coffey SPECIALIST KNOWLEDGE EXTRAORDINARY OUTCOMES

10 August 2011

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

Via e-lodgements: Sequence #572

Dear Sir / Madam

RE: APPENDIX 4E - RESULTS FOR THE YEAR ENDED 30 JUNE 2011

Please find attached the unaudited Preliminary Final Statement in relation to the Company's results for the year ended 30 June 2011.

Yours faithfully

Jennifer Waldegrave
Company Secretary

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Coffey International Limited

ABN 16 003 835 112

ASX Preliminary Final Statements

Appendix 4E

Year Ended 30 June 2011

Lodged with the ASX under Listing Rule 4.3A

COFFEY INTERNATIONAL LIMITED
Results for announcement to the market
For the year ended 30 June 2011

Financial Results				**$A'000**
Total Revenue and other income^	decreased	(12)%	to	680,569
Fee Revenue^	decreased	(11)%	to	423,642
Underlying EBITDA^ (EBITDA before restructuring costs and impairment)	**decreased**	**(33)%**	**to**	**32,307**
EBITDA^	**decreased**	**(190)%**	**to**	**(39,696)**
Earnings before interest and tax (EBIT)^	decreased	(255)%	to	(50,015)
Loss after income tax for the year attributable to members^	**decreased**	**(604)%**	**to**	**(69,724)**

^includes both continuing and discontinued operations

Dividends		**Amount per security (cents)**	**Franked amount per security (cents)**
Interim dividend	- Current year	Nil	Nil
	- Prior year	7.5 cents	7.5 cents
Final dividend	- Current year	Nil	Nil
	- Prior year	3.5 cents	3.5 cents

Date Final Dividend is payable	N/A
Record date to determine entitlement to dividend	N/A

NTA Backing

	2011	**2010**
Net tangible asset backing per ordinary security (1)	(23.1) cents	(23.0) cents

Commentary on Results

The commentary on the results for the year ended 30 June 2011 is contained in the press release dated 10th August 2011.

(1) NTA per ordinary share is negative due to the previously acquisitive nature of the Company which results primarily in the acquisition of intangible assets.

Coffey International Limited
ABN 16 003 835 112

Preliminary Final Financial Statements
for the year ended 30 June 2011

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Consolidated income statement

For the year ended 30 June 2011

	Notes	**2011 $'000**	Represented * 2010 $'000
Continuing Operations			
Revenue	5	662,846	750,191
Other income		1,976	172
Raw materials, subcontractor costs and travel		(232,416)	(288,616)
Employee benefits expense		(324,301)	(330,708)
Depreciation and amortisation	6	(10,234)	(11,667)
Occupancy costs		(27,234)	(23,461)
Other expenses	6	(58,203)	(61,847)
Impairment of goodwill	16	(52,715)	-
Net foreign exchange (loss)		(996)	(1,462)
(Loss)/Profit before interest and income tax		(41,277)	32,602
Interest income	7	574	620
Financing expenses	7	(16,020)	(12,817)
(Loss)/Profit before income tax		(56,723)	20,405
Income tax (expense)	8	(4,904)	(5,586)
(Loss)/Profit for the year – Continuing Operations		(61,627)	14,819
Discontinued Operations			
Loss from discontinued operations (net of income tax)	9	(8,217)	(30)
(Loss)/Profit for the year		(69,844)	14,789
(Loss)/Profit attributable to:			
Members of Coffey International Limited		(69,724)	13,833
Non-controlling interest		(120)	956
(Loss)/Profit for the year		(69,844)	14,789
Earnings per share attributable to the ordinary equity shareholders of the company:			
Basic earnings per share (cents)	26	(57.0)c	11.9c
Diluted earnings per share (cents)	26	(57.0)c	10.8c
Earnings per share attributable to the ordinary equity shareholders of the company – Continuing operations			
Basic earnings per share (cents)	26	(50.3)c	11.9c
Diluted earnings per share (cents)	26	(50.3)c	10.8c

The above consolidated income statement should be read in conjunction with the accompanying notes.
* Comparatives represented for discontinuing operations. See Note 9.

Consolidated statement of comprehensive income

For the year ended 30 June 2011

	2011 $'000	2010 $'000
(Loss)/Profit for the year	(69,844)	14,789
Other comprehensive income /(expense)		
Exchange differences on translation of foreign operations	(8,126)	(2,592)
Realised gain on foreign exchange contracts	(3,133)	-
Effective portion of changes in fair value of cash flow hedges	3,860	1,764
Ineffective hedge instruments transferred to profit and loss	777	-
Transfer of foreign exchange difference on disposal of business to profit and loss	542	-
Income tax on other comprehensive income and expense	898	1,180
Other comprehensive income /(expense) for the year, net of tax	(5,182)	352
Total comprehensive income /(expense) for the year	(75,026)	15,141
Total comprehensive income /(expense) attributable to:		
Members of Coffey International Limited	(74,719)	14,172
Non-controlling interest	(307)	969
Total comprehensive income /(expense) for the year	(75,026)	15,141

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

Consolidated statement of financial position
As at 30 June 2011

	Notes	**2011 $'000**	2010 $'000
ASSETS			
Current assets			
Cash and cash equivalents	11	23,680	27,130
Cash deposits	12	2,922	3,614
Trade and other receivables	13	111,927	117,371
Other financial assets		2,062	81
Work in progress		27,717	42,497
Income tax receivables		5,579	7,317
Assets classified as held for sale	10	9,954	-
Total current assets		183,841	198,010
Non-current assets			
Cash deposits	12	3,005	7,367
Receivables		222	1,531
Investments		-	130
Plant and equipment	14	26,631	24,544
Deferred tax assets	15	17,060	21,048
Intangible assets	16	147,080	226,055
Total non-current assets		193,998	280,675
Total assets		377,839	478,685
LIABILITIES			
Current liabilities			
Bank overdraft	11,19	5,948	162
Trade and other payables	17	57,133	68,851
Loans and borrowings	19	40,823	790
Other financial liabilities		1,789	5,259
Deferred purchase consideration		3,551	3,709
Employee benefits	18	27,548	42,282
Liabilities classified as held for sale	10	1,752	-
Total current liabilities		138,544	121,053
Non-current liabilities			
Loans and borrowings	19	104,030	137,665
Unearned revenue		2,445	5,346
Other financial liabilities		3,538	4,454
Deferred purchase consideration		-	4,014
Deferred tax liabilities	21	312	2,915
Employee benefits	18	1,277	1,614
Other non-current liabilities		5,258	3,407
Total non-current liabilities		116,860	159,415
Total liabilities		255,404	280,468
Net assets		122,435	198,217
EQUITY			
Share capital	22	195,917	193,662
Reserves		(2,530)	820
Retained profits		(72,018)	1,911
Equity attributable to ordinary equity holders of the Company		121,369	196,393
Non-controlling interest		1,066	1,824
Total equity		122,435	198,217

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

Consolidated statement of changes in equity

For the year ended 30 June 2011

	Attributable to equity holders of the Company								
	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**	**Non-controlling interest $'000**	**Total equity $'000**
Balance at 1 July 2010	193,662	(5,873)	14,459	(3,573)	(4,193)	1,911	196,393	1,824	198,217
Total comprehensive income for the period									
(Loss)/Profit for the period	-	-	-	-	-	(69,724)	(69,724)	(120)	(69,844)
Other comprehensive income									
Exchange differences on translation of foreign operations	-	(7,939)	-	-	-	-	(7,939)	(187)	(8,126)
Realised gain on foreign exchange contracts	-	(3,133)	-	-	-	-	(3,133)	-	(3,133)
Changes in fair value of cash flow hedges	-	-	-	3,860	-	-	3,860	-	3,860
Ineffective hedge instruments transferred to profit and loss	-	-	-	777	-	-	777	-	777
Transfer of foreign exchange on disposal of business	-	542	-	-	-	-	542	-	542
Income tax on other comprehensive income and expense	-	2,218	-	(1,320)	-	-	898	-	898
Total other comprehensive income	-	(8,312)	-	3,317	-	-	(4,995)	(187)	(5,182)
Total comprehensive income for the period	-	(8,312)	-	3,317	-	(69,724)	(74,719)	(307)	(75,026)
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Issue of ordinary shares	1,079	-	-	-	-	-	1,079	-	1,079
Dividends paid to equity holders	1,176	-	-	-	-	(4,205)	(3,029)	-	(3,029)
Share-based payment transactions	-	-	1,194	-	-	-	1,194	-	1,194
Total contributions by and distributions to owners	2,255	-	1,194	-	-	(4,205)	(756)	-	(756)
Changes in ownership interests in subsidiaries that do not result in loss of control									
Additional interest acquired	-	-	-	-	451	-	451	(451)	-
Total transactions with owners	2,255	-	1,194	-	451	(4,205)	(305)	(451)	(756)
Balance at 30 June 2011	195,917	(14,185)	15,653	(256)	(3,742)	(72,018)	121,369	1,066	122,435

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 year ended 30 June 2010

	Attributable to equity holders of the Company								
	Share capital	Foreign currency translation reserve	Share-based payments reserve	Hedging reserve	Put option reserve	Retained earnings	Total	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2009	185,681	(4,978)	12,657	(4,807)	-	1,223	189,776	1,367	191,143
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	13,833	13,833	956	14,789
Other comprehensive income									
Exchange differences on translation of foreign operations	-	(2,605)	-	-	-	-	(2,605)	13	(2,592)
Changes in fair value of cash flow hedges	-	-	-	1,764	-	-	1,764	-	1,764
Income tax on other comprehensive income and expense	-	1,710	-	(530)	-	-	1,180	-	1,180
Total other comprehensive income	-	(895)	-	1,234	-	-	339	13	352
Total comprehensive income for the period	-	(895)	-	1,234	-	13,833	14,172	969	15,141
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Issue of ordinary shares	4,313	-	-	-	-	-	4,313	-	4,313
Dividends paid to equity holders	3,668	-	-	-	-	(13,145)	(9,477)	(512)	(9,989)
Share-based payment transactions	-	-	1,802	-	-	-	1,802	-	1,802
Total contributions by and distributions to owners	7,981	-	1,802	-	-	(13,145)	(3,362)	(512)	(3,874)
Changes in ownership interests in subsidiaries that do not result in loss of control									
Recognition of put option reserve	-	-	-	-	(4,193)	-	(4,193)	-	(4,193)
Total transactions with owners	7,981	-	1,802	-	(4,193)	(13,145)	(7,555)	(512)	(8,067)
Balance at 30 June 2010	193,662	(5,873)	14,459	(3,573)	(4,193)	1,911	196,393	1,824	198,217

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

Consolidated statement of cash flows

For the year ended 30 June 2011

	Notes	**2011 $'000**	2010 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		739,957	821,134
Payments to suppliers and employees (inclusive of goods and services tax)		(723,776)	(773,674)
		16,181	47,460
Interest received		574	620
Interest paid		(19,384)	(11,740)
Income taxes paid		(2,241)	(20,453)
Net cash (outflow)/inflow from operating activities	23	(4,870)	15,887
Cash flows from investing activities			
Payments for plant and equipment		(11,503)	(3,255)
Payments for intangible assets		(988)	(3,542)
Payments for purchase of companies/businesses, net of cash acquired		-	(4,682)
Payments of deferred purchase consideration		(1,617)	(6,741)
Payments for investments		-	(130)
(Payment)/Proceeds from sale of business		(94)	3,320
Proceeds from sale of plant and equipment		-	761
Net cash outflow from investing activities		(14,202)	(14,269)
Cash flows from financing activities			
Net proceeds/(repayments) of borrowings		17,750	(3,063)
Proceeds from issue of shares, net of costs		86	-
Dividends paid to Shareholders		(3,029)	(9,339)
Equity acquired from minority		(1,626)	-
Dividends paid to minority interest Shareholders		-	(512)
Payments on finance lease and other liabilities		(764)	(858)
Net cash inflow/(outflow) from financing activities		12,417	(13,772)
Net decrease in cash held		(6,655)	(12,154)
Cash and cash equivalents at the beginning of the year		26,968	39,996
Effects of exchange rate changes on cash		(2,521)	(874)
Cash and cash equivalents at the end of the year	11	17,792	26,968

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

1 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all years presented and have been applied consistently by the Group entities, unless otherwise stated. The consolidated financial statemenets as at and for the year ended 30 June 2011 comprises Coffey International Limited and its subsidiaries (together referred to as the Group).

The comparative income statement has been re-presented as if an operation discontinued during the current year had been discontinued from the start of the comparative year (see note 9).

a) Basis of preparation
Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and 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).

Early adoption of standards

The Group has not elected to apply any amended accounting standards early on the basis that those standards which have been amended do not materially affect the policies of Coffey International Limited. Refer to note 1(ab) for an assessment of the impact of new AASBs not early adopted.

Historical cost basis
These financial statements have been prepared under the historical cost basis except for the following material items in the statement of financial position, measured at fair value:

- derivative financial instruments;
- financial instruments designated as “fair value through profit or loss” for accounting purposes; and
- liabilities for cash-settled share – based payment arrangements.

The methods used to measure fair values are discussed further in the notes.

Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- revenue recognition (note g)
- provisions for debtors (13)
- intangible assets (note 16) – measurement of the recoverable amounts of cash-generating units containing goodwill and other intangible assets;
- provisions (note 17);
- leases (note 19) – lease classification
- financial instruments – valuation of financial instruments; and
- employee benefits – measurement of share-based payments.

Going concern basis

The accounts have been prepared on a going concern basis for the year ended 30 June 2011.

The Company’s financing facilities, which mature February 2014, contain certain financial covenants including scheduled facility repayments for the duration of the facility. $40.5m is due for repayment in FY2012 and therefore is presented as current borrowings in this financial report.

Since reporting date, the Company has secured agreement with its lender to remove the scheduled facility repayments from the facility and modify its financial ratio covenants to align with this amendment. All material terms of the new facility have been unconditionally agreed in writing however remain subject to the completion of formal loan documentation between the Company and its lender, which is expected to be completed prior to the finalisation of the 2011 financial report in late August 2011.

Based on cash flow modelling undertaken by the Company, which includes analysis around certain cash flow improvement opportunities available to the Company, the directors and management are confident that the group will be able to meet all revised financial obligations contained in the amended facilities, thus supporting the going concern basis upon which these accounts have been prepared.

The company was in compliance with all its financial covenants as at 30 June 2011.

b) Principles of consolidation
(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Group as at 30 June 2011 and the results of all controlled entities for the year then ended.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date from which control is obtained by the Group. In the company’s financial statements, investments in subsidiaries are carried at cost.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1 (e)).

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities

1 Summary of Significant Accounting Policies (continued)

acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity. Any cash paid of the acquisition is recognised directly in equity.

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Inter-company transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with all material policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement consolidated statement of comprehensive income and statement of financial position respectively.

(ii) Employee share trusts
The Group has formed trusts to administer the Group's employee share schemes.

These trusts are consolidated, as the substance of the relationship is that the trusts are controlled by the Group.

c) Income tax

The income tax expense for the year is the tax payable on the current year's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses and tax credits. The income tax expense excludes items which are recognised directly in equity.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction.

The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are reviewed at each reporting date and are recognised for deductible temporary differences, unused tax losses and tax credits only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

d) Foreign currency translation
(i) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is Coffey International Limited's functional and presentation currency.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currencies of the Group entities using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on the translation of available-for-sale equity instruments or a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges which are recognised directly in equity.
Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(iii) Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency, being Australian dollars, are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;

1 Summary of Significant Accounting Policies (continued)

- income and expenses for each income statement are translated at average monthly exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity, the foreign currency translation reserve (FCTR).

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after the date of transition to AASBs are treated as assets and liabilities of the foreign entity and translated at the closing rate. Goodwill arising on acquisitions before the date of transition to AASBs is treated as an Australian dollar denominated asset. Since 1 July 2004, the Group's date of transition to AASBs, such differences have been recognised in the FCTR.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the FCTR.

When a foreign operation is sold or borrowings repaid, a proportionate share of such exchange differences is recorded in the income statement as part of the gain or loss on sale or repayment.

(iv) Hedge of net investment in foreign operation

The Group applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and the parent entity's functional currency (AUD), regardless of whether the net investment is held directly or through an intermediate parent.

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income to the extent that the hedge is effective, and are presented within equity in the FCTR. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged part of a net investment is disposed of, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal.

e) Business combinations

The Group adopted the revised *AASB 3 Business Combinations* (2008) and amended AASB 127 Consolidated and Separate Financial Statements (2008) for business combinations occurring in the financial year beginning 1 July 2009. All business combinations occurring on or after 1 July 2009 are accounted for by applying the acquisition method.

The acquisition method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Consideration transferred is measured at the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange. Transaction costs incurred in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees, are expensed as incurred.

Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. If the consideration transferred including the recognised amount of any non-controlling interest in the acquiree exceeds the fair value of the identifiable net assets acquired and liabilities assumed, the excess is recorded as goodwill.

If the consideration transferred, including the recognised amount of any non-controlling interest is less than the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

f) Operating segments

The Group determines and presents operating segments based on the information that internally is provided to the Managing Director, who is the chief operating decision maker. This is in line with *AASB 8 Operating Segments*.

Under the segment reporting policy, an operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' results are regularly reviewed by the Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Inter-segment pricing is determined on an arm's length basis.

Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly central business support and corporate assets, corporate expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

g) Revenue recognition

Revenue is measured at the fair value of the consideration received and receivable. Amounts disclosed as revenue are net of returns, trade

1 Summary of Significant Accounting Policies (continued)

allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

(i) Geosciences Business
Revenue from time-and-material contracts is recognised at the contractual hourly rates as labour hours are delivered, and the direct expenses are incurred. Where contracts stipulate a contract price ceiling, the rates used reflect the amounts that are expected to be recoverable. Costs for such contracts are generally incurred in proportion with contracted billing schedules. Such method is expected to result in reasonably consistent profit margins over the contract term.

(ii) International Development Business

Contract revenue and expenses are recognised in accordance with the percentage of completion method unless the outcome of the contract cannot be reliably estimated. Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

For fixed price contracts, the stage of completion is measured by reference to costs incurred to date as a percentage of estimated total costs for each contract. Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred during the reporting period plus the percentage of fees earned. Percentage of fees earned is measured by reference to the costs incurred to date as a proportion of the estimated total costs of the contract.

(iii) Project Management Business
Contract revenue is recognised in accordance with the percentage of completion method unless the outcome of the contract cannot be reliably estimated. Revenue from time-and-material contracts is recognised at the contractual hourly rates as labour hours are delivered, and the direct expenses are incurred.

(iv) Key performance indicator (KPI) revenue
KPI revenue is revenue derived when contract performance hurdles are met and typically relate to safety performance on the contract.

KPI revenue is only recognised when it is probable that the economic benefits associated with the transaction will flow to the entity. The Group's Policy is to recognise KPI income on a pro-rata basis to the extent that the Group is capable of achieving the desired outcomes under the terms of the contract and the value of the KPI revenue can be reliably estimated.

When an uncertainty arises about the collectability of an amount already recognised as revenue, the uncollectible amount, or the amount in respect of which recovery has ceased to be probable, is recognised as an adjustment to the amount of revenue originally recognised.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred and revenue is recognised to the extent that it is probable that those costs will be recovered.

(v) Reimbursable Revenue
For customer contracts where there exists the right to charge certain costs onto the customer relating to the delivery of the contract, revenue is recognised at the time the costs are incurred plus an appropriate mark up.

(iv) Other Income
Other income is brought to account when received or receivable.

h) Finance income and finance expense
Finance income comprises interest income, changes in fair value of financial assets at fair value through profit or loss and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expense comprises interest expense on borrowings, unwinding of the discount on provisions, changes in fair value of financial assets at fair value through profit or loss and losses on hedging instruments that are recognised in profit or loss. Borrowing costs are recognised in profit or loss using the effective interest method.

i) Trade receivables
All trade receivables are recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognised in the income statement.

j) Work in progress
(i) Geosciences Business
Work in progress represents the sales value of unbilled labour and disbursements, less provisions, for amounts considered non-recoverable.

(ii) *International Development Business*
Long-term contract work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented as unearned revenue.

Contract costs include all costs directly related to specific contracts and costs that are specifically chargeable to the customer under the terms of the contract.

(iii) Project Management Business
Work in progress on project management contracts is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings.

If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented as unearned revenue.

Contract costs include all costs directly related to specific contracts and costs that are specifically chargeable to the customer under the terms of the contract.

k) Impairment of assets
Financial assets
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is

1 Summary of Significant Accounting Policies (continued)

impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its "value in use" and its fair value less costs to sell. In assessing "value in use", the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit).

The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would

l) Plant and equipment

All plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includesexpenditure that is directly attributable to the acquisition of the items. The cost of property, plant and equipment at 1 July 2004, the date of transition to AASBs, was determined by reference to its fair value at that date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on either a straight line basis or on a diminishing value basis to write off the net cost of each item of plant and equipment (excluding land) over its expected useful life to the Group. Estimates of residual values and remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives of plant and equipment and motor vehicles held at the reporting date ranges from three to eight years.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying value is greater than its estimated recoverable amount.

Where items of plant and equipment have separately identifiable components which are subject to regular replacement, those components are assigned useful lives distinct from the item of plant and equipment to which they relate.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement.

m) Leasehold improvements

The cost of improvements to or on leasehold properties is capitalised as Plant and Equipment and depreciated over the unexpired period of the lease or the estimated useful life of the improvement to the Group, whichever is the shorter. Options to extend premises leases are excluded when determining the period over which the cost is to be depreciated.

Leasehold improvements held at the reporting date are being depreciated over three to fifteen years.

The Group has a policy which requires providing for costs associated with making good leased premises. The asset is amortised over the term of the lease.

n) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other payables.

Each lease payment is allocated between the liability and finance charges. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The plant and equipment and motor vehicles

1 Summary of Significant Accounting Policies (continued)

acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

Incentives received on entering into operating leases are recognised as liabilities. The liability is reduced in line with the lease term.

o) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and jointly controlled entities.

Acquisitions prior to 1 January 2003

As part of its transition to AASBs, the Group elected to restate only those business combinations that occurred on or after 1 January 2003. In respect of acquisitions prior to 1 January 2003, goodwill represents the amount recognised under the Group's previous accounting framework, Australian generally accepted accounting principles.

Acquisitions on or after 1 January 2003 and prior to 1 July 2009

For acquisitions on or after 1 January 2003 and prior to 1 July 2009, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Acquisitions on or after 1 July 2009

As from 1 July 2009, the Group has adopted revised *AASB 3 Business Combinations* (2008) and revised AASB 127 *Consolidated and Separate Financial Statements* (2008). Revised *AASB 3* and *AASB 127* have been applied prospectively to business combinations with an acquisition date on or after 1 July 2009.

For acquisitions on or after 1 July 2009, goodwill represents the excess of the consideration transferred including the recognised amount of any non-controlling interest over the net fair value of the identifiable assets acquired and liabilities assumed.

Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

(ii) Customer contracts and customer relationships

Customer contracts and customer relationships, where reliably measurable, acquired as part of a business combination are considered to have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of the projected cash flows of the contracts over their estimated useful lives, which currently vary from one to four years.

(iii) Non-compete agreements

The non-compete agreements acquired as part of a business combination have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the cost of non-compete agreements over their estimated useful life of typically three years.

(iv) Brand names

Brand names are considered to have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the cost of brand names over their estimated useful lives, which vary from three to five years.

(v) Software

Costs incurred in developing systems that will contribute to future period financial benefits through revenue generation and/or cost reductions are capitalised to software and systems.

Amortisation is calculated on a straight line basis between three and ten years depending on the nature of the software.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of a technical feasibility and where the Group has an intention and ability to use the asset.

p) Payables and provisions

Payables represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 45 days of recognition.

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events.

It is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as

1 Summary of Significant Accounting Policies (continued)

interest expense.

q) Loans and borrowings

Loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Loans and borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the loans and borrowings using the effective interest method.

Fees paid on the establishment of loan facilities, which are incremental costs relating to the actual draw down of the facility, are recognised as prepayments and amortised on a straight line basis over the term of the facility.

Loans and borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liabilities for at least 12 months after the reporting date.

r) Dividends

Provision is made for the amount of any dividend declared, determined or publicly recommended by the Directors on or before the end of the financial year but not distributed at reporting date.

s) Derivative financial instruments – cash flow hedges

The Group holds derivative instruments to hedge its foreign currency and interest rate risk exposures.

The Group does not enter into derivative financial instruments for speculative trading purposes. Financial instruments entered into to hedge an underlying exposure that do not qualify for hedge accounting are accounted for as trading instruments.

Derivatives are recognised at fair value; attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes in the fair value of the derivative hedging instrument as a cash flow hedge are recognised directly to equity to the extent that the hedge is effective.

To the extent that the hedge is ineffective, changes in fair value are recognised in the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then the hedge accounting is discontinued prospectively.

The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs and is transferred to the income statement in the same period that the hedged item affects the income statement.

t) Employee benefits

(i) Wages and salaries, and sick leave

Liabilities for wages and salaries expected to be settled within 12 months of the reporting date are recognised in current other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Annual leave and long service leave

The liabilities for annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in the current provision for employee benefits and are measured in accordance with *(i)* above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the non-current provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(iii) Bonus plans

A liability for employee benefits in the form of bonus plans is recognised in other payables when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- there are formal terms in the plan for determining the amount of the benefit;
- the amounts to be paid can be reliably determined before the time of completion of the financial report; or
- past practice gives clear evidence of the amount of the obligation.

Liabilities for bonus plans that are expected to be settled within 12 months are measured at amounts expected to be paid when they are settled.

Amounts expected to be settled after more than 12 months are measured at the present value of amounts expected to be settled.

(iv) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as a personnel expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(v) Employee benefit on-costs

Employee benefit on-costs, including superannuation, other retirement benefits, payroll tax and workers compensation, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(vi) Ownership-based remuneration schemes and other share-based payments

Ownership-based remuneration is provided to employees via the Coffey Rewards Share and Option Plans. Shares issued under these schemes are treated as options in accordance with *AASB 2 Share-based Payments*. Information relating to these share plans is set out in Note 32 *Share-based payments*.

The fair value of shares granted under the Coffey Rewards Share and Option Plans are recognised as an employee benefit expense with a corresponding increase in equity.

The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the shares.

1 Summary of Significant Accounting Policies (continued)

The amount recognised as an expense is adjusted to reflect the actual number of share options that vest, except for those that fail to vest due to market conditions not being met.

The valuation methodology used to determine the share-based payment expense was the Binomial Approximation model in relation to grants with only service (Loyalty) or non-market performance conditions (operating EPS). For grants with a performance condition, a Monte Carlo simulation model was used to create an estimate of the share price values which would generate the required total Shareholder return (TSR) at the end of the measurement period to meet the hurdle.

As the hurdle allowed scaled vesting, the average share price value at the testing date which achieved the vesting hurdle was input into a Black Scholes/Merton "Up and In call barrier pricing model". As required by *AASB 2,* the model took into account the exercise price of the option, the life of the option, the current price of the underlying shares, the expected volatility of the share price, the dividends expected on the shares and the risk-free interest rate for the life of the option. The expected life of the instrument was deemed to be the period from grant date to first available date plus 12 months.

The fair value of the options granted excludes the impact of any non-market vesting conditions, such as operating earnings per share targets. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

Where shares are issued to employees as compensation for the provision of services and receipt by the employee is subject to completion of a service period, the market value of the shares issued is recognised as an employee benefit expense with a corresponding increase in equity when the employees become entitled to the shares.

u) Borrowing costs

Borrowing costs are expensed in the income statement over the period of the borrowings using the effective interest method.

Borrowing costs include:

- interest on bank overdrafts and short-term and long-term borrowings;
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- finance lease charges.

v) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, and bank overdrafts.

w) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

x) Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares, which comprise share options granted to employees and shares issued as consideration as part of acquisitions.

Options granted to employees which are accounted for as share-based payments are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share. The options have not been included in the determination of basic earnings per share.

(iii) Operating earnings per share

Operating earnings per share is determined by dividing net profit after income tax excluding amortisation, vendor earn out and vendor share-based payment expense attributable to the ordinary equity holders of the Company.

y) Goods and services tax (GST) and other transaction taxes

Revenues, expenses and assets are recognised net of the amount of associated GST and other transactional taxes, unless the GST or other transactional tax incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST or other transactional tax receivable or payable. The net amount recoverable from the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST and other transactional tax components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

z) Non-controlling interest put option liabilities

Liabilities in respect of put option agreements that allow the Group's equity partners to require the Group to purchase the non-controlling interest are treated as derivatives and are recorded in the statement of financial position at fair value, as they are settled in cash.

The fair value of such put options is remeasured at each period end. The movement in the fair value is recognised in the income statement.

The Group recognises its best estimate of the amount it is likely to pay, should

1 Summary of Significant Accounting Policies (continued)

these put options be exercised by the non-controlling interests, as a liability in the statement of financial position.

When the initial fair value of the liability in respect of the put options is created, the corresponding debit is included in the put option reserve when the non-controlling interest retains present access to ownership benefits.

(aa) Reserves

(i) Foreign currency translation

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, where their functional currency is different to the presentation currency of the reporting entity. The reserve is recognised in profit and loss when the net investment is disposed of.

(ii) Share-based payments reserve

The share-based payments reserve comprises the fair value of share-based payments recognised as an expense in the income statements.

(iii) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. The cumulative deferred gain or loss on the hedge is recognised in profit and loss when the hedged transaction impacts the profit or loss, consistent with applicable accounting policy.

(ab) New accounting standards and interpretations

Certain new accounting standards, amendments to standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except for ASSB 9 *Financial Instruments*, which could change the classification and measurement of financial assets and financial liabilities. The Group does not plan to adopt this standard early and the extent of the impact has not been determined.

2. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group that are believed to be reasonable under the circumstances.

a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) *Estimated impairment of goodwill*

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1 (k).

The recoverable amounts of cash-generating units have been determined by applying a value in use method, using future cash flow models involving a number of assumptions. Refer to note 16 *Intangible assets* for the details of these assumptions.

(ii) Income taxes

The Group is subject to income taxes in Australia and foreign jurisdictions where it has operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on expectations of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

(iii) Intangible assets and business combinations

AASB 3 and *AASB 138*, the Australian standards on *business combinations* and *intangible assets* respectively, require the acquirer to separately identify the acquiree's identifiable assets and liabilities. This means that the acquirer must recognise other intangible assets, separately from goodwill, where the definition of an intangible asset is met and the fair value of the intangible asset can be measured reliably. Where significant business acquisitions are undertaken, the

Directors commission an independent expert, having satisfied themselves that the expert was appropriately qualified to form a view on the matters under consideration. The Directors review the methodologies used by the expert and make enquiries with management to assure themselves that the factual information used by the expert is correct prior to relying on the expert's opinion.

The Directors accept the expert's opinion that identified qualifying intangible assets as at the date of acquisition should be separated out from goodwill and recorded as a separate intangible asset subject to amortisation.

Accordingly, the Group capitalised contracts in hand, customer relationships, brand names and non-compete agreements and amortised them as described in note 1(o).

For further details, refer to note 16 *Intangible assets*.

(iv) Revenue recognition in relation to long-term contracts

The timing of revenue recognition in relation to long-term contracts, primarily in the International Development Business and Project Management, is subject to significant judgement. Management ensures that the timing of revenue recognition in relation to these contracts is appropriate through regular reassessments of the percentage completion and the costs to completion of the projects.

3. Determination of Fair Value

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair value has been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

a) Plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market value. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant and equipment and motor vehicles are based on the quoted market prices for similar items when available and replacement cost when appropriate.

b) Intangible assets

The fair value of customer contracts, customer relationships, non-compete agreements and brand names acquired in a business combination is based on discounted cash flows expected to be derived from the use of the assets.

c) Work in progress

The fair value of work in progress acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the work in progress.

d) Trade and other receivables

The fair value of trade and other receivables, excluding work in progress, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

e) Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds). The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Fair value reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

f) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

g) Share-based payment transactions

The valuation methodology used to determine the share-based payment expense was the Binomial Approximation model in relation to grants with only service (Loyalty) or non-market performance conditions (operating EPS).

For grants with a performance condition a Monte Carlo simulation model was used to create an estimate of the share price values which would generate the required Total Shareholder Return at the end of the measurement period to meet the hurdle.

As the hurdle allowed scaled vesting, the average share price value at the testing date which achieved the vesting hurdle was input into a Black Scholes/Merton "Up and In call barrier pricing model". As required by *AASB 2*, the model takes into account the exercise price of the option, the life of the option, the current price of the underlying shares, the expected volatility of the share price, the dividends expected on the shares and the risk-free interest rate for the life of the option. The expected life of the instrument was deemed to be the period from grant date to first available date plus 12 months.

h) Deferred consideration

The group has agreed to pay certain selling shareholders additional consideration on certain historical acquisitions based on the profitability of the business acquired. The fair value of the deferred consideration are calculated by applying the income approach using the probability – weighted expected deferred consideration discounted at the market rate of interest at acquisition date.

4. Operating Segments

The Group has four reportable segments, as described below, which are based on the Group's service lines. The service lines are managed separately because they have different economic characteristics. For each service line, the Group's Managing Director, in his role as the chief operating decision maker, reviews internal management reports on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

a) Geosciences
The Geoscience business offers specialised environmental services, engineering consultancy, and technical services to the mining industry, scientific testing solutions, management and implementation services to the rail industry, and work place health and safety services. This segment operates in Australia, New Zealand, Canada, UK, Brazil and Africa.

b) International Development
The International Development business works in markets where economic growth creates demand for mature public services and infrastructure; and in countries which are at risk of conflict or natural disaster, or which are emerging from it. The business delivers consulting and training services and outsourced service delivery solutions that contribute to sustainable growth. This segment offers international development (foreign aid) consultancy services out of Australia, USA, UK and the Middle East.

c) Project Management
The Project Management business provides specialist project management services in commercial, retail, residential, tourism and hospitality, industrial, urban redevelopment, health, education, justice and transportation infrastructure projects. This segment operates in Australia, New Zealand and South Africa.

d) Other businesses
This segment offers specialist advisory services within Australia.

Unallocated corporate comprises group corporate management and group treasury activities.

The accounting policies of the reportable segments are the same as described in Note 1. Information regarding the results of each reportable segment is included below. Performance is measured based on segment EBITDA before impairment and restructuring costs included in the management reports that are reviewed by the Managing Director. Segment EBITDA before impairment and restructuring costs 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.

As a result of the restructure undertaken in January 2011, the change in how the Group is managed and reported has resulted in a change to the operating segments in 2011 to a service line basis (previously a regional basis in 2010). In line with the requirements of *AASB8 Operating Segments*, the Segment Information previously reported at 30 June 2010 has been represented.

4 Operating Segments (continued)

2011	Geosciences $'000	International Development $'000	Project Management $'000	Other Businesses $'000	Total Segments $'000	Unallocated Corporate $'000	Total $'000
Fee Revenue	232,556	122,302	46,915	9,260	411,033		411,033
Reimbursable revenue							251,813
Other income							1,976
Total Revenue from continuing operations							**664,822**
Segment EBITDA before impairment and restructuring	27,381	8,412	1,237	675	37,705	(6,943)+	30,762
Restructure costs	(3,852)	(577)	(1,152)	(1,009)	(6,590)	(2,500)	(9,090)
Goodwill Impairment expense	(5,586)	-	(28,385)	(18,744)	(52,715)	-	(52,715)
Segment EBITDA	17,943	7,835	(28,300)	(19,078)	(21,600)	(9,443)	(31,043)
Depreciation and amortisation expense	(5,679)	(3,032)	(1,289)	(234)	(10,234)	-	(10,234)
Segment EBIT result	12,264	4,803	(29,589)	(19,312)	(31,834)	(9,443)	(41,277)
Net interest expense	-	-	-	-	-	(15,446)	(15,446)
Loss before income tax and discontinuing operations							(56,723)
Income tax expense							(4,904)
Loss from discontinued operations							(8,217)
Non-controlling interest							120
Profit for the year attributable to members of the Company							**(69,724)**
Segment assets	184,581	119,521	54,650	3,282	362,034	5,851	367,885
Assets held for sale							9,954
Total assets							377,839
Segment liabilities	52,424	40,393	10,871	1,663	105,351	148,302	253,653
Liabilities held for sale							1,752
Total liabilities							255,404

+ Consists of mainly remuneration costs relating to group corporate management

4. Operating Segments (continued)

2010*	Geosciences $'000	International Development $'000	Project Management $'000	Other Businesses $'000	Total Segments $'000	Unallocated Corporate $'000	Total $'000
Fee Revenue	234,748	153,493	61,391	10,469	460,101	-	460,101
Reimbursable revenue							290,090
Other income							172
Total Revenue from continuing operations							**750,363**
Segment EBITDA before impairment and restructuring	29,983	20,485	4,528	74	55,070	(6,989)+	48,081
Restructure costs	(2,249)	-	(525)	-	(2,774)	(1,089)	(3,863)
Segment EBITDA	27,734	20,485	4,003	74	52,296	(8,078)	44,218
Depreciation and amortisation expense	(5,748)	(3,881)	(1,574)	(413)	(11,616)	-	(11,616)
Segment EBIT result	21,985	16,604	2,429	(339)	40,680	(8,078)	32,602
Net interest expense	-	-	-	-	-	(12,197)	(12,197)
Profit before income tax and discontinuing operations							20,405
Income tax expense							(5,586)
Loss from discontinued operations							(30)
Non-controlling interest							(956)
Profit for the year attributable to members of the Company							**13,833**
Segment assets	177,331	140,334	112,133	22,935	452,733	10,976	463,709
Assets held for sale							14,976
Total assets							478,685
Segment liabilities	49,519	66,126	16,064	1,311	133,020	144,803	277,823
Liabilities held for sale							2,645
Total liabilities							280,468

*Represented per page 19
+ Consists of mainly remuneration costs relating to group corporate management

4 Operating Segments (continued)

Geographical Information	2011 $'000 Revenue	2011 $'000 Non-current assets	2011 $'000 Deferred tax assets	2010 $'000 Revenue	2010 $'000 Non-current assets	2010 $'000 Deferred tax assets
Australia	405,610	117,486	14,817	453,383	167,315	14,549
New Zealand	14,163	19,856	438	16,368	21,124	859
America's	188,098	28,761	1,800	224,464	48,224	4,694
UK	27,676	13,144	-	29,589	16,167	-
Middle east	33,064	1,333	33	32,264	1,514	726
Africa	11,958	1,839	265	13,689	5,282	219
Total	680,569	182,419	17,353	769,757	259,626	21,047

5 Revenue and other income

	2011 $'000	2010 $'000
Continuing operations		
Fee revenue	411,033	460,101
Reimbursable revenue	251,813	290,090
Sub-total	662,846	750,191
Other income	1,976	172
Total – Continuing operations	664,822	750,363
Discontinuing operations		
Fee revenue	12,609	15,572
Reimbursable revenue	3,138	3,819
Sub-total	15,747	19,391
Other income	-	2
Total – Discontinuing operations	15,747	19,393
Total revenue and other income	680,569	769,756

6 Expenses

	2011 $'000	2010 $'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	3,969	4,436
Leasehold improvements	2,794	2,626
Motor vehicles	871	1,029
Total depreciation	7,634	8,091
Amortisation		
Contracts	1,072	1,610
Customer relationships	76	727
Software	1,286	875
Other	166	364
Total amortisation	2,600	3,576
Total depreciation and amortisation	10,234	11,667
Other expenses		
Vehicle and equipment operating leases	4,320	3,678
Communication expense	6,317	6,597
Bad and doubtful debt expense	1,666	1,117
Net loss on disposal of plant and equipment	390	21
Other expenses	45,510	50,434
Total other expenses	58,203	61,847

7 Net Finance Costs

	2011 $'000	2010 $'000
Interest income	574	620
Interest expense	(15,243)	(12,817)
Ineffective hedge instruments expensed	(777)	-
Net finance costs	(15,446)	(12,197)

8 Income tax expense

	2011 **$'000**	2010 $'000
a) Income tax expense		
Current tax	5,029	10,135
Deferred tax	911	(5,381)
(Over) / under provision in prior years	(1,036)	832
Income tax expense - continuing operations	4,904	5,586
Income tax from discontinued operations (excluding gain on sale)	(522)	(312)
Income tax on sale of discontinued operations	-	-
Total income tax expense	4,382	5,274

	2011 **$'000**	2010 $'000
b) Numerical reconciliation of income tax expense to prima facie tax payable		
(Loss)/Profit before tax from continuing operations	(56,723)	20,405
(Loss)/Profit before tax from discontinued operations	(8,739)	(342)
Total (loss)/profit before tax	(65,462)	20,063
Tax at the Australian tax rate of 30% (2011: 30%)	(19,638)	6,019
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income		
Entertainment	192	185
Share-based payments	213	283
Tax incentive allowances	-	(582)
Current year losses for which no deferred tax asset was recognised	1,609	1,837
Derecognition of tax losses	1,994	-
Goodwill impairment	18,457	-
Effect of changes in tax legislation	-	(2,976)
Impact of foreign tax rates and other miscellaneous items	2,591	(324)
	5,418	4,442
(Over) / under provision in prior years	(1,036)	832
Total Income tax expense	4,382	5,274
Total income tax expense is attributable to:		
Continuing operations	4,904	5,586
Discontinuing operations	(522)	(312)
	4,382	5,274

	2011 **$'000**	2010 $'000
c) Amounts recognised directly in equity		
Financial instruments	(2,719)	(1,180)

9 Discontinued operations

In June 2011, the Group sold its Environmental consulting business based in Los Angeles (part of Geoscience segment), California and committed to selling the Rail consulting business (part of other businesses) based in Melbourne, Victoria. Neither business was classified as a discontinued operation or as a held for sale as at 30 June 2010. The comparative Consolidated income statement has been re-presented to show the discontinued operations separately from continuing operations. Management committed to a plan to sell the Rail business in 2011, following a strategic decision to place greater focus on the Group's core operations.

	Note	2011	2010
		$'000	$'000
Results of discontinued operations			
Revenue	5	15,747	19,393
Expenses		(14,360)	(19,735)
Transfer of foreign exchange on disposal of business		(1,102)	-
Transfer of net investment hedge on disposal of business		560	-
Goodwill impairment		(3,591)	
(Loss) from operating activities		(2,746)	(342)
Income tax benefit		522	312
(Loss) from operating activities, net of tax		(2,224)	(30)
Loss from discontinued operations		(5,993)	-
Income tax benefit on loss on sale of discontinued operation		-	-
(Loss) for the year		(8,217)	(30)

The loss from discontinued operations of $8,217,000 (2010: Loss of $30,000) is attributed entirely to the owners of the Company.

	2011	2010
	$'000	$'000
Cash flow from (used in) discontinued operations		
Net cash used in operating activities	(108)	(851)
Net cash from investing activities	-	-
Net cash from financing activities	-	-
Net cash flows for the year	(108)	(851)

Effect of disposal of the Environments LA business on the financial position of the Group	2011
	$'000
Intangibles	(5,220)
Property, plant and equipment	(22)
Trade and other receivables	(579)
Work in progress	(189)
Trade and other payables	103
Foreign exchange gain	8
Net assets and liabilities sold	(5,899)
Net cash paid	(94)
Loss from discontinued operations	(5,993)

10 Non-current assets held for sale

The Rail business is presented as a disposal group held for sale following the commitment of the Group's management in June 2011. The commitment to sell the Rail business was the result of a strategic review of the company which identified the rail business as a non-core asset and a decision to divest this business was made. As at 30 June 2011 the disposal group comprised assets of $9,954,000 less liabilities of $1,752,000.

	2011	2010
	$'000	$'000
Assets classified as held for sale		
Cash	60	-
Intangible assets	5,185	-
Work in progress	598	-
Tax receivable	387	-
Deferred tax asset	294	-
Trade and other receivables	3,133	-
Plant, property and equipment	(297)	-
	9,954	-

Liabilities classified as held for sale		
Trade and other payables	988	-
Employee Benefits	764	-
	1,752	-

11 Cash and cash equivalents

	2011	2010
	$'000	$'000
Cash at bank and in hand	23,680	27,064
Cash at bank associated with held for sale businesses	60	-
Deposits on call	-	66
Sub Total	23,740	27,130
Reconciliation to cash at the end of the year:		
Balances as above	23,740	27,130
Bank overdraft	(5,948)	(162)
Balances per statement of cash flows	17,792	26,968

12 Cash deposits

	2011	2010
	$'000	$'000
Current		
Interest bearing deposits	2,922	3,614
Non-current		
Interest bearing deposits	3,005	7,367
Total cash deposits	5,927	10,981

The interest bearing cash deposits relate to contract revenue received in advance and held on deposit as security against a standby letter of credit on issue for these contracts. Per contract Coffey is entitled to periodically step down the letter of credit in line with delivery of the contract. Each step down enables the release of a corresponding amount from the cash held on deposit.

13 Trade and other receivables

	2011 **$'000**	2010 $'000
Trade receivables	103,054	107,928
Less allowance for impairment losses	(5,859)	(5,405)
	97,195	102,523
Prepayments	7,125	7,888
Project advances	5,045	4,556
Other receivables	2,562	2,404
Sub total	111,927	117,371
Reclassification to assets held for sale	3,133	-
Total	115,060	117,371

14 Plant and equipment

	Plant and equipment	**Leasehold improvements**	**Motor vehicles**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Year ended 30 June 2011				
Opening net book amount	14,096	8,318	2,130	24,544
Additions	3,358	7,857	396	11,611
Disposals	(180)	-	(197)	(377)
Depreciation charge	(4,046)	(2,796)	(878)	(7,720)
Foreign exchange rate differences	(997)	(49)	(84)	(1,130)
Reclassification to assets held for sale	(54)	(216)	(27)	(297)
Closing net book amount	12,177	13,114	1,340	26,631
At 30 June 2011				
Cost	33,322	22,715	4,930	60,967
Accumulated depreciation	(21,145)	(9,601)	(3,590)	(34,336)
Net book amount	12,177	13,114	1,340	26,631
Year ended 30 June 2010				
Opening net book amount	17,641	10,600	3,071	31,312
Additions	2,529	461	265	3,255
Acquisitions of subsidiaries	38	-	-	38
Disposals^	(1,214)	(62)	(149)	(1,425)
Depreciation charge	(4,533)	(2,628)	(1,036)	(8,197)
Foreign exchange rate differences	(365)	(53)	(21)	(439)
Closing net book amount	14,096	8,318	2,130	24,544
At 30 June 2010				
Cost	37,064	16,841	5,784	59,689
Accumulated depreciation	(22,968)	(8,523)	(3,654)	(35,145)
Net book amount	14,096	8,318	2,130	24,544

^Included in plant and equipment disposals is $641,875 relating to the sale of the MPL Laboratories business.

15 Deferred tax assets

	2011	2010
	$'000	$'000
The balance comprises temporary differences attributable to:		
Impairment of receivables	1,223	1,058
Employee benefits	5,871	7,828
Amortisation of assets	3,522	2,591
Accrued interest	-	1,988
Financial derivatives at fair value	443	1,618
Accrued expenses	4,664	3,469
Tax losses	150	2,496
Unrealised foreign exchange	1,187	-
Sub Total	17,060	21,048
Reclassification to assets held for sale	294	-
	17,354	21,048
Movements:		
Opening balance at 1 July	21,048	16,146
Credited to the income statement	1,317	968
Credited to equity	(2,719)	1,180
Acquisition of subsidiaries	-	130
Recognised tax losses previously brought to account	(2,346)	-
Recognised tax losses	-	2,496
Difference due to changes in tax rates	(31)	
Differences arising on translation of foreign controlled entities	379	128
Sub total	17,648	21,048
Assets held for sale	(294)	-
Closing balance at 30 June	17,354	21,048

The Group has recognised the benefit for tax losses as deferred tax assets only if:

- the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised; or
- the losses are transferred to an eligible entity within the Group; and
- the Group continues to comply with the conditions for deductibility imposed by tax legislation; and
- no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the losses.

The Group's net tax losses for which no deferred tax asset has been recognised on the statement of financial position amounted to:

	2011	2010
	$'000	$'000
Tax losses	1,609	1,751

16 Intangible assets

	Contracts	Brands	Customer relationships	Non-compete agreements	Software	Goodwill	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 30 June 2011							
Opening net book amount	2,132	135	78	52	6,796	216,862	226,055
Intangible additions	-	-	-	-	988	-	988
Disposals*	-	-	-	-	(34)	(5,220)	(5,254)
Amortisation charge	(1,073)	(116)	(76)	(49)	(1,286)	-	(2,600)
Impairment - continuing	-	-	-	-	-	(52,715)	(52,715)
Impairment - discontinuing	-	-	-	-	-	(3,591)	(3,591)
Foreign exchange rate differences	(207)	-	(2)	(1)	(183)	(10,225)	(10,618)
Reclassification to assets held for sale	-	-	-	-	-	(5,185)	(5,185)
Closing net book amount	852	19	-	2	6,281	139,926	147,080
At 30 June 2011							
Cost or fair value	10,987	822	2,324	554	8,814	197,860	221,361
Accumulated amortisation	(10,135)	(803)	(2,324)	(552)	(2,462)	-	(16,276)
Accumulated impairment	-	-	-	-	(71)	(57,934)	(58,005)
Net book amount	852	19	-	2	6,281	139,926	147,080
Year ended 30 June 2010							
Opening net book amount	1,985	251	815	318	4,275	210,441	218,085
Acquisitions of subsidiaries	1,699	-	-	-	-	11,710	13,409
Intangible additions^	200	-	-	-	3,542	-	3,742
Disposals^^	-	-	-	-	-	(2,644)	(2,644)
Amortisation charge	(1,610)	(116)	(727)	(248)	(875)	-	(3,576)
Impairment	-	-	-	-	(71)	-	(71)
Foreign exchange rate differences	(142)	-	(10)	(18)	(75)	(2,645)	(2,890)
Closing net book amount	2,132	135	78	52	6,796	216,862	226,055
At 30 June 2010							
Cost or fair value	12,120	828	2,444	642	8,379	216,862	241,275
Accumulated amortisation	(9,988)	(693)	(2,366)	(590)	(1,512)	-	(15,149)
Accumulated impairment	-	-	-	-	(71)	-	(71)
Net book amount	2,132	135	78	52	6,796	216,862	226,055

^ The purchase of contracts of $200,000 was paid for through the issuance of shares in Coffey International Limited.

^^ The disposal of $2,644,000 in goodwill relates to the sale of the MPL Laboratories business.

* The disposal of $5,220,000 in goodwill relates to the sale of the Environmental consulting business in Los Angeles.

a) Impairment tests for goodwill

Goodwill is allocated to the Group's cash generating units (CGUs) or groups of CGUs identified on a service line basis. In 2010, CGU's were identified on a regional basis. In 2011 there was a change in the basis of the CGU's to a service line basis as a result of the restructure undertaken in January 2011. A summary of the goodwill allocation as at 30 June 2011 by CGU is presented below:

	2011 $'000
Continuing Operations	
Geotechnics	33,689
Environments	21,074
Information	1,405
Mining	11,997
Sub-total - Geosciences	68,165
Commercial Advisory – (other businesses)	-
Project Management	37,048
International Development	34,713
Total Continuing Operations	139,926
Discontinuing Operations	5,185
Total Goodwill	**145,111**

A summary of the goodwill allocation as at 30 June 2010 by CGU (as defined in 2010) is presented below:

	2010 $'000
Asia pacific	164,424
Americas	31,238
Europe and Middle East	16,853
Africa	4,347
Total Goodwill	**216,862**

The recoverable amount of each CGU, or where applicable, groups of CGUs is determined based on value in use (VIU) calculations for continuing operations. For discontinuing operations, the recoverable amounts have been determined on a fair value less cost to sell basis by reference to market value. The VIU calculations use cash flow projections based on financial plans approved by the Board of Directors' covering a three-year period, this being the time period over which the Company prepares its strategic plan. Cash flows beyond this three year period are extrapolated using growth rates estimated by management up to year four. After year four, long-term growth rates are used at the rates stated below.

b) Goodwill Impairment

During the year, an impairment write down of $56,306,000 (2010: nil) was recognised in the following areas:

Continuing Operations	**Note**	**2011 $'000**	2010 $'000
Geosciences - Mining		5,586	-
Other businesses - Commercial Advisory		18,744	-
Projects		28,385	-
Total Continuing Operations		52,715	-
Business held for sale	9	3,591	-
Total Goodwill Impairment		56,306	-

17 Trade and other payables

	2011 $'000	2010 $'000
Trade payables	19,703	24,741
Unearned revenue	8,914	8,000
Other payables*	28,516	36,110
Sub total	57,133	68,851
Reclassification to liabilities held for sale	988	-
	58,121	68,851

*Other payables includes provisions for onerous contracts for which provisions have been recognised relating to the provision of consulting services $242,935 (2010:$726,000) for which the unavoidable costs of meeting the obligations under the contracts exceed the economic benefits expected to be derived from those contracts and vacant premises $1,603,345 (2010: nil) leased by the group. The provision recognised at 30 June 2011 for each onerous contract has been measured at the lower of the present value of the cost of terminating the contract and the expected net cost of continuing with the contract.

18 Employee benefits

	2011 $'000	2010 $'000
Current		
Annual leave	10,947	13,434
Long service leave	8,623	10,062
Other employee benefit accruals	7,978	18,786
Sub total	27,548	42,282
Reclassification to liabilities held for sale	734	-
Current employee benefits	28,282	42,282
Non-current		
Long service leave	1,277	1,614
Reclassification to liabilities held for sale	30	-
Non-current employee benefits	1,307	1,614
Total employee benefits liabilities	29,589	43,896

19 Loans and borrowings

	2011 $'000	2010 $'000
Current		
Bills Payable	40,500	-
Finance lease and other liabilities	323	790
Sub Total	40,823	790
Bank Overdrafts	5,948	162
Total current loans and borrowings	46,771	952
Non-current		
Bills payable^	103,867	137,284
Finance lease and other liabilities	163	381
Total non-current loans and borrowings	104,030	137,665
Total loans and borrowings	150,801	138,617

^ Included in bills payable amounts are capitalised facility establishment fees of $2,940,833 (2010: $567,996) which are being expensed over the term of the loan facility.

Credit standby arrangements	2011 $'000	2010 $'000
Total facilities		
Secured bill and bank overdraft facility	179,000	185,000
Guarantee facility	20,000	20,000
Guarantee facility – contract specific	5,945	10,843
	204,945	215,843
Used at balance date		
Secured bill and bank overdraft facility	153,255	138,015
Guarantee facility	10,293	10,721
Guarantee facility – contract specific	5,945	10,843
	169,493	159,579
Unused at balance date		
Secured bill and bank overdraft facility	25,745	46,985
Guarantee facility	9,707	9,279
Guarantee facility – contract specific	-	-
	35,452	56,264
Bank loan facilities		
Total facilities	204,945	215,843
Used at balance date	169,493	159,579
Unused at balance date	35,452	56,264

Group bank facility

The Group cash advance and overdraft facilities of $179,000,000 are a combination of $114,000,000 for facility A, $46,650,000 for facility B and overdraft facilities of $18,350,000. In addition, the group has a general guarantee facility of $20,000,000 and a specific client contract facility of USD$6,347,700 (AUD$5,945,000).

Facility A of $114,000,000 and Facility B of $46,650,000 have a three year term ending February 2014. The overdraft and the general guarantee facility are annual revolving facilities. The Group's facilities are subject to security over certain assets of the Group. $40,500,000 of amortisation is due for repayment by 30 June 2012 and has been classified as a current liability

In addition to the above facilities, the Group has a $4,000,000 credit card facility, and a $10,000,000 EFT payment facility.

20 Dividends

	2011 $'000	2010 $'000
Ordinary shares		
Dividend provided for or paid during the year (2011: 3.5 cents; 2010: 4.5 cents final, 7.5 cents interim)	4,205	13,145

The Company's dividend reinvestment plan was active during the year ended 30 June 2011.

Franking credits of the parent entity available for the payment of dividends in subsequent financial years is $9,312,760. (2010: $11,019,831) based on a tax rate of 30% (2010: 30%). This balance represents the franking account balance at reporting date adjusted for provisions for Australian income tax and franking debits that will arise from the payment of dividends recognised as a liability at reporting date.

21 Deferred tax liabilities

	2011 $'000	2010 $'000
The balance comprises temporary differences attributable to:		
Receivables	-	2,063
Intangibles	312	852
Total deferred tax liabilities	312	2,915
Movements:		
Opening balance at 1 July	2,915	7,273
Credited to the income statement	(2,228)	(4,386)
Acquisition of subsidiaries	-	511
Effect of change in tax rates	(13)	-
Effect of change in exchange rates on opening balances	(362)	(483)
Closing balance at 30 June	312	2,915

22 Share Capital

a) Movements in share capital

Date	Details	Shares	$'000
	Balance at the beginning of the year	**129,035,760**	**193,662**
Oct-10	Dividend reinvestment plan	1,175,533	1,176
Dec-10	Coffey Rewards Share Plan	2,366,230	-
Dec-10	Sale of forfeited shares	-	86
Mar-11	Shares issued relating to deferred consideration for the purchase of Management Systems International	1,231,715	993
Mar-11	Coffey Rewards Share Plan	256,843	-
	Balance at the end of the year	**134,066,081**	**195,917**

b) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and proceeds on winding-up of the Company in proportion to the number of, and amounts paid on, the shares held.

On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

23 Reconciliation of profit after income tax to net cash inflow from operating activities

	2011 **$'000**	2010 $'000
(Loss)/Profit for the year	(69,844)	14,789
Depreciation and amortisation	10,319	11,773
Non-cash employee benefits – share-based payments	742	1,802
Impairment-Goodwill	56,306	-
Impairment-Investments	129	71
Changes in fair value	(881)	1,050
Net foreign exchange differences	(432)	(41)
(Loss)/Profit from sale of business	5,993	(169)
Net loss on sale of non-current assets	392	21
Transfer of foreign exchange on disposal of business	542	-
Ineffective interest rate hedge	777	-
Change in operating assets and liabilities		
Decrease trade debtors	2,195	7,544
Decrease/(Increase) in work in progress	14,182	(1,127)
Decrease/(Increase) in other current receivables	116	(4,026)
Decrease/(Increase) in non-current receivables	1,309	(123)
(Decrease) /Increase in trade payables and employee benefits	(29,158)	(721)
Decrease in tax balances	2,443	(14,956)
Net cash (outflow)/inflow from operating activities	(4,870)	15,887

24 Contingent liabilities

Guarantees

	2011 **$'000**	2010 $'000
Guarantees given in respect of performance under contracts and premises leases	10,293	10,721
Guarantee in respect of a specific contract	5,945	10,843
	16,238	21,564

These guarantees may give rise to liabilities in the Group if the subsidiaries do not meet their obligations under the terms of the bank overdrafts, loans, leases or other liabilities subject to the guarantees**.**

General

There are potential professional indemnity claims which have been notified to the Group. These notifications rarely eventuate as claims but in the event they become claims and are successful it is expected they will be adequately covered by the insurance policy held by the Company.

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

25 Commitments

	2011 **$'000**	2010 $'000
a) Capital commitments		
Capital expenditure contracted at the reporting date but not recognised as liabilities is as follows:		
Plant and equipment:		
Payable:		
Within one year	**-**	7,781
Later than one year but not later than five years	**-**	600
Later than five years	**-**	-
	-	8,381
b) Lease commitments - operating		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	18,473	15,830
Later than one year but not later than five years	32,924	27,623
Later than five years	24,192	3,298
	75,589	46,751
Representing:		
Non-cancellable operating leases	75,589	46,751

The operating lease commitments above relate primarily to commercial premises, office, IT and laboratory equipment leases which expire from within one to fifteen years. These leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

26 Earnings per share

	2011 Cents	2010 Cents
a) Basic earnings per share		
From continuing operations attributable to the ordinary equity holders of the company	(50.3)	11.9
From discontinued operations	(6.7)	-
Total basic earnings per share attributable to the ordinary equity holders of the company	(57.0)	11.9
b) Diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the company	(50.3)	10.8
From discontinued operations	(6.7)	-
Total diluted earnings per share attributable to the ordinary equity holders of the company	(57.0)	10.8
c) Operating earnings per share*		
Profit after tax excluding amortisation, vendor earn-out and vendor share-based payment expense attributable to the ordinary equity holders of the Company	(54.7)	16.3

*Operating earnings per share is the EPS performance hurdle in the Coffey Rewards Plan

d) Reconciliations of earnings used in calculating earnings per share

	2011 $'000	2010 $'000
Basic earnings per share		
(Loss)/Profit for the year	(69,844)	14,789
(Loss)/Profit for the year attributable to non-controlling interests	(120)	956
Profit for the year attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	(69,724)	13,833
Diluted earnings per share		
Profit for the year attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share	(69,724)	13,833
Operating earnings per share		
Profit for the year attributable to the ordinary equity holders of the Company used in calculating operating earnings per share	(66,885)	18,910

e) Weighted average number of shares used as the denominator

	2011 No. of shares	2010 No. of shares
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share and operating earnings per share	122,258,572	116,124,970
Adjustments for calculation of diluted earnings per share:		
Coffey Rewards Plan	-	8,843,008
Vendor shares issued but not yet vested for accounting purposes	-	1,510,184
Carson Group Employee Share Trusts	-	126,727
Vendor shares not yet issued but recorded for accounting purposes	-	1,944,400
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	122,258,572	128,549,289

As at 30 June 2011 16,676,107 shares held in trust and options (2010: nil) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

27 Events occurring after the reporting date

Loans and Borrowings

As outlined in note 1a) and note 19, at 30 June 2011 $40.5 million of scheduled facility repayment was due for repayment within 12 months of the balance sheet date and hence classified as a current liability at 30 June 2011. As a result of the Company's negotiations with its lender subsequent to the balance sheet date as outlined in note 1 a) "Going concern basis", an unconditional agreement has been reached to remove any previously scheduled facility repayments from the facility. As such the $40.5 million of debt classified as a current liability as at 30 June 2011 will be reclassified to non-current liabilities at the next reporting date.

Other than the event disclosed above, there were no other matters or circumstances specific to Coffey that have arisen since 30 June 2011 that have significantly affected or may significantly affect:

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

28 Compliance Statement

This report is based on accounts in the process of being audited.