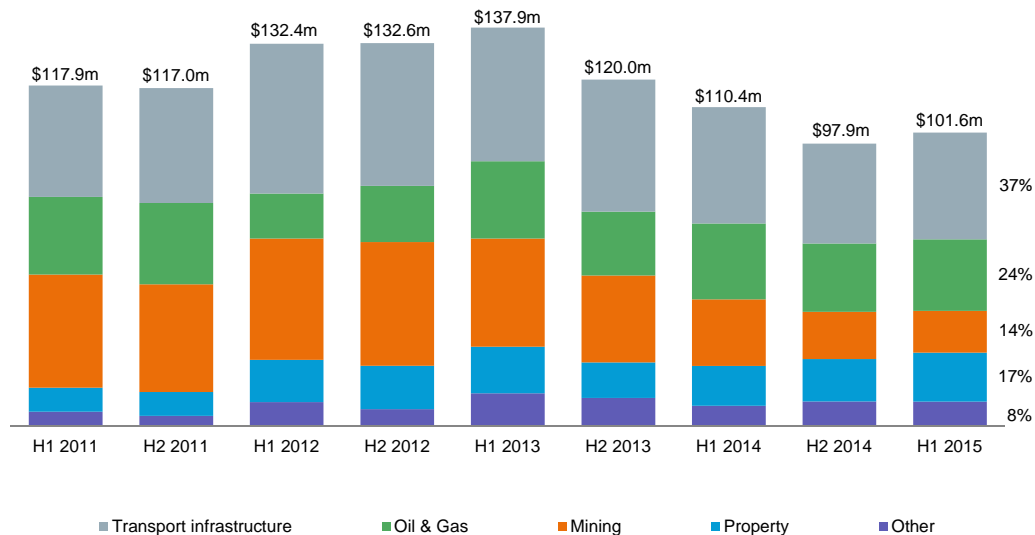
Continuing to reduce debt and increase financial stability remain key priorities of Coffey's strategy. Given the volatile market conditions, an interim dividend for FY2015 will not be paid. The Board will review its position on dividend payments at the time of the full year results in August this year.

Geoservices revenue improves from H2 FY2014

Geoservices fee revenue was \$101.6 million, up slightly on the second half of FY2014 but down compared to \$110.4 million in H1 FY2014. Importantly, Australian fee revenue increased on the previous half for the first time in two years.

Modest growth in the transport infrastructure and property industries was achieved, while oil and gas remained strong. Mining continued to decline as a contributor to our overall revenue mix.

Geoservices fee revenue by industry



While fee revenue lifted slightly, the Geoservices market remained highly competitive resulting in margins declining to 3%. This was also impacted by the Geoservices head count being reduced by 70 people late in the half. The business has adopted a more flexible workforce, actively responding to the competitive environment and market volatility. It continues to tightly manage staff numbers to provide a more agile workforce in changing conditions.

Contracted 12 month forward fee revenue at December 2014 was \$86 million following slower than expected contract awards, 14.9% lower than the prior corresponding period.

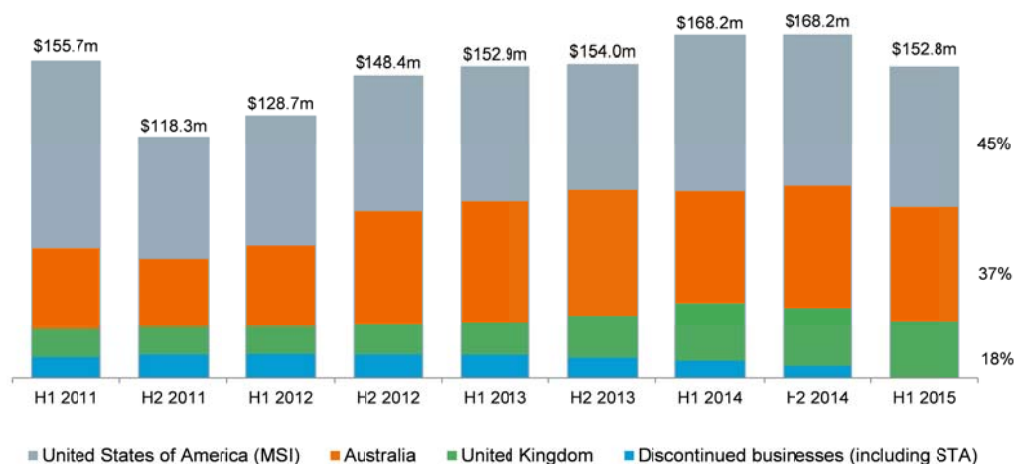
Project Management increases profitability

Project Management further increased its profitability in this half, delivering EBITDA of \$1.5 million with improving margins at 11%. Contracted 12 month forward fee revenue at December 2014 was \$16 million, 23.1% higher than December 2013.

International Development performing well

International Development continued to deliver consistently good results, achieving revenue of \$152.8 million in H1 FY2015. The fall in revenue from H1 FY2014 followed the sale of the STA business and the completion of a number of larger government aid projects in the US, with replacement projects in the early start-up phase.

International Development revenue by region



International Development's 12 month forward contracted revenue at December 2014 remained strong at \$198 million. Total contracted revenue, including contracted forward revenue beyond 12 months, was up 14% on December 2013. The value of contracts shortlisted or in negotiation was also significantly higher at December 2014 than the prior corresponding period. This represents a good pipeline of work for the business as it continues to develop its strong client relationships in three key markets.

John Mulcahy
Chairman

John Douglas
Managing Director

Sydney
6 February 2015



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Coffey International Limited

I declare that, to the best of my knowledge and belief, in relation to the half-year ended 31 December 2014 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Chris Hollis
Partner

Sydney

6 February 2015

Consolidated Income Statement

for the half-year ended 31 December 2014

	Notes	Half Year Ended	
		31 December 2014 \$'000	31 December 2013 \$'000
Revenue	3	294,767	322,947
Other income	3	1,246	1,088
Raw materials, subcontractor costs and travel		(96,706)	(115,935)
Employee benefits expense		(156,771)	(157,085)
Depreciation and amortisation		(4,468)	(4,823)
Occupancy costs		(11,795)	(13,075)
Other expenses		(20,353)	(25,326)
Profit before interest and income tax		5,920	7,791
Interest income		76	83
Financing expenses		(4,613)	(4,706)
Profit before income tax		1,383	3,168
Income tax expense		(376)	(1,068)
Profit for the half-year		1,007	2,100
Profit attributable to:			
Members of Coffey International Limited		965	2,019
Non-controlling interest		42	81
Profit for the half-year		1,007	2,100
Earnings per share attributable to the ordinary equity Shareholders of the company:			
Basic earnings per share (cents)		0.41c	0.82c
Diluted earnings per share (cents)		0.38c	0.79c

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

for the half-year ended 31 December 2014

	Half Year Ended	
	31 December 2014 \$'000	31 December 2013 \$'000
Profit for the half-year	1,007	2,100
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	203	3,041
Effective portion of changes in fair value of cash flow hedges	1	1,294
Income tax on other comprehensive income and expense	(46)	(1,141)
Total items that may be reclassified subsequently to profit and loss	158	3,194
Total comprehensive income for the half-year	1,165	5,294
Total comprehensive income attributable to:		
Members of Coffey International Limited	1,083	5,300
Non-controlling interest	82	(6)
Total comprehensive income for the half-year	1,165	5,294

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

as at 31 December 2014

		As at	
	Note	31 December 2014 \$'000	30 June 2014 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		28,824	26,757
Cash deposits		958	2,140
Trade and other receivables		76,757	77,079
Work in progress		35,490	36,698
Income tax receivables		4,089	2,509
<i>Total current assets</i>		146,118	145,183
Non-current assets			
Receivables		45	29
Property, plant and equipment		34,466	32,687
Deferred tax assets		21,095	22,021
Intangible assets	7	114,655	110,748
<i>Total non-current assets</i>		170,261	165,485
Total assets		316,379	310,668
LIABILITIES			
Current liabilities			
Trade and other payables		40,321	50,546
Loans and borrowings	5	7,803	7,097
Income tax payable		3,660	1,430
Other financial liabilities	6	560	484
Employee benefits		26,468	29,262
<i>Total current liabilities</i>		78,812	88,819
Non-current liabilities			
Loans and borrowings	5	83,006	69,875
Other financial liabilities	6	66	67
Deferred tax liabilities		-	599
Employee benefits		662	810
Other non-current liabilities		12,723	10,243
<i>Total non-current liabilities</i>		96,457	81,594
Total liabilities		175,269	170,413
Net assets		141,110	140,255
EQUITY			
Share capital		127,045	127,607
Reserves		(7,354)	(7,724)
Retained earnings		20,635	19,670
Equity attributable to ordinary equity holders of the Company		140,326	139,553
Non-controlling interest		784	702
Total equity		141,110	140,255

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2014

	Attributable to equity holders of the company							Non-controlling interest	Total equity
	Share capital \$'000	Foreign currency translation reserve \$'000	Share based payments reserve \$'000	Hedging reserve \$'000	Put option reserve \$'000	Retained earnings \$'000	Total \$'000	\$'000	\$'000
Balance at 1 July 2014	127,607	(5,540)	2,773	(1,431)	(3,526)	19,670	139,553	702	140,255
Comprehensive income for the period									
Profit for the half-year	-	-	-	-	-	965	965	42	1,007
<i>Other comprehensive income</i>	-	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	163	-	-	-	-	163	40	203
Changes in fair values of cash flow hedges, net of tax	-	-	-	1	-	-	1	-	1
Income tax on other comprehensive income	-	(46)	-	-	-	-	(46)	-	(46)
Total other comprehensive income	-	117	-	1	-	-	118	40	158
Total comprehensive income for the period	-	117	-	1	-	965	1,083	82	1,165
Transactions with owners, recorded directly in equity									
<i>Contributions by and distributions to owners</i>	-	-	-	-	-	-	-	-	-
Own shares acquired	(562)	-	-	-	-	-	(562)	-	(562)
Share based payment transactions	-	-	252	-	-	-	252	-	252
Total transactions with owners	(562)	-	252	-	-	-	(310)	-	(310)
Balance at 31 December 2014	127,045	(5,423)	3,025	(1,430)	(3,526)	20,635	140,326	784	141,110

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2014

	Attributable to equity holders of the company							Non-controlling interest	Total equity
	Share capital \$'000	Foreign currency translation reserve \$'000	Share based payments reserve \$'000	Hedging reserve \$'000	Put option reserve \$'000	Retained earnings \$'000	Total \$'000	\$'000	\$'000
Balance at 1 July 2013	129,899	(4,966)	17,371	(2,552)	(3,526)	339	136,565	681	137,246
Comprehensive income for the period									
Profit for the half-year	-	-	-	-	-	2,019	2,019	81	2,100
<i>Other comprehensive income</i>									
Exchange differences on translation of foreign operations	-	3,128	-	-	-	-	3,128	(87)	3,041
Changes in fair values of cash flow hedges, net of tax	-	-	-	1,294	-	-	1,294	-	1,294
Income tax on other comprehensive income	-	(753)	-	(388)	-	-	(1,141)	-	(1,141)
Total other comprehensive income	-	2,375	-	906	-	-	3,281	(87)	3,194
Total comprehensive income for the period	-	2,375	-	906	-	2,019	5,300	(6)	5,294
Transactions with owners, recorded directly in equity									
<i>Contributions by and distributions to owners</i>									
Own shares acquired	(2,292)	-	-	-	-	-	(2,292)	-	(2,292)
Share based payment transactions	-	-	387	-	-	-	387	-	387
Total transactions with owners	(2,292)	-	387	-	-	-	(1,905)		(1,905)
Balance at 31 December 2013	127,607	(2,591)	17,758	(1,646)	(3,526)	2,358	139,960	675	140,635

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

for the half-year ended 31 December 2014

	Half Year Ended	
	31 December 2014	31 December 2013
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	317,944	353,956
Payments to suppliers and employees (inclusive of goods and services tax)	(314,936)	(342,581)
	3,008	11,375
Interest received	76	83
Interest paid	(2,456)	(4,122)
Net income taxes paid	(1,859)	(2,004)
Net cash (outflow)/inflow from operating activities	(1,231)	5,332
Cash flows from investing activities		
Payments for plant and equipment	(4,508)	(4,073)
Payments for intangible assets	(111)	(97)
Proceeds from sale of plant and equipment	265	286
Net cash outflow from investing activities	(4,354)	(3,884)
Cash flows from financing activities		
Repayment of borrowings	(50,225)	(4,799)
Proceeds from borrowings	60,000	2,000
Payment of borrowing costs	(2,294)	(50)
Payments for shares bought on market	(563)	(2,292)
Payment of finance lease liabilities	(10)	(30)
Net cash inflow/(outflow) from financing activities	6,908	(5,171)
Net increase/(decrease) in cash held	1,323	(3,723)
Cash and cash equivalents at the beginning of the period	26,757	23,387
Effects of exchange rate changes on cash	744	358
Cash and cash equivalents at the end of the period *	28,824	20,022

* The cash deposits have not been included in the closing cash balance for the purposes of preparing the 31 December 2014 and the prior year comparative consolidated statement of cash flows as this represents restricted cash.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

for the half-year ended 31 December 2014

1 Summary of significant accounting policies

Reporting Entity

Coffey International Limited is a company domiciled in Australia. The consolidated interim financial statements, as at and for the six months ended 31 December 2014, comprise the company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in the provision of specialist consulting services.

Basis of preparation

This general purpose financial report for the interim half-year reporting period ended 31 December 2014 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the requirements of the *Corporations Act 2001*. The consolidated financial report of the Group complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report, however selected explanatory notes are included to explain events and transactions that are significant to understanding the changes in the Group's financial position and performance since 30 June 2014. Accordingly, this report is to be read in conjunction with the Financial Report for the year ended 30 June 2014 and any public announcements made by Coffey International Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

These interim financial statements were approved by the Board of Directors on 9 February 2015. The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission dated 10 July 1998 and in accordance with the class order, amounts have been rounded to the nearest thousand dollars unless otherwise stated.

Changes in accounting policy

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2014.

Use of judgements and estimates

The preparation of these interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2014.

Determination of fair value

The Group determines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair values of the Group's cash and cash equivalents and short-term monetary financial assets and financial liabilities approximate their carrying value. The fair values of other monetary financial assets and liabilities are either based upon market prices, where a market exists, or have been determined by discounting the expected future cash flows by the current interest rate for financial assets and financial liabilities with similar risk profiles.

The fair value of derivative financial assets and liabilities detailed in Note 6 reflects the estimated amounts which the Group would be required to pay or receive to terminate the contracts or replace the contracts at their current market rates at reporting date. At the end of each reporting date the Group will reassess the fair value of its derivative financial assets and liabilities.

Notes to the Financial Statements

for the half-year ended 31 December 2014

2 Operating segments

During the period the Group provided specialist consulting services across its three businesses. These activities are summarised below by each reportable segment.

a) Geoservices

The Geoservices business comprises specialised geotechnical, environmental and mining consulting services, as well as materials testing and analysis. The business delivers services to public and private sector clients across resources, infrastructure and property. Offices are located across Asia Pacific, the United Kingdom, North and South America, Africa and the Middle East.

b) International Development

The International Development business delivers consulting and training services alongside governments and donor agencies to strengthen governance, promote economic growth, and create conditions for sustainable development. The business operates from regional offices based in Australia, the United States of America and the United Kingdom.

c) Project Management

The Project Management business provides project management and advisory services to public and private sector clients across the property and infrastructure project lifecycles. Offices are located throughout Australia, New Zealand and South Africa.

d) Unallocated corporate

Unallocated corporate comprises Group corporate management and Group treasury activities.

Notes to the Financial Statements

for the half-year ended 31 December 2014

2 Operating segments (continued)

Information regarding the results of each reportable segment is included below. Performance is measured based on segment EBITDA and EBIT included in the monthly management reports that are reviewed by the Managing Director. Segment EBITDA and EBIT is used to measure performance as management believes that such information is the most relevant in evaluating results relative to other entities that operate within the same industries and geographic location. There has been no material change in the value of assets in each reportable segment during the half-year ended 31 December 2014. The Coffey International Limited Annual Report 2014 provides details of segment assets at 30 June 2014.

	Half Year Ended 31 December 2014						
	Geoservices \$'000	International Development \$'000	Project Management \$'000	Total Segments \$'000	Unallocated Corporate \$'000	Elimination \$'000	Total \$'000
Fee revenue	101,601	80,489	11,069	193,159			193,159
Inter-segment sales	2,776	15	512	3,303	-	(3,303)	-
Reimbursable revenue	27,292	72,148	2,168	101,608			101,608
Other income	1,077	172	(3)	1,246	-		1,246
Total Revenue	132,746	152,824	13,746	299,316	-	(3,303)	296,013
Segment EBITDA	2,855	8,408	1,477	12,740	(2,352)	-	10,388
Depreciation and amortisation expense	(3,211)	(1,067)	(190)	(4,468)			(4,468)
Segment EBIT result	(356)	7,341	1,287	8,272	(2,352)		5,920
Net interest expense					(4,537)		(4,537)
Profit before income tax							1,383
Income tax expense							(376)
Non-controlling interest							(42)
Profit for the half-year attributable to members of the Company							965

Notes to the Financial Statements

for the half-year ended 31 December 2014

2 Operating segments (continued)

	Half Year Ended 31 December 2013						
	Geoservices \$'000	International Development \$'000	Project Management \$'000	Total Segments \$'000	Unallocated Corporate \$'000	Elimination \$'000	Total \$'000
Fee revenue	110,394	73,965	11,618	195,977	-	-	195,977
Inter-segment sales	475	5	505	985	-	(985)	-
Reimbursable revenue	30,105	93,820	3,045	126,970	-	-	126,970
Other income	650	377	61	1,088	-	-	1,088
Total Revenue	141,624	168,167	15,229	325,020	-	(985)	324,035
Segment EBITDA before restructuring costs	7,492	9,837	261	17,590	(2,508)	-	15,082
Restructuring costs	(2,468)	-	-	(2,468)	-	-	(2,468)
Segment EBITDA	5,024	9,837	261	15,122	(2,508)	-	12,614
Depreciation and amortisation expense	(3,291)	(1,358)	(174)	(4,823)	-	-	(4,823)
Segment EBIT result	1,733	8,479	87	10,299	(2,508)	-	7,791
Net interest expense					(4,623)		(4,623)
Profit before income tax							3,168
Income tax expense							(1,068)
Non-controlling interest							(81)
Profit for the half-year attributable to members of the Company							2,019

Notes to the Financial Statements

for the half-year ended 31 December 2014

3 Revenue and other income

	Half Year Ended	
	31 December 2014 \$'000	31 December 2013 \$'000
Fee revenue	193,159	195,977
Reimbursable revenue	101,608	126,970
Total revenue	294,767	322,947
Other income	1,246	1,088
Total from ordinary activities	296,013	324,035

4 Dividends

There have been no dividends declared or paid in the current period or prior comparative period.

5 Loans and borrowings

	As at	
	31 December 2014 \$'000	30 June 2014 \$'000
Current		
Bills payable - secured	7,750	7,000
Finance lease and other liabilities	53	97
Total current loans and borrowings	7,803	7,097
Non-current		
Bills payable - secured	45,028	71,303
Finance lease and other liabilities	153	-
Corporate bonds - unsecured	40,000	-
Facility establishment fees	(2,175)	(1,428)
Total non-current loans and borrowings	83,006	69,875
Total loans and borrowings	90,809	76,972

	As at 31 December 2014			As at 30 June 2014		
	Used \$'000	Unused \$'000	Total \$'000	Used \$'000	Unused \$'000	Total \$'000
Credit Standby arrangements						
Secured bill and bank overdraft facility	52,778	12,262	65,040	78,303	28,636	106,939
Guarantee facility	8,148	1,852	10,000	6,553	8,447	15,000
Total Credit Standby arrangements	60,926	14,114	75,040	84,856	37,083	121,939

Bills payable – secured

The Group's secured bill and bank overdraft facilities of \$65,040,000 are a combination of \$37,037,037 in commercial bill facilities, \$16,000,000 in amortising term debt and overdraft facilities of \$12,002,963. In addition, the Group has a general guarantee facility of \$10,000,000.

The commercial bill facilities have a three-year term ending 30 September 2017. The \$16,000,000 amortising term debt has scheduled quarterly repayments concluding on 30 September 2016.

Notes to the Financial Statements

for the half-year ended 31 December 2014

5 Loans and borrowings (continued)

The overdraft and general guarantee facility are annual revolving facilities. The Group's facilities are subject to security over certain assets of the Group. In addition to the aforementioned facilities, the Group has a \$4,000,000 credit card facility, and a \$10,000,000 EFT payment facility.

Corporate bonds – unsecured

The Corporate Bonds are repayable on 30 September 2019.

6 Financial instruments

The fair value measurement principles adopted in this report are consistent with those applied in the Coffey International Limited Annual Report for the year ended 30 June 2014. Financial assets and liabilities measured at fair value and their respective fair value hierarchy are shown below. The following tables provide an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. No financial assets or liabilities, where the carrying amount is reasonable approximation of the fair value, have been included in the above table

Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Fair Value as at 31 December 2014				
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Non-derivative financial liabilities at fair value				
Other financial liabilities ¹	560	-	-	560
Derivative financial liabilities at fair value				
Interest rate swaps used for hedging	66	-	-	66

¹ Other financial liabilities (current) on the statement of financial position comprises put option agreements that allow the Group's minority interest equity partners to require the Group to purchase their non-controlling interest.

No financial assets or liabilities, where the carrying amount is reasonable approximation of the fair value, have been included in the above table

Fair Value as at 30 June 2014				
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Non-derivative financial liabilities at fair value				
Other financial liabilities ¹	484	-	-	484
Derivative financial liabilities at fair value				
Interest rate swaps used for hedging	67	-	-	67

¹ Other financial liabilities (current) on the statement of financial position comprises put option agreements that allow the Group's minority interest equity partners to require the Group to purchase their non-controlling interest.

Notes to the Financial Statements

for the half-year ended 31 December 2014

7 Intangible assets

	As at 31 December 2014			
	Goodwill \$'000	Software \$'000	Other intangibles \$'000	Total \$'000
Opening balances				
Opening net book amount	108,699	2,049	–	110,748
Intangible additions	–	111	–	111
Amortisation charge	–	(605)	–	(605)
Foreign exchange rate differences	4,408	(7)	–	4,401
Closing net book amount	113,107	1,548	–	114,655
Historical cost				
Cost or fair value	210,429	9,212	16,020	235,661
Accumulated amortisation	–	(7,594)	(16,020)	(23,614)
Accumulated impairment	(97,322)	(70)	–	(97,392)
Net book amount	113,107	1,548	–	114,655

	As at 30 June 2014			
	Goodwill \$'000	Software \$'000	Other intangibles \$'000	Total \$'000
Opening balances				
Opening net book amount	107,731	3,430	–	111,161
Intangible additions	–	115	–	115
Amortisation charge	–	(1,465)	–	(1,465)
Foreign exchange rate differences	968	(31)	–	937
Closing net book amount	108,699	2,049	–	110,748
Historical cost				
Cost or fair value	204,750	8,966	15,259	228,975
Accumulated amortisation	–	(6,846)	(15,259)	(22,105)
Accumulated impairment	(96,051)	(71)	–	(96,122)
Net book amount	108,699	2,049	–	110,748

Notes to the Financial Statements

for the half-year ended 31 December 2014

7 Intangible assets (continued)

a) Impairment tests for goodwill

For purposes of goodwill impairment testing, goodwill is allocated to the Group's cash-generating units (CGUs) or groups of CGUs identified on a service line basis. A summary of the goodwill allocation as at 31 December 2014 by CGU is presented below.

	As at	
	31 December 2014	30 June 2014
	\$'000	\$'000
Geomechanics	42,393	41,870
Environments	26,294	26,294
Testing	1,619	1,588
International Development	42,801	38,947
Total goodwill	113,107	108,699

In December 2014 an impairment review of the Geomechanics CGU was undertaken by Management. The information below discussing the key assumptions used for calculations relates only to Geomechanics.

b) Key assumptions used for calculations

The recoverable amount of Geomechanics was determined based on a value-in-use (VIU) calculation. The VIU calculation uses cash-flow projections based on financial plans approved by the Board of Directors for FY2015 and management's estimates of the growth in revenue and margin percentage for the next four years. After the fifth year, a long-term growth rate of 3% is used. The pre-tax discount rate was determined by management, and reflects the appropriate cost of capital, adjusted for specific risks such as specialised services and geographical region from which the cash-flows will be derived.

Revenue growth assumptions have been based on management's estimate of the revenue growth in FY2015 and the average industry growth rates forecast for the industries in which Geomechanics operates from FY2016 - FY2019. The average industry growth rates were derived from external market information which was weighted to fit with Geomechanics's basket of operations. In addition to revenue growth assumptions, an improvement in margins is forecast over the five year future cash-flows from 9% in FY2015 to 10% in FY2019. The assumed margins in FY2019 are well below industry benchmarking undertaken by the Group.

The assumptions below have been used to analyse Geomechanics

	Average revenue growth ²	Forecast cash-flow growth rate ¹	Discount rate pre-tax
Cash-generating unit	2016-2019	2016-2019	2014
Geomechanics	3.5%	6.7%	16.5%

¹ Average annual forecast growth in cash-flows incorporates forecast revenue growth, margin improvement, further operating efficiencies and working capital management.

² Average annual growth.

In 2014, cash-flow growth rates were forecast at 15%, and the discount rate was 16.5%. The recoverable amount of the Geomechanics CGU exceeds its carrying value by 7.8%. An impairment would be recognised if the growth rate fell below 1.9% or the discount rate was increased to 17.7%.

Notes to the Financial Statements

for the half-year ended 31 December 2014

8 Contingent liabilities

Guarantees

There have been no material changes in contingent liabilities in the form of guarantees since the date of the 2014 Annual Report.

General

Other than noted below, as at the date of this report, there is no current litigation or pending or threatened litigation which would not be covered by professional indemnity insurance or has not already been provided for in the financial statements of the Group, is capable of reliable measurement, or which the likelihood of a material effect on the financial performance of the Group is not considered remote.

No material losses are anticipated in respect of any of the above contingent liabilities.

On 23 December 2014 the Supreme Court of Western Australia partially upheld a ruling by the Western Australia Contaminated Sites Committee (CSC) which assigned a 70% responsibility for site remediation to Coffey LPM Pty Ltd (CLP) (a wholly owned subsidiary of Coffey International Limited). The CSC ruled that CLP punctured a fuel pipe and contaminated a former service-station site during soil contamination test drilling.

CLP has lodged an appeal against the decision however if the appeal is unsuccessful CLP will be required to pay its' share of the site remediation. The full cost of remediation to CLP is not yet known as a site rehabilitation assessment has not been completed.

9 Events occurring after the balance sheet date

There were no matters or circumstances specific to Coffey that have arisen since 31 December 2014 that have significantly affected or may significantly affect:

- the Group's operations in future financial years;
- the results of those operations in future financial years; or
- the Group's state of affairs in future financial years.

Directors' Declaration

In the opinion of the directors of Coffey International Limited ("the Company"):

- (a) the consolidated financial statements and notes set out on the pages 7 to 21 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the six month period ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



John Mulcahy
Chairman



John Douglas
Managing Director

Sydney
6 February 2015



Independent auditor's review report to the members of Coffey International Limited

Report on the financial report

We have reviewed the accompanying interim financial report of Coffey International Limited, which comprises the consolidated statement of financial position as at 31 December 2014, consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the interim period ended on that date, notes 1 to 9 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Coffey International Limited and the entities it controlled at the half-year's end or from time to time during the interim period.

Directors' responsibility for the interim financial report

The directors of the Coffey International Limited are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2014 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Coffey International Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Coffey International Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

Chris Hollis

Chris Hollis
Partner

Sydney

6 February 2015