

142 Wicks Road North Ryde  
NSW 2113 Australia  
PO Box 125 North Ryde  
NSW 1670 Australia  
Telephone +61 2 **9888 7444**  
Facsimile +61 2 9888 9977  
Email sydney@coffey.com.au



## Memorandum

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To	THE AUSTRALIAN STOCK EXCHANGE	From	SIMON CURTIS
Attention	THE COMPANY ANNOUNCEMENTS OFFICE	Date	27 FEBRUARY 2004
Facsimile number	E-Lodgements	Our Reference	
Subject	RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2003	Number of Pages including this page	25

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Dear Sir / Madam,

Please find attached the following documents in connection with the Company's results for the half year ended 31 December 2003:

1. Media Release (3 pages)
2. Appendix 4D including Managing Director's Review (8 pages)
3. Interim Financial Report (13 pages)

Please direct any queries in relation to this announcement to myself in the first instance.

Yours faithfully

A handwritten signature in black ink, appearing to read "Simon Curtis". The signature is written in a cursive style with a horizontal line extending to the right.

Simon Curtis  
Company Secretary

## **MEDIA RELEASE**

### **COFFEY ON TRACK FOR 5-10% GROWTH THIS FINANCIAL YEAR**

(Sydney, Australia – 27 February 2004) The directors of Coffey International Limited (ASX:COF) today announced a profit after tax of \$2.0 million for the six months ended 31 December 2003 on turnover of \$55.2 million. This represents earnings per share of 17.5 cents and a post-tax return on equity of 9.6% for the six month period. Due to a strong cash position and reflecting the directors' confidence in its full year forecast, a fully franked dividend of 13 cents has been declared, up 1 cent on last year and representing 74% of interim net profit.

“This is a strong result and we are well on track to achieving our projected 5-10% earnings growth for this financial year and 50% growth over the three financial years from 2004 to 2006,” said Managing Director Roger Olds.

Coffey's Consulting Business of Coffey Geosciences (including Water Studies, Control Testing Laboratories and Soil & Rock Engineering) has grown both organically and through acquisitions to deliver record results.

“The Consulting Business has had an outstanding first half in a buoyant market, delivering record results (a 54% increase in profit before tax compared with the same period last year), and this performance is expected to continue in the second half of the year,” continued Olds.

Since last half year, the acquisitions of Control Testing Laboratories in Coffs Harbour (31 January 2003) and Soil & Rock Engineering in Perth (1 October 2003) have been successfully completed. Both acquisitions have been fully integrated into Coffey Geosciences and are delivering to expectations, operating under the Coffey banner.

Organic growth has been achieved in almost all Coffey Geosciences' offices, reflecting the continuing strength of the physical infrastructure market and the Company's growing reputation as an industry leader in alliance contracting.

The International Development Business, comprising SAGRIC International, Coffey MPW and Landmarc, has experienced tighter trading conditions, in keeping with our expectations at the beginning of the year. However, the first six months of this year showed a marked turnaround in winning new work and SAGRIC now has a record value of contracts under management, which should underwrite future profitability.

Coffey MPW has been consistently winning new work over the past year, including a significant solid waste management project in Tonga.

So whilst first half profit for IDB was well down on its record first half last year, the outlook is very positive and a strong second half profit contribution is expected.

Operating cash flow has been strong. Cash flow was further assisted by the implementation of a Dividend Reinvestment Plan in November 2003 which saw a 20% take-up by existing shareholders, and the remaining 80% underwritten. The directors have determined that the Dividend Reinvestment Plan will again be available for the interim 2003/04 dividend, although given the strength of the group's cash flow it will not be underwritten on this occasion. The Dividend Reinvestment Plan shares will be issued at a 5% discount.

### Outlook

The Company expects second half post-tax earnings in the order of \$3.5 million, bringing the full year forecast to \$5.5 million, in line with its 5 to 10% year-on-year earnings growth target.

Future economic forecasts point to good activity levels in the physical infrastructure market for some time yet, and the directors believe that the Company is well placed to continue to deliver strong results even if the sector begins to soften.

The Company has also continued its progress in acquisitions and is very close to signing two new deals of strategic significance. Further information on these will be provided as the transactions are completed.

### Results Summary

	31 Dec 2003	31 Dec 2002	Change
Total Revenue (\$'000)	55,171	58,282	-5.3%
Operating Profit Before Tax (\$'000)	3,058	5,436	-43.7%
Tax Expense (\$'000)	1,054	1,823	-44.5%
Operating Profit After Tax (\$'000)	2,004	3,613	
EPS (cps)	17.5	31.8	
Dividend per Share (cps)	13.0	12.0	
Net Borrowings (\$'000)	(1,152)	(3,513)	
Net Assets (\$'000)	20,796	18,060	

## Segment Results

	Revenue A\$'000			Profit before Tax A\$'000		
	2003/04	2002/03	% Change	2003/04	2002/03	% Change
Consulting Business	26,083	21,449	+21.6%	3,897	2,534	+53.8%
International Development Business	29,338	36,956	-26.6%	431	3,626	-88.1%
Discontinuing Operations	-	342		(7)	339	
Eliminations	(250)	(465)		-	-	
Unallocated Expenses	-	-		(1,132)	(909)	
Interest Expense	-	-		(131)	(154)	
<b>Total Group</b>	<b>55,171</b>	<b>58,282</b>	<b>-5.3%</b>	<b>3,058</b>	<b>5,436</b>	<b>-43.7%</b>

### About Coffey International Limited

Coffey International Limited provides both physical and social infrastructure solutions to business, government and development assistance agencies. The company operates two divisions: the Consulting Business, which comprises Coffey Geosciences, Water Studies, Control Testing Laboratories and Soil & Rock Engineering, and the International Development Business, which comprises SAGRIC International, Coffey MPW and Landmarc.

The Company employs over 600 people and is one of Australia's largest service providers to the Asia Pacific Region. The Company is listed on the Australian Stock Exchange.

During the 2002/03 financial year, Coffey generated \$38 million revenue in Australia, \$38 million in South East Asia, \$21 million in the Pacific and \$13 million in China, Sri Lanka, India and the Middle East.

For more information, please visit [www.coffey.com.au](http://www.coffey.com.au).

### ENDS

Roger Olds is available for interview.  
Company background and Managing Director profile available.

For more information, please contact Nicola Mendleson or Brigitte Claney, Mendleson Communication on telephone: 03 9827 0422 or 0412 189 558 or email [info@mendleson.com.au](mailto:info@mendleson.com.au).

## ASX RELEASE

### COFFEY INTERNATIONAL LIMITED

#### HALF YEAR RESULT 2003/04

The directors of Coffey International Limited (the Company) today announced a profit after tax of \$2.0m for the six months ended 31 December 2003, on turnover of \$55.2 million. This represents earnings per share of 17.5 cents and a post-tax return on equity of 9.6% for the 6 month period. The directors have declared an increased fully franked dividend of 13 cents per share (2002: 12 cents per share), representing 74% of interim net profit, and reflecting the directors' confidence in the full year forecast. Furthermore, the directors have declared that due to strong cash flow the interim dividend will be payable on 31 March 2004, a month earlier than in prior years.

#### Results Summary

	31 Dec 2003	31 Dec 2002	Change
Total Revenue (\$'000)	55,171	58,282	-5.3%
Operating Profit Before Tax (\$'000)	3,058	5,436	-43.7%
Tax Expense (\$'000)	1,054	1,823	
Operating Profit After Tax (\$'000)	2,004	3,613	-44.5%
EPS (cps)	17.5	31.8	
Dividend per Share (cps)	13.0	12.0	
Net Borrowings (\$'000)	(1,152)	(3,513)	
Net Assets (\$'000)	20,796	18,060	

#### Overview Comments

The post-tax profit result of \$2.0 million is down on the record six-monthly profit delivered in 2002/03, but this is due to timing issues in the International Development Business and the directors consider that the Company is on track to meet its full year forecast.

The Consulting Business has had an outstanding first half in a buoyant market, delivering record results, and a continuation of this performance in the second half of the year is expected. The International Development Business has experienced much tighter trading conditions, in keeping with our expectations at the beginning of the year and its result reflects the lower value of project wins in the past financial year. However the successful project win rate in the first 6 months of this year will see increased revenue and profit contribution from the International Development Business in the second half.

In last year's annual report Coffey International Limited forecast earnings growth of 50% over the next 3 years through a combination of organic growth and acquisition, and 5 to 10% earnings growth in 2003/04. The

Company is still on track to meet these objectives despite a difference in the timing of revenue in the International Development Business compared to last financial year. There is some risk with the timing of revenue from projects in Iraq, but they have now commenced and will hopefully continue unimpeded by security issues.

The acquisition of the business operations of Soil & Rock Engineering on 1 October 2003 was an important strategic step for the group and gives great impetus to the Consulting Business' activities in Western Australia. This will provide a significantly increased contribution in the second half compared to the first half when integration and re-establishment of work in progress impacted on its contribution.

Operating cash flow has been strong, particularly given that the first half is traditionally the tighter half due to the timing of cash flows in the International Development Business.

Cash flow was further assisted by the implementation of a Dividend Reinvestment Plan in November 2003 which saw a 20% take-up by existing shareholders, and the remaining 80% underwritten by Bell Potter Securities. The directors have determined that the Dividend Reinvestment Plan will again be available for the interim 2003/04 dividend, although given the strength of the group's cash flow it will not be underwritten on this occasion. The Dividend Reinvestment Plan shares will be issued at a 5% discount.

## Segment Results

	Revenue A\$'000			Profit before Tax A\$'000		
	2003/04	2002/03	% Change	2003/04	2002/03	% Change
Consulting Business	26,083	21,449	+21.6%	3,897	2,534	+53.8%
International Development Business	29,338	36,956	-26.6%	431	3,626	-88.1%
Discontinuing Operations	-	342		(7)	339	
Eliminations	(250)	(465)		-	-	
Unallocated Expenses	-	-		(1,132)	(909)	
Interest Expense	-	-		(131)	(154)	
<b>Total Group</b>	<b>55,171</b>	<b>58,282</b>	<b>-5.3%</b>	<b>3,058</b>	<b>5,436</b>	<b>-43.7%</b>

## Commentary on Segment Results

### 1. Consulting Business

Our Consulting Business of Coffey Geosciences (including Water Studies, Control Testing Laboratories and Soil & Rock Engineering) has grown both organically and through acquisition to deliver record results.

Since last half year the acquisitions of Control Testing Laboratories in Coffs Harbour (31 January 2003) and Soil & Rock Engineering in Perth (1 October 2003) have been successfully completed. Both acquisitions have

been fully integrated into the Coffey Geosciences business and management structures and both are delivering to expectations, operating under the Coffey banner. The Coffs Harbour business has won a \$1m contract on the new Ballina by-pass, while the Perth business is experiencing strong growth with a mixture of major infrastructure wins including the Perth Urban Rail Development (PURD E and F) and the leveraging effect of Soil & Rock's excellent client base in the mining sector.

Organic growth has been achieved in almost all Coffey Geosciences' other offices, reflecting the continuing strength of the physical infrastructure market and the Company's growing reputation as an industry leader in alliance contracting. This financial year has already seen the Company win its first alliance contract in New South Wales, Lawrence Hargrave Drive (between Sydney and Wollongong), thereby building on its track record of alliance successes in Queensland.

Coffey Geosciences implemented a new Regional Manager structure on 1 July 2003, and under the new leadership of Ian Hosking as Chief Operating Officer this structure has been effective in providing added business development focus.

Coffey Geosciences' revenue growth has been achieved off a stable fixed cost base and excellent staff utilisations. Several offices are relocating to larger premises this financial year, a testament to the growth achieved. These relocations are unlikely to cause a major step-up in the overall fixed cost base.

Working capital has been managed effectively and hit record low levels this half year, so that the growth in revenue and profit has been achieved without a corresponding demand for new working capital.

## **2. International Development Business**

The International Development Business, comprising SAGRIC International, Coffey MPW and Landmarc, has had a challenging half year after 3 successive years of outstanding financial performance since Coffey International's acquisition of SAGRIC in 2000. The delays in the release of tenders for AusAID projects and the nature of the projects released in the past financial year resulted in a lower value of contract wins for SAGRIC. However the first 6 months of this year has seen this reversed and SAGRIC now has a record value of contracts under management. The contracts in Iraq have not been able to commence at the rate we hoped because of security issues but they are now underway and should continue unimpeded barring extreme circumstances.

Recent changes to AusAID's method of contracting projects has seen a reduction in margins in that sector. These difficult trading conditions could see some competitors disappear from this sector of the market. However, given the strength of SAGRIC's market leader position it is well positioned to manage through this difficult period. An important element of the Company's strategy for the International Development Business has been to broaden its client base. Hence the Company's well-publicised success in winning a share in USAID's US\$120 million 3 year rural reconstruction contract in Iraq is strategically significant. To our knowledge this is the first major American development assistance project to be supported by an Australian company as the major sub-contractor and represents an important milestone for both Coffey International and SAGRIC. The project should deliver excellent contribution in future periods although its impact in the first half results is negligible. The quantum of the contribution from this project is not yet known and is subject to further negotiation as the project develops. For commercial reasons the Company does not publish its contributions from individual projects.

The outlook for the International Development Business remains positive. SAGRIC's total contracts by value as at 31 December 2003 were in excess of \$300 million, providing an impressive order book to underwrite future profitability. The next six months will be another intense period of bidding activity in advance of the anticipated federal election, after which a lull in new projects available to be bid is anticipated.

Coffey MPW has been consistently winning new work over the past year, most notably a significant solid waste management project in Tonga, and is on track for a strong second half contribution.

### 3. Discontinuing Businesses

This segment comprises Aquaclear Technology, which is now dormant other than the continuation of legal action against the former auditor of Aquaclear. In respect of the legal action, mediation is scheduled to take place imminently and the directors, relying on the legal advice received, remain confident of ultimate success, even though the timing of resolution is as yet uncertain.

### 4. Unallocated Expenses

These expenses comprise the costs associated with the management of the public company and certain group expenses not allocated across the divisions. These costs have risen as expected as the group progressively invests in human capital to handle its growing acquisition pipeline and the increased level of due diligence work.

## Outlook

The Company expects second half post-tax earnings in the order of \$3.5 million, bringing the full year forecast to \$5.5 million, in line with its 5 to 10% year-on-year earnings growth target.

Future economic forecasts point to good activity levels in the physical infrastructure market for some time yet, and the directors believe that the Company is well placed to continue to deliver strong results even if the sector does begin to soften.

The Company has also continued its progress in acquisitions and is very close to signing two new deals of strategic significance. Further information on these will be provided as the transactions are completed.



Roger Olds

Managing Director

27 February 2004



# Appendix 4D

## Half year report

Name of entity

**COFFEY INTERNATIONAL LIMITED**

ABN

**16 003 835 112**

Current reporting period

**Half-year ended 31 December 2003**

Previous reporting period

**Half-year ended 31 December 2002**

### Results for announcement to the market

				\$A'000
Revenues from ordinary activities	up/down	5.3%	to	55,171
Profit from ordinary activities after tax attributable to members	up/down	44.5%	to	2,004
Net profit for the period attributable to members	up/down	44.5%	to	2,004

<b>Dividends</b>	Amount per security	Franked amount per security
Final dividend proposed	N/A	N/A
Interim dividend paid	NIL	NIL

Record date for determining entitlements to the dividends,

17 March 2004

Brief explanation of any of the figures reported above.

Refer to Managing Director's Report attached

## Coffey International Limited

### Ratios

<b>NTA backing</b>	<b>2003</b>	2002
Net tangible asset backing per ordinary security	<b>109.2c</b>	126.7c

### Dividends

Date dividend is payable	31 March 2004
Record date to determine entitlement to dividends	17 March 2004

### Amount per security

		Amount per security	Franked amount per security at 30% tax
<b>Final dividend:</b>	Current year	N/A	N/A
	Previous year	15.0¢	15.0 ¢
<b>Interim dividend:</b>	Current year	13.0¢	13.0¢
	Previous year	12.0¢	12.0¢

### Total dividend (distribution) per security (interim *plus* final)

		Current year	Previous year
	Ordinary securities	<b>13.0¢+final</b>	27.0¢

The Directors have implemented a Dividend Reinvestment Plan and the dividend of \$1,729,000 paid on 1 December 2003 was fully reinvested in new shares through this plan.

## Coffey International Limited

### Control gained over entities having material effect

Name of entity	N/A
Date control gained	N/A
Contribution of the entity to the profit from ordinary activities during the period (if material)	N/A
Profit/loss of the entity during the previous reporting period (if material)	N/A

### Loss of control of entities having material effect

Name of entity (or group of entities)	N/A
Date control lost	
Contribution of the entity to the profit from ordinary activities during the period (if material)	N/A
Profit/loss of the entity during the previous reporting period (if material)	N/A

### Details of associates and joint venture entities

Name of joint venture entities and percentage holding in the entities	SKM/EGIS Consulting Joint Venture (33.3%) NSW DEET Joint Venture (50.0%)
Aggregate share of profits of these entities, details of contributions to net profit (if material)	Not material

## Coffey International Limited

### Commentary on the results

Refer to Managing Director's Report attached

### Compliance statement

- 1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.

Identify other standards used

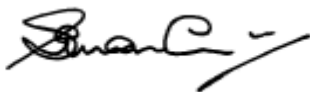
N/A

- 2 This report, and the <sup>+</sup>accounts upon which the report is based (if separate), use the same accounting policies.
- 3 This report does give a true and fair view of the matters disclosed.

This report is based on <sup>+</sup>accounts to which one of the following applies.

*(Tick one)*

- |                          |   |                                     |   |
|--------------------------|---|-------------------------------------|---|
| <input type="checkbox"/> | The <sup>+</sup> accounts have been audited.  | <input checked="" type="checkbox"/> | The <sup>+</sup> accounts have been subject to review.                  |
| <input type="checkbox"/> | The <sup>+</sup> accounts are in the process of being audited or subject to review. | <input type="checkbox"/>            | The <sup>+</sup> accounts have <i>not</i> yet been audited or reviewed. |



Sign here:

Date: 27 February 2004

(Company Secretary)

Print name: SIMON C CURTIS

# COFFEY INTERNATIONAL LIMITED

ABN 16 003 835 112

Interim financial report for the half-year ended  
31 December 2003

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## Coffey International Limited

Your directors present their report on the consolidated entity consisting of Coffey International Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2003.

### Directors

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

Stephen R Williams (Chairman)  
Stuart A Black (Non-Executive Director)  
Roger J Olds (Managing Director)  
Glen H Simpson (Executive Director)

### Review of operations

A summary of consolidated revenues and results for the half-year by significant industry segments is set out below:

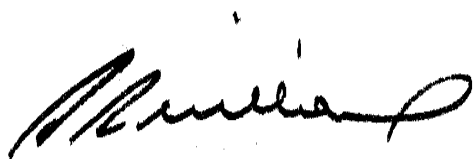
	Segment revenue		Segment result	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Consulting Business	26,083	21,449	3,897	2,534
International Development Business	29,338	36,956	431	3,626
Discontinuing Operations	-	342	(7)	339
Eliminations	(250)	(465)	-	-
Consolidated	<u>55,171</u>	<u>58,282</u>	<u>4,321</u>	<u>6,499</u>
Unallocated expenses			(1,132)	(909)
Interest expense			(131)	(154)
Profit from ordinary activities before income tax expense			<u>3,058</u>	<u>5,436</u>
Income tax expense			<u>(1,054)</u>	<u>(1,823)</u>
Profit from ordinary activities after income tax expense			<u><u>2,004</u></u>	<u><u>3,613</u></u>

Comments on the operations of Coffey International Limited, and the results of those operations are included in the Appendix 4D to the Australian Stock Exchange.

### Rounding of amounts

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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



Stephen R Williams  
Chairman



Roger J Olds  
Managing Director

Sydney  
27 February 2004

**Consolidated statement of financial performance**

For the half-year ended 31 December 2003

	Notes	Half-year	
		2003 \$'000	2002 \$'000
<b>Revenue from ordinary activities</b>		<b>55,171</b>	58,282
Raw materials, subcontractor costs and consumables used		(18,387)	(19,006)
Employee benefits expense		(28,369)	(28,474)
Depreciation and amortisation expenses		(598)	(643)
Write-down of investments		-	(49)
Borrowing costs expense		(131)	(154)
Other expenses from ordinary activities		(4,628)	(4,520)
		<hr/>	<hr/>
<b>Profit from ordinary activities before income tax expense</b>		<b>3,058</b>	5,436
Income tax expense		(1,054)	(1,823)
		<hr/>	<hr/>
<b>Profit from ordinary activities after related income tax expense attributable to the members of Coffey International Limited</b>		<b>2,004</b>	3,613
		<hr/>	<hr/>
<b>Total changes in equity attributable to the members of Coffey International Limited other than those resulting from transactions with owners as owners</b>		<b>2,004</b>	3,613
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share (cents)	7	17.5c	31.8c
Diluted Earnings per share (cents)	7	17.5c	31.8c



# Coffey International Limited

## Consolidated statement of financial position

As at 31 December 2003

	<b>31 December 2003 \$'000</b>	31 December 2002 \$'000
<b>Current assets</b>		
Cash assets	3,348	2,894
Receivables	17,003	17,903
Inventories	7,730	6,979
Other	1,041	652
Total current assets	<u>29,122</u>	<u>28,428</u>
<b>Non-current assets</b>		
Receivables	928	1,046
Plant and equipment	2,305	2,127
Deferred tax assets	1,643	1,779
Intangible assets	7,842	3,549
Total non-current assets	<u>12,718</u>	<u>8,501</u>
<b>Total assets</b>	<u>41,840</u>	<u>36,929</u>
<b>Current liabilities</b>		
Payables	12,757	8,167
Interest bearing liabilities	4,500	6,407
Current tax liabilities	701	1,501
Provisions	2,126	1,968
Total current liabilities	<u>20,084</u>	<u>18,043</u>
<b>Non-current liabilities</b>		
Provisions	960	826
Total non-current liabilities	<u>960</u>	<u>826</u>
<b>Total liabilities</b>	<u>21,044</u>	<u>18,869</u>
<b>Net assets</b>	<u>20,796</u>	<u>18,060</u>
<b>Equity</b>		
Parent entity interest		
Contributed equity	14,648	12,331
Retained profits	6,148	5,729
<b>Total equity</b>	<u>20,796</u>	<u>18,060</u>

## Coffey International Limited

### Consolidated statement of cash flows

For the half-year ended 31 December 2003

	Half-year	
Notes	2003 \$'000	2002 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	58,269	61,450
Payments to suppliers and employees (inclusive of goods and services tax)	<u>(57,729)</u>	<u>(63,188)</u>
	540	(1,738)
Interest received	22	12
Borrowing costs	(131)	(154)
Income taxes paid	<u>(1,707)</u>	<u>(1,367)</u>
<b>Net cash (outflow) from operating activities</b>	<u>(1,276)</u>	<u>(3,247)</u>
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	(357)	(230)
Payment for purchase of controlled entity, net of cash acquired	(3,152)	-
Proceeds from sale of plant and equipment and investments	<u>48</u>	<u>35</u>
<b>Net cash (outflow) from investing activities</b>	<u>(3,461)</u>	<u>(195)</u>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(2,000)	-
Proceeds from borrowings	3,500	-
Repayment of loans under the Coffey International Limited Employee Leveraged Share Plan	128	38
Dividend reinvestment transaction costs	(51)	-
Payments for shares bought back	(36)	-
Dividends paid	-	(1,247)
<b>Net cash inflow/(outflow) from financing activities</b>	<u>1,541</u>	<u>(1,209)</u>
<b>Net (decrease) in cash held</b>	<b>(3,196)</b>	<b>(4,651)</b>
Cash at the beginning of the financial year	6,636	4,156
Effects of exchange rate changes on cash	<u>(92)</u>	<u>(18)</u>
<b>Cash at the end of the financial year</b>	<u><b>3,348</b></u>	<u><b>(513)</b></u>

## Coffey International Limited

### Notes to the consolidated financial statements

For the half-year ended 31 December 2003

#### Note 1 Basis of preparation of half-year financial report

This general purpose financial report for the interim half-year reporting period ended 31 December 2003 has been prepared in accordance with Accounting Standard AASB 1029 Interim Financial Reporting, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2003 and any public announcements made by Coffey International Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

#### Note 2 Segment information

##### Primary Segment Information – Business Segments

###### Half-year 2003

	Consulting Business	International Development Business	Discontinuing Operations	Eliminations	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000
Sales to external customers	25,781	29,308	-	-	55,089
Inter-segment sales	250	-	-	(250)	0
Other revenue	52	30	-	-	82
Total segment revenue	<u>26,083</u>	<u>29,338</u>	<u>-</u>	<u>(250)</u>	<u>55,171</u>
Segment result	<u>3,897</u>	<u>431</u>	<u>(7)</u>	<u>-</u>	<u>4,321</u>
Unallocated expenses					(1,132)
Interest expense					(131)
Profit from ordinary activities before tax					<u>3,058</u>
Income tax expense					(1,054)
<b>Net profit after income tax</b>					<u><b>2,004</b></u>
Segment assets	<u>23,687</u>	<u>18,123</u>	<u>30</u>	<u>-</u>	<u>41,840</u>
Segment liabilities	<u>9,624</u>	<u>7,076</u>	<u>4,344</u>	<u>-</u>	<u>21,044</u>
Depreciation and amortisation expenses	<u>482</u>	<u>116</u>	<u>-</u>	<u>-</u>	<u>598</u>
Acquisitions of plant and equipment and intangibles	<u>4,748</u>	<u>9</u>	<u>-</u>	<u>-</u>	<u>4,757</u>

## Coffey International Limited

### Notes to the Financial Statements

For the half-year ended 31 December 2003 (continued)

#### Note 2 – Segment information (continued)

Half-year 2002	Consulting Business	International Development Business	Discontinuing Operations	Eliminations	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000
Sales to external customers	20,912	36,943	0	-	57,855
Inter-segment sales	465	-	-	(465)	-
Other revenue	72	13	342	-	427
Total segment revenue	<u>21,449</u>	<u>36,956</u>	<u>342</u>	<u>(465)</u>	<u>58,282</u>
Segment result	<u>2,534</u>	<u>3,626</u>	<u>339</u>	-	<u>6,499</u>
Unallocated expenses					(909)
Interest expense					(154)
Profit from ordinary activities before tax					<u>5,436</u>
Income tax expense					(1,823)
<b>Net profit after income tax</b>					<u><b>3,613</b></u>
Segment assets	<u>19,165</u>	<u>17,425</u>	<u>339</u>	-	<u>36,929</u>
Segment liabilities	<u>5,360</u>	<u>8,273</u>	<u>5,236</u>	-	<u>18,869</u>
Depreciation and amortisation expenses	<u>451</u>	<u>192</u>	-	-	<u>643</u>
Acquisitions of plant and equipment and intangibles	<u>222</u>	<u>8</u>	-	-	<u>230</u>

#### Business segments

The above business segments derive revenue from the principal activities of the Coffey International Limited Group being the provision of engineering, scientific and project management services in the international development, earth sciences, water and natural resources sectors throughout Australia and overseas.

The Consulting Business comprises principally the Coffey Geosciences, Water Studies, Control Testing Laboratories and Soil and Rock Engineering businesses both in Australia and overseas. The International Development Business comprises SAGRIC International, Coffey MPW and Landmarc. Discontinuing Operations comprises Aquaclear Technology and WD Scott.

## Coffey International Limited

### Notes to the Financial Statements

For the half-year ended 31 December 2003 (continued)

#### Note 2 – Segment information (continued)

##### Secondary Segment Information – Geographical Segments

	Segment revenues from sales to external customers		Segment assets		Acquisitions of plant and equipment and intangibles	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Australia	25,229	18,710	25,715	20,612	4,740	202
South East Asia	15,819	19,987	8,067	7,443	17	28
Pacific Region	8,336	12,504	4,725	4,653	-	-
Other	5,705	6,654	3,333	4,221	-	-
	<b>55,089</b>	<b>57,855</b>	<b>41,840</b>	<b>36,929</b>	<b>4,757</b>	<b>230</b>

##### Geographical segments

Although the consolidated entity's divisions are managed on a regional basis, they operate in the following main geographical areas:

Australia is the home country of the parent entity, which is also the main operating entity. The principal area of operation is the Consulting Business.

South East Asia comprises operations carried on in Indonesia, Hong Kong, Philippines, Malaysia, Vietnam and Thailand by the International Development Business and the Consulting Business.

Pacific Region comprises operations carried on in PNG and the Pacific Islands principally by the International Development Business.

Other comprises operations carried on in the Middle East, China, Sri Lanka and India principally by the International Development Business.

##### Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 1 and accounting standard AASB 1005 Segment Reporting.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, plant and equipment and goodwill, net of related provisions. Segment liabilities consist primarily of trade and other creditors, employee entitlements and other provisions.

##### Inter-segment transfers

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an "arm's-length" basis and are eliminated on consolidation.

## Coffey International Limited

### Notes to the Financial Statements For the half-year ended 31 December 2003 (continued)

#### Note 3 Dividends

	Half-year	
	2003	2002
	\$'000	\$'000
<b>Ordinary shares</b>		
Dividend provided for or paid during the half-year	<u>1,729</u>	<u>1,247</u>

The dividend paid in 2003 was fully reinvested in new shares through the Company's Dividend Reinvestment Plan.

#### Note 4 Equity securities issued

	Half-year		Half-year	
	2003	2002	2003	2002
	Shares	Shares	\$'000	\$'000
<b>Issue of ordinary shares during the half-year</b>				
Shares issued on purchase of Soil & Rock Engineering	194,715	-	958	-
Dividend reinvestment plan issues	337,583	-	1,678	-
Employee share scheme issues	117	121,505	1	272
	<u>532,415</u>	<u>121,505</u>	<u>2,637</u>	<u>272</u>

#### Note 5 Contingent liabilities

There have been no material changes in contingent liabilities since 30 June 2003.

There are potential professional indemnity claims which have been notified to the Company. 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.

#### Note 6 Events occurring after reporting date

No matter or circumstance has arisen since 31 December 2003 that would significantly affect the operations of the Company.

#### Note 7 Earnings per share

	Half-year	
	2003	2002
	Cents	Cents
<b>Basic earnings per share</b>	17.5c	31.8c
<b>Diluted earnings per share</b>	17.5c	31.8c

## Coffey International Limited

### Directors' Declaration

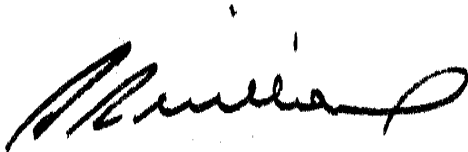
The directors declare that the financial statements and notes set out on pages 4 to 10 :

- (a) comply with Accounting Standards, the Corporations Act 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the Company's and consolidated entity's financial position as at 31 December 2003 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

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



Stephen R Williams  
Chairman



Roger J Olds  
Managing Director

Sydney  
27 February 2004

## Independent review report to the members of Coffey International Limited

### Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Coffey International Limited:

- does not give a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of the Coffey International Limited Group (defined below) as at 31 December 2003 and of its performance for the half-year ended on that date, and
- is not presented in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This statement must be read in conjunction with the rest of our review report.

### Scope

#### The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for the Coffey International Limited Group (the consolidated entity), for the half-year ended 31 December 2003. The consolidated entity comprises both Coffey International Limited (the company) and the entities it controlled during that half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### Review approach

We conducted an independent review in order for the company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.



We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which included:

- inquiries of company personnel, and
- analytical procedures applied to financial data.

When this review report is included in a document containing information in addition to the financial report, our procedures include reading the other information to determine whether it contains any material inconsistencies with the financial report.

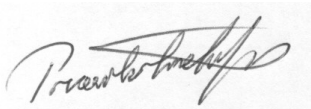
These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

## **Independence**

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.



PricewaterhouseCoopers



J A Gordon  
Partner

Sydney  
27 February 2004