Transfield Services Limited

ABN 69 000 484 417

Appendix 4E and Management discussion and analysis
30 June 2011

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Transfield Services Limited and controlled entities
Appendix 4E
Preliminary final report for the year ending 30 June 2011

Name of entity

Transfield Services Limited	ABN : 69 000 484 417

Financial year ended : 30 June 2011

(Previous corresponding period: 30 June 2010)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				$A'000
Revenues from continuing ordinary activities	Up	5.4%	to	2,760,755
(Loss) / profit from ordinary activities after tax attributable to members	Down	(127.0%)	to	(19,734)
Net (loss) / profit for the period attributable to members	Down	(127.0%)	to	(19,734)

Dividends	Amount per security	Franked amount per security
Final dividend (proposed)	9.0 cents	2.25 cents
Interim dividend (paid)	5.0 cents	5.0 cents

Record date for determining entitlements to the dividend.	21 September 2011
Payment date of dividend	26 October 2011

Dividend Reinvestment Plan (DRP)
The Directors resolved on 19 August 2010 to suspend the Dividend Reinvestment Plan until further notice, effective from the 2010 final dividend.

Share Purchase Plan (SPP)

During the year, the Board approved a Share Purchase Plan which was announced to shareholders on 26 August 2010. Under the SPP, eligible shareholders had an opportunity to purchase shares in Transfield Services to a value of A$1,000, A$5,000, A$10,000 or A$15,000 at a discount and free from brokerage and transaction costs. The new shares issued under the SPP were at a 5 per cent discount to the average of the daily volume weighed average price of Transfield Services shares over the five trading days immediately preceding the announcement of the SPP, namely 19 August 2010 to 25 August 2010 inclusive. Funds raised through the SPP were used initially to repay debt.

	30 June 2011	**30 June 2010**
Net asset backing per share	$2.05	$1.94
Net tangible asset backing per share	$0.69	$0.31

The remainder of the information requiring disclosure to comply with listing rule 4.3A is contained in the complete Preliminary Final Report which includes the Directors' report and the audited financial statements for the year ended 30 June 2011 and is lodged separately with the Australian Securities Exchange.

Section 2: Management discussion and analysis

For the 2011 financial year – 12 months to 30 June 2011

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IMPORTANT NOTE: Unless otherwise indicated all numbers in Section 2 are based on proportionately consolidated accounts (i.e. includes the consolidation of revenues and expenses from our joint ventures and partnerships on a line-by-line basis), as well as the addition of the Transfield Services' share of Ratch Australia Corporation Limited's (formerly TSI Fund) equity accounted share of profit.

All comparisons are to the previous corresponding period of FY10 – the 12 months ended 30 June 2010, unless otherwise indicated.

Numbers provided in this document have been rounded. In some cases, totals and percentages have been calculated from information that has not been rounded, hence some columns in tables may not add exactly.

Key financials – for the 12 months ended 30 June 2011

All amounts are A$M unless otherwise indicated		FY 2011 Statutory	PCP Change	Proportionately Consolidated	PCP Change
Total Revenue		**$3,208.4**	**(0.5%)**	**$3,974.0**	**(1.9%)**
EBITDA	Wholly Owned	$168.0	29.4%	$168.0	29.4%
	Joint Ventures (JVs)	$48.4	(23.2%)	$67.7	(15.2%)
	TSI Fund	$16.0	72.1%	$16.0	72.1%
Total EBITDA		**$232.3**	**14.9%**	**$251.7**	**14.9%**
Amortisation		$28.1	(1.1%)	$28.1	(1.0%)
Net Interest Expense		$39.1	(49.7%)	$43.1	(60.1%)
Profit before tax		**$112.0**	**9.6%**	**$123.7**	**7.1%**
Tax expense		$11.4	(100.0%)	$23.2	(21.7%)
Minority Interest		$0.5	10.1%	$0.5	10.1%
Operational NPAT (pre-amortisation)		$128.2	3.6%	$128.2	3.6%
Operational NPAT		**$100.1**	**4.3%**	**$100.1**	**4.3%**
Non-recurring items		119.9	n/a	119.9	n/a
Reported NPAT		**($19.7)**	**(127.0%)**	**($19.7)**	**(127.0%)**

PCP = prior corresponding period of FY10

Operational NPAT is the same as 'Normalised' and excludes non-recurring items

Management review of Group performance for the 12 months ended 30 June 2011

The Group results for the year were in line with guidance - with normalised NPAT growth of 4.0% compared to guidance of mid-single digit normalised NPAT percentage growth, or 5.8% growth if the budgeted FX rate of 87 cents is used (per guidance assumptions).

With the strategic alignment of the business achieved, the Company is now able to focus on long term growth strategies. Persisting global economic headwinds together with political uncertainty (particularly the Australian & New Zealand business) will challenge these growth aspirations in the short term.

The Company is responding to these challenges with a streamlined business, higher value service offerings and increased exposure to sectors with a strong growth outlook. With contracted revenue momentum from an enhanced business development function, Transfield Services is confident of long term earnings growth underpinned by a low risk portfolio of contracts with quality clients.

The Australian dollar strengthened against the US dollar on average by 13.6%, with the average USD/AUD rate of 0.9883 cents for FY11. This had an impact to the revenue and EBITDA contribution from international operations which contributed 34% of total Group Revenue and 26% of Group EBITDA. As previously disclosed a natural hedge helps to minimise this impact at the NPAT level, with the flow through impact to earnings of 1.7% or $1.7 million.

Revenue

Total Proportionately Consolidated Revenue declined modestly by 1.9% to A$4.0 billion. Revenue was boosted by the six month contribution from Easternwell. Subdued trading conditions and a stronger Australian dollar impacted the operating level contribution from the Group's international operations. On a constant currency basis, Group Revenue grew by 1.7%.

Strong growth was seen in the power and telecommunications sectors in the Australia & New Zealand business. This growth, together with a six month contribution from Easternwell, helped to more than offset conditions across other sectors. Pleasingly, other than USM, each of the key businesses in the Americas region saw growth in local currency terms although this growth was not sufficient to offset the currency impact on translation to Australian dollars.

The Middle East and Asia region's contribution was impacted by the stronger Australian dollar as well as reduced activity across the region generally. Project activity in the region remains stifled with constrained economic conditions expected to continue, particularly in the UAE.

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)

Proportionately Consolidated Group EBITDA grew by 14.9% to $251.7 million (FY10 $218.9 million) attributable to a strong 'win and do' performance, benefits from ongoing business streamlining initiatives and a six month contribution from Easternwell. As a result, Group EBITDA margin grew to 6.3% from 5.4%. Excluding Easternwell, the Group EBITDA margin was 5.7%.

Net Profit/Loss After Tax (NPAT)

The Reported Net Loss after Tax (attributable to members of the Company) was $19.7 million which was a result of several non-recurring items totalling $119.9 million relating to the execution of strategic initiatives during the year. The Operational Net Profit after Tax result (excluding these non-recurring items) was $100.1 million compared to $96.0 million in the prior year.

The table below outlines the NPAT performance of the Group compared to guidance assumptions of mid-single digit operational NPAT growth, based on a $96.0 million FY10 operational NPAT result and an 87 cent USD/AUD FX rate. The Group delivered an operational NPAT result of $99.8 million which represents 4.0% growth compared to last year and in line with guidance

(A$ million)	FY10	FY11	Implied growth
Total Group Operational NPAT	**$96.0**	**$100.1**	**+4.3%**
Less Easternwell NPAT contribution	-	$0.35	
Operational NPAT ex Easternwell	$96.0	$99.8	+4.0%
Currency impact	-	$1.7	
Operational NPAT *excl. Easternwell and currency impact*	**$96.0**	**$101.5**	**+5.8%**

Summary of non-recurring items

A summary of the non-recurring items (restructuring and transaction related costs), and the time of disclosure is as follows:

Non-recurring items (net of tax; A$ million)		*Time of disclosure*
1H FY11		
Restructuring costs	$7.3	*25 Feb 2011 – FY11 interim result announcement*
Easternwell acquisition costs	$6.3	
USM		
Loss on disposal of USM	$19.3	*19 May 2011 – announced sale of USM*
Cumulative USM FX losses	$50.3	
TSI Fund		
TSI Fund transaction - net loss	$28.9	*2 May 2011 – announced sell down to Ratchaburi*
Transaction costs	$7.6	*17 August 2011 – announced impact of Loy Yang A adjustment recognised by TSI Fund*
Total	**$119.9**	

Impact of currency exchange rates

The Group manages its exposure to fluctuations in foreign currency rates through natural hedges. International operations are supported with local currency borrowings reducing the foreign currency balance sheet risk associated with the Group's investments in overseas jurisdictions. Revenues, operating costs, depreciation, amortisation, financing expenses and taxes are incurred in local currency reducing the foreign currency profit and loss risk. These natural hedges limit the impact of currency fluctuation exposure to the NPAT from our foreign operations. In spite of a 12.1% appreciation of the Australian dollar against the US dollar during FY11, the impact on NPAT for the Group was not material.

The impact of foreign currency movements in the period adversely affected the EBITDA of our international operations by $7.2 million using the Group's budgeted rate of 87 cents. On a constant currency basis EBITDA grew 18.3%.

Strategy overview

A global framework has now been established that will allow the business to focus on growth strategies. This framework includes embedded structures that promote a global culture such as health, safety and service quality policies. Further to this, a standardised global reporting framework to drive the internal intelligence of the organisation, together with increased business discipline that encompasses an appropriate risk profile will ensure long term sustainable growth for the Company.

During the period, the Company achieved several key strategic milestones which included the sale of USM, the sell-down and privatisation of the Transfield Services Infrastructure Fund (now known as Ratch Australia Corp Ltd) and the acquisition of Easternwell. These events collectively are the cornerstone of the strategy to refocus the capital of the business towards the targeted end markets of Resources & Energy and Infrastructure sectors that allow differentiation through higher technical and niche services offerings.

The acquisition of Easternwell has allowed earlier engagement with clients in the asset lifecycle and deepens Transfield Services exposure to growth opportunities within the iron ore, conventional oil & gas and coal seam gas markets. This is at a time when Australia's expanding resources sector is entering a period of converging up-cycles across a broad range of resource commodities. This was demonstrated recently with the award of the Santos contract, announced in July 2011.

The Company continues to drive towards a more efficient cost-base with projects focused on delivery of benefits from operating efficiencies associated with procurement, ERP systems, overhead structure and the optimisation of shared services, which are now beginning to yield benefits.

Capital management and cash flow

The Board declared a final dividend of 9.0 cents per share, payable on 26 October 2011. This represents a full year dividend payment of 14.0 cents per share and a dividend payout ratio (to normalised NPAT) of 78%. The Group's strong cash position has supported the dividend payout ratio to exceed the long term targeted dividend payout range of 50 – 70% of Operational NPAT. The weather affected second half of FY11 and an increased equity base from December, temporarily reduced the Group's ability to match distributable income with the targeted distribution policy.

The Group's capacity to pay franked dividends is constrained by a consistently low effective tax rate and the mix of international and Australian operations. In recent years, shareholders have benefited from the surplus franking credits created upon the de-stapling of the Transfield Services Infrastructure Fund, allowing the Group to pay fully franked dividends for a period of time. These are now fully utilised. The final dividend is franked to 25% bringing the average franking for the FY11 dividends to 53% in line with guidance. It is likely that in the medium term the Group's franking capacity will be lower than 50% on average and given the current and predicted structure of the Group it is unlikely that 100% dividend franking will be possible in the foreseeable future.

As a consequence of the Easternwell acquisition, the Company refinanced its entire portfolio of debt and bonding facilities with an underwritten Syndicated Facility Agreement consisting of A$740 million of term and revolving cash advance facilities plus A$165 million of bonding facilities. These facilities replaced the existing multi-option cash facilities and the majority of bank guarantee lines excluding the surety bonding programs.

The new Syndicated Facilities were fully underwritten on a joint basis by ANZ, JP Morgan, HSBC, RBS & Westpac as the first stage of syndication. The syndication also involved a secondary syndication process to further diversify lender exposures and was successfully concluded on 27 January, 2011.

The average debt maturity for the Group is 3.2 years, with the next debt facility re-financing for A$150 million and US$100 million in December 2012. However, although there are no debt facilities maturing in FY2012, the accounting standards require a reclassification of A$52.0 million of US Private Placement (USPP) notes as current. This is due to the disposal of the USM business in June 2011. This triggered an option for USPP noteholders (should they wish to exercise it) to request repayment of up to A$52 million of notes if the USM proceeds are not reinvested in productive assets within 12 months of disposal. However, it is the Group's intention to utilise the proceeds towards such productive assets during FY2012.

The reported gearing (net debt to net debt plus equity) at 30 June 2011 was 18%. A key driver of the change was the disposal of the USM business resulting in proceeds of US$243 million being received on 30 June 2011. These proceeds were used to partially repay floating debt with the remainder in cash. Excluding the proceeds from USM, the Group's gearing at 30 June 2011 was 30%.

The reported leverage ratio (net debt to EBITDA) for FY2011 was 1.1 times. This is an improvement from the prior year primarily driven by the proceeds received from the disposal of the USM business. Importantly, this reduction in the leverage ratio results in a decrease in the Group's bank debt funding margins of circa 0.4%.

The level of interest rate hedging at 30 June 2011 was 85% and the Group had unutilised but committed borrowing facilities plus cash available of $674 million.

Net Working Capital Days were 11.6 at 30 June 2011, up from 4.3 days at 30 June 2010 as working capital trended towards more sustainable levels in line with the expected future activity in the Group. The long term targeted Net Working Capital days are now expected to be in the range of 10 – 15 days.

Return on Funds Employed (ROFE) for the year ended 30 June 2011 was 30% (FY2010: 30%). This is a positive result given the integration of the more capital intensive Easternwell business and reflects the Group's ongoing focus on improving capital returns. The increase in working capital days flagged above is not expected to materially change the ROFE outcome.

Cash Conversion (operating cash flow before interest and tax divided by normalised EBITDA) for FY2011 was 70%. This is a pleasing result in difficult conditions considering low operating levels during the first half. The second half cash conversion was 96% and reflects cash management discipline during a very busy period and the increased activity levels. The targeted long term cash conversion remains at greater than 90%, although it is likely to be lower in the short term.

Business development and streamlining initiatives

As disclosed at the interim result, $7.3 million (net of tax) was spent on corporate restructuring costs during the first half. The impact of this was offset by the continued investment in business development, account management capabilities and the up-skilling of certain operational and marketing positions. This combined to facilitate an ongoing focus on competitively pursuing profitable organic growth opportunities.

The Group also undertook significant operational restructuring during the period. The Australia & New Zealand business was restructured into two key sectors of Resources & Energy, and Infrastructure. Both divisions have a Chief Executive that report directly to the Managing Director. Importantly, the resources under the previously combined ANZ business have been reallocated without incurring any additional net overhead.

The Resources and Energy division was formed in the Americas region. The division is being shaped to link into global strategic assets in upstream production and global account management initiatives. As such, it is now organised into four operating divisions: maintenance, specialty services, field services, and mining. This will broaden the target markets and will serve as a clear platform for competitively pursuing growth opportunities into FY12 and beyond.

The Group's business development capabilities continue to proactively identify and selectively pursue opportunities for growth within targeted markets. The total pipeline at the end of FY11 was $28.5 billion (on a probability weighted basis).

Carbon pricing mechanism in Australia

In late July 2011, the Federal Government introduced the *Clean Energy Bill 2011.* The Bill proposes the introduction of a fixed charge applicable to direct emissions of greenhouse gas (defined as Scope 1) to commence from 1st July, 2012. This will transition to a 'cap and trade' Emissions Trading Scheme ('Scheme') after three years (1st July 2015).

The *National Greenhouse & Energy Reporting Act 2007* requires Transfield Services to report carbon emissions to the Federal Government on assets over which there is operational control. Importantly, under the proposed Scheme the financial liability is able to be passed onto the asset owner pursuant to a liability transfer certificate application.

Of the total greenhouse gas footprint reported by Transfield Services for 2010, over 98% of Scope 1 emissions are attributable to assets which Transfield Services do not own but which it has operational control over.

In summary, Transfield Services believes its exposure to the proposed carbon pricing mechanism will not have a material effect on the competitiveness of the business over the long term.

Contracted revenue

The Group's contracted revenue at the end of the period was $11.4 billion. Prima facie, this represents a decline compared to the same time last year of 1.4%. However, on a like-for-like basis (i.e. excluding USM and adjusting for the reduced holding in Ratch Australia Corporation Ltd from the FY10 comparable) contracted revenue increased by 11.8%. On a constant currency basis contracted revenue was A$12.1 billion representing a 18.6% increase compared to the same time last year.

Highlights of work secured across the Group during the year included:

Australia & New Zealand

- A 10-year South Australia Water contract valued at $550 million (being 50% share of joint venture). The contract has a six year extension option.
- A five year contract with a two-year extension option valued at $540 million with the NSW Department of Services, Technology and Administration to provide facilities management and cleaning services to public schools, TAFE colleges and government buildings.
- An eight year $567 million contract to operate and maintain Adelaide's bus transportation network across two of the city's six public bus regions. Working with the South Australia Department for Transport, Energy and Infrastructure (DTEI), the Company will provide comprehensive operations, network scheduling, maintenance and asset management services for the fleet of buses.
- Work totalling $200 million for rail upgrade work over two years with Australian Rail Track Corporation (ARTC) as well as an 18-month extension on existing long-term maintenance alliance contract.
- A 10-year NZ$260 million contract to provide telecommunications services to Enable Networks, which forms part of the New Zealand Government's commitment to invest NZ$1.5 billion over 10 years to rollout the Ultra Fast Broadband (UFB) network to 75 per cent of the population.
- A 10-year NZ$202 million contract in New Zealand to provide telecommunications services to UltraFast Fibre Limited (UFL) – a subsidiary of WEL Networks.
- Construction of the initial phase of the National Broadband Network rollout program to the NSW South Coast communities of Minnamurra and Kiama Downs.
- A six year A$35 million contract with ASC on behalf of the Air Warfare Destroyer (AWD) Alliance and a three year A$33 million contract with the Department of Defence to provide Comprehensive Maintenance Services (CMS) in Central Northern New South Wales. The CMS contract also has extension options of up to a three further years potentially worth A$33 million.
- Six-year A$88 million contract with long-term client Western Australian Department of Transport for the delivery of asset management and maritime infrastructure projects.
- A nine month construction contract with BHP Billiton for its West Cliff Mine Raw Coal and Reliability Improvement Project worth $38 million.
- A $33 million construction contract with Caltex Australia to build new fuel storage tanks and a road tanker loading facility at Port Hedland in the Pilbara region of Western Australia.
- Easternwell secured a contract with QGC worth $80 million over an initial three year period to provide well completion and ongoing well servicing activities as part of QGC's Queensland coal seam gas operations

Contracted revenue (continued)

Americas

- US$240 million worth of new and renewed contracts in the Americas business with long-term clients Florida Department of Transportation, Alaska Department of Transportation and Public Facilities and the Ontario Ministry of Transportation.
- FT Services asset management contract with Suncor Energy extended to 2016 with an estimated value in excess of C$2 billion.
- A three-year C$95 million contract for FT Services with Nexen in Canada.
- A three-year contract with Valero San Antonio for US$66 million to provide maintenance and outage services and perform small capital works projects.
- A US$39 million contract with Dow Chemical Pittsburgh to provide maintenance and outage services and perform small capital works projects for three years.

Middle East & Asia

- A$50 million in wins and renewals, with clients that included Gasco (Abu Dhabi Gas Company) and Takreer (Abu Dhabi Oil Refining Company).
- Bidding activity set to grow through ongoing investment in business development to identify and pursue pipeline of opportunities

Outlook

With the strategic alignment of the business significantly progressed the Company is now able to focus on long term growth. In the short term, growth aspirations will be challenging given the current economic and business environment.

The Company is responding to these challenges with a streamlined business, higher value service offerings and an increased exposure to sectors with a strong growth outlook. With contracted revenue momentum from an enhanced business development function, Transfield Services expects long term earnings growth. This is underpinned by a portfolio of contracts with quality clients and an appropriate level of risk.

Following the sale of USM and the sell down of TSI Fund, an earnings gap will exist while opportunities are pursued to reinvest the proceeds from these transactions. The Company plans to reinvest the proceeds during the second half of FY12.

The Company is targeting an absolute growth rate of up to 5% in operational NPAT (pre-amortisation) in FY12. However, excluding the USM and TSI Fund (RAC) contributions from FY11, the year on year operational NPAT (pre-amortisation) growth rate is expected to be 25%. These growth targets are based on USD/AUD parity and are subject to no deterioration in economic conditions.

Key Operational Metrics per MD&A - Proportionately Consolidated results (all numbers are A$M unless otherwise indicated)

Revenue by region	FY 2011	FY 2010	change
Australia & New Zealand	$2,628.7	$2,544.6	3.3%
Americas	$1,229.4	$1,378.6	-10.8%
Middle East & Asia	$116.0	$129.1	-10.2%
TSI Fund	$0.0	$0.0	-
Total Revenue	**$3,974.0**	**$4,052.3**	**-1.9%**

Revenue – by industry group	FY 2011	FY 2010	change
Resources & Industrial	$1,470.2	$1,422.4	3.4%
Infrastructure Services	$1,316.6	$1,238.3	6.3%
Property & Facilities Mgt	$1,187.3	$1,391.5	-14.7%
Total Revenue	**$3,974.0**	**$4,052.3**	**-1.9%**

Revenue % mix – by Region	FY 2011	FY 2010
Australia & New Zealand	66.1%	62.8%
Americas	30.9%	34.0%
Middle East & Asia	2.9%	3.2%
TSI Fund	0.0%	0.0%
	100.0%	**100.0%**

Revenue % mix – by Industry Group	FY 2011	FY 2010
Resources & Industrial	37.0%	35.1%
Infrastructure Services	33.1%	30.6%
Property & Facilities Mgt	29.9%	34.3%
	100.0%	**100.0%**

Revenue – by Industry Group within Regions

Australia & New Zealand	FY 2011	FY 2010	change
Resources & Industrial	$719.1	$588.4	22.2%
Infrastructure Services	$1,182.8	$1,113.4	6.2%
Property & Facilities Mgt	$726.8	$842.9	-13.8%
Total Revenue	**$2,628.7**	**$2,544.6**	**3.3%**

Americas	FY 2011	FY 2010	change
Resources & Industrial	$645.8	$716.3	-9.8%
Infrastructure Services	$133.8	$124.9	7.1%
Property & Facilities Mgt	$449.7	$537.3	-16.3%
Total Revenue	**$1,229.4**	**$1,378.6**	**-10.8%**

Middle East & Asia	FY 2011	FY 2010	change
Resources & Industrial	$105.2	$117.8	-10.7%
Infrastructure Services	$0.0	$0.0	-
Property & Facilities Mgt	$10.7	$11.4	-5.5%
Total Revenue	**$116.0**	**$129.1**	**-10.2%**

Revenue mix - by Industry Groups within Regions

Australia & New Zealand	FY 2011	FY 2010
Resources & Industrial	27.4%	23.1%
Infrastructure Services	45.0%	43.8%
Property & Facilities Mgt	27.6%	33.1%
Total Revenue	**100.0%**	**100.0%**

Americas	FY 2011	FY 2010
Resources & Industrial	52.5%	52.0%
Infrastructure Services	10.9%	9.1%
Property & Facilities Mgt	36.6%	39.0%
Total Revenue	**100.0%**	**100.0%**

Middle East & Asia	FY 2011	FY 2010
Resources & Industrial	90.7%	91.2%
Infrastructure Services	0.0%	0.0%
Property & Facilities Mgt	9.3%	8.8%
Total Revenue	**100.0%**	**100.0%**

EBITDA – by Region	FY 2011	FY 2010	change
Australia & New Zealand	$178.6	$142.8	25.1%
Americas	$59.8	$68.3	-12.4%
Middle East & Asia	$6.4	$7.9	-18.4%
Unallocated	-$9.1	-$9.3	1.9%
Core EBITDA	**$235.7**	**$209.7**	**12.4%**
TSI Fund	$16.0	$9.3	72.1%
Group EBITDA	**$251.7**	**$218.9**	**14.9%**

EBITDA Margin – by Region	FY 2011	FY 2010
Australia & New Zealand	6.8%	5.6%
Americas	4.9%	5.0%
Middle East & Asia	5.5%	6.1%
Unallocated	-	-
Core EBITDA Margin	**5.9%**	**5.2%**
TSI Fund	-	-
Group EBITDA Margin	**6.3%**	**5.4%**

Contracted Revenue (A$ Bn) – by Region

	FY2011	FY2010	change	FY2010 Adjusted[1]	change
ANZ	$8.1	$6.8	18.6%	$7.0	15.4%
Americas	$2.7	$3.4	-20.9%	$2.6	5.5%
ME & A	$0.1	$0.1	-38.2%	$0.1	-38.2%
TSI Fund	$0.5	$1.2	-54.6%	$0.5	9.7%
Total	**$11.4**	**$11.6**	**-1.4%**	**$10.2**	**11.8%**

Contracted Revenue % mix – by Contract Type	FY 2011	FY 2010
Cost reimbursable; KPI/Alliance	41%	53%
Schedule of Rates	39%	33%
Fixed Fee for Service	18%	11%
Lump sum (D&C)	2%	4%
	100%	**100%**

Contracted Revenue (A$ Bn) – by Industry Group

	FY2011	FY2010	change	FY2010 Adjusted[1]	change
Res & Ind	$3.3	$3.1	5.2%	$3.6	-7.2%
Infra Serv	$5.0	$4.9	1.2%	$4.0	24.0%
Prop & FM	$3.1	$3.5	-10.8%	$2.6	19.1%
Total	**$11.4**	**$11.6**	**-1.4%**	**$10.2**	**11.8%**

Industry Groups	Industry Groups – sub-sectors	
Resources & Industrial	Hydrocarbons	
	Process Industries	
	Mining	
Infrastructure Services	Telecommunications	Water
	Road & Rail	Power
	Public Transport	
Property & Facilities Mgt	Property Maintenance	
	Defence	
	Social Infrastructure	

1. Adjusted for like-for like comparison purposes i.e. excludes USM and a reduced share of Ratch Aus Corp Ltd (formerly TSIF)
Note: the information provided in this table has been rounded. In some cases, totals and percentages have been calculated from information that has not been rounded, hence some columns may not add exactly.

Australia & New Zealand

For the 12 months ended 30 June (A$m)	2011	2010	% change
Revenue	$2,628.7	$2,544.6	3.3%
EBITDA	$178.6	$142.8	25.1%
Margin	6.8%	5.6%	

FY11 overview

- Revenue growth attributable to six month contribution from Easternwell - reflecting strategic focus on growth in Resources and Infrastructure sectors
- Excluding Easternwell's revenue contribution of $110 million, revenue declined by 1.0% mostly attributable to cessation of government stimulus work
- EBITDA margin growth (excluding Easternwell) due to streamlining initiatives despite tough trading conditions
- Resources and Industrial sector growth due to increased shutdown activity as well as contribution from Easternwell
- Infrastructure sector delivered a solid performance in water, rail and power sectors
- High level of activity in second half following a lower than expected first half
- Macro-economic headwinds including political uncertainty, project start delays, global economic concerns and falling levels of business confidence

FY12 outlook

- Market conditions expected to remain variable across key sectors
- Increased contributions from new contracts should help to offset subdued sectors
- Future earnings underpinned by long term contracts with blue-chip clients and strong track-record of renewals
- Enhanced business development continues to improve pipeline growth across all sectors
- Business efficiency initiatives to counteract increasingly competitive bidding environment
- Economic uncertainty expected to persist leading to project delays inhibiting growth levels in the medium term

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The Australia and New Zealand ('ANZ') region achieved Proportionately Consolidated Revenue growth of 3.3% underpinned by the Infrastructure Services sector, as well as a six month contribution from Easternwell. Proportionately consolidated margins grew to 6.8% (from 5.6% in FY10) also helped by Easternwell as well as business efficiency initiatives from the core business. Importantly, the growth in revenue and EBITDA is reflective of the strategic intent of the business to focus on the growth sectors that Easternwell provides services.

Excluding Easternwell, the revenue for the ANZ region declined modestly by 1.0% compared to last year mostly due to a reduction in work volumes as the government stimulus package concluded. The toughening market conditions continue to place pressure on margins, however the decline has been offset by ongoing business improvement initiatives. Accordingly, the ANZ Region EBITDA margins grew to 5.8% (excluding Easternwell), reflecting these business efficiencies and increased financial discipline.

The pipeline of opportunities continues to grow, both in terms of size and quality as the business development function gains traction. The region secured several major contracts during the period which included SA Water, Ultra Fast Broadband (NZ), Alcoa, Home Insulation Safety Program, SA Buses, Delta Electricity, Qenos QETP Project and the extension and expansion of the NSW Department of Services, Technology and Administration.

Resources and Industrial

The Resources and Industrial segment saw revenue growth of 4% (excluding Easternwell) compared to the same period last year. Margins were steady, with reduced activity in several key sectors being offset by the commencement of projects such as BHP Westcliff and the Caltex Port Hedland construction contract.

The business continues to pursue opportunities in the upstream oil and gas sectors as well as expanding niche services across a range of sectors. For example the business expanded its relationship with Qenos in Victoria to include execution of QETP project in Altona. Further to this, a highlight during the period included the commencement of a pilot programme with Australia Pacific to develop in-field inspection and maintenance solutions associated with existing coal seam gas assets.

Whilst economic conditions remain challenging, the outlook remains positive with increased activity expected in the next 12 months, particularly in the projects area and shutdowns in the hydrocarbons sector. The significant expansion in coal seam gas and LNG sectors

has seen some delays. However, the Group's position as a global LNG operations and maintenance service provider together with synergies from the acquisition of Easternwell, will position the Group well to secure opportunities as projects progress and plants come on line.

In addition, a strong pipeline of opportunities exists in the industrial and manufacturing sector for long term maintenance services, building on our strong track record in this market with long term relationships with blue chips clients. Our presence in the power generation market continues to grow with successful tenders for boiler overhaul services for Delta Electricity at Vales Point and Munmorah Power stations.

Infrastructure Services

The Infrastructure Services sector achieved mixed results during the financial year. The business saw growth in key sectors being partially offset by the project delays in the Rail business.

After a lower than expected first half contribution, the Rail business saw a significant increase in activity in the second half as the productivity rail program commenced. Adverse weather did delay some work volumes.

The Water business again delivered strong organic growth from existing long-term contracts. Highlights during the year included the major contract win with South Australia Water totalling A$1.1 billion via a 50% joint venture with Degremont and Suez Environment which commenced operation from July 2011. Further to this, the business secured an extension of the Sydney Water contract for a further two years.

The Roads business includes key contracts such as the Lane Cove Tunnel in Sydney, the CityLink and the EastLink toll roads in Melbourne as well as significant highways in New Zealand. Activity in New Zealand has reflected little growth due to the NZ Road Authority temporary reduction in capital expenditure.

The Power business unit provides transmission and distribution services as well as brownfield capital upgrades to key clients across Australia and New Zealand. The business saw healthy revenue growth from new contracts such as Aurora Cogen contract as well as improved operating leverage from previously underperforming contracts.

Work volumes for the business in New Zealand continued to be strong. Electrical Services New Zealand (the largest high voltage service provider in New Zealand) provides services to Transpower (the national transmission asset owner). Activities associated with the backlog of capital projects continued to provide sustained work volumes and is expected to continue for some time.

Our long term presence in the telecommunications sector in New Zealand was underpinned by securing two major contracts with network providers. Firstly, a 10-year NZ$260 million contract was secured to provide telecommunications services to Enable Networks, which forms part of the New Zealand Government's commitment to invest NZ$1.5 billion over 10 years to rollout the Ultra Fast Broadband (UFB) network to 75 per cent of the population. Further to this, a 10-year NZ$202 million contract was won to provide telecommunications services to UltraFast Fibre Limited (UFL) – a subsidiary of WEL Networks.

The Christchurch re-build process is currently focused on critical services such as sewers, water reticulation and retaining structures and road repair. The New Zealand business has an existing presence and capability and is well positioned to win some work associated with the re-build programme.

Property and Facilities Management

The Property and FM (or Social Infrastructure) division saw revenue and margin decline due to the cessation of government stimulus packages. However, these declines are expected to be offset by recent wins of note. The division has a significant pipeline of opportunities that positions it well for future growth.

During the year, the business was successful in securing two new defence industry contracts including a six year A$35 million contract with ASC on behalf of the Air Warfare Destroyer (AWD) Alliance and a three year A$33 million contract with the Department of Defence to provide Comprehensive Maintenance Services (CMS) in central Northern New South Wales. Further to this, the business renewed a contract with the Western Australian Department of Transport, extending on the existing 15-year relationship for a further six years.

In February, the business announced it had secured a five year A$540 million contract with long-term client NSW Department of Services, Technology and Administration. Transfield Services will provide facilities management and cleaning services to public schools, TAFE colleges and government buildings to an expanded geographical footprint that now includes the Hunter/Central Coast, North and Western Sydney regions.

The division strengthened its presence with local government and industrial sectors with contracts secured with the City of Melbourne and Amcor. In March, the business combined the capabilities of Transfield Services and APP to secure a contract with the Federal Department

of Climate Change & Energy Efficiency to inspect 50,000 homes nationally under the Home Insulation Safety Program and provided a boost to the second half in terms of revenue and EBITDA.

Strategically, the business unit has established a Corporate Real Estate offering with APP to utilise joint capabilities to provide a whole of service approach to the market and leverage the service offering to existing clients.

Our long term relationships with local, state and federal government agencies provides long term, reliable revenue streams through the full economic cycle.

Easternwell

Easternwell was impacted by the extreme weather events experienced across Australia during the second half. Importantly, there was no damage to or loss of equipment from these events. The extreme weather caused client work programmes to be pushed back, with many projects experiencing damaged equipment and lack of access after the rain cleared. This had a significant impact on our ability to deliver services in the second half. It is likely that some residual effect will be felt in FY12 as delayed projects commence during FY12, rather than at the beginning of the year.

Easternwell expects these work volumes to eventuate, however, the predictability of the timing of these volumes across reporting periods can be difficult.

The pro forma FY11 contribution from Easternwell was $75 million, which was below expectations. This was due to adverse weather conditions as well as the delayed awarding and commencement of new contracts. Some of these work programmes will commence in the first half of FY12. Therefore, the full year contribution from some of the growth opportunities will not be seen until FY13.

On this basis, Easternwell expects to achieve $100 million of EBITDA in FY12, attributable to contracted work existing at 1 July, as well as the delivery during FY12 of delayed work programmes and new work secured.

Easternwell's Energy division continued to grow and secure key opportunities during the period. Whilst flooding in south-west Queensland and South Australia did impact some work volumes, the Energy division was able deliver to expectations. The contracting regime under which this division typically operates helps to mitigate margin pressure, should work volumes be decreased due to extreme events such as weather.

Key highlights from the period including the award of long term contracts with two of the three major operators in the Eastern Queensland coal seam gas (CSG) region, Santos and BG's QGC. There have been several new rigs ordered, payments for which will benefit from the strong AUD. Easternwell's long term relationships with these clients and other existing customers' positions the Company well to continue to secure opportunities as it develops a strong pipeline of additional work in the CSG sector. Further to this, both Easternwell and Transfield Services will leverage the combined capabilities and market position to pursue opportunities across the resources sector.

The severe weather had a significant effect on Easternwell's Mineral drilling operations in Queensland and Western Australia with two major clients delaying the recommencement of work slower than anticipated following the weather events. The business secured new clients including Fortescue Metals Group Ltd during the second half. The drilling operations at BHP's Olympic Dam sites in South Australia recorded strong volumes during the period. The Company is well placed to provide additional equipment and resources as demand increases.

Additionally, Easternwell commenced drilling for the coal mining sector in the Bowen Basin of Queensland securing long term contracts with Anglo Coal and BMA with interest from other major operators in the region. Easternwell is well placed to participate in the increased activity in this region as strong demand for coal exports continues.

Americas

For the 12 months ended 30 June (A$m)	2011	2010	change
Revenue	$1,229.4	$1,378.6	(10.8%)
EBITDA	$59.8	$68.3	(12.4%)
Margin	4.9%	5.0%	

For the 12 months ended 30 June (US$m)			
Revenue	$1,215.0	$1,215.7	(0.1%)
EBITDA	$59.1	$60.2	(1.9%)
Margin	4.9%	5.0%	

FY11 highlights:

- Revenue stable (in local currency) attributable growth in Infrastructure Roads business offset by lower volumes in USM and Resources & Energy US
- Cost saving initiatives ensured stable margins
- Restructured to form Resources & Energy and Infrastructure sectors
- TIMEC business now part of the Resources and Energy US division with major focus on diversifying from reliance on downstream customers to new and adjacent sectors and regions
- FT Services JV renewed Suncor contract and secured over $2.1 billion dollars of work with Suncor Energy and Nexen Inc.
- Infrastructure Roads continues to expand footprint in Canada
- Resources & Energy US secured renewals of all major contracts during the year but at reduced pricing

FY12 Outlook:

- Constrained economic conditions expected to continue
- Streamlined business better positioned to absorb economic volatility
- Continued North American expansion in Infrastructure Roads segment
- FT Services pursuing ongoing opportunities in the growing oil sands expansion and related sectors such as power generation
- Region well positioned for improved economic conditions with more efficient cost base and improved business development function

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Proportionately consolidated revenue from the Americas region declined by 10.8% to A$1.2 billion, with EBITDA declining 12.4% to $59.8 million. Importantly, EBITDA margins were stable. In local currency terms, revenue was stable with a modest decline in EBITDA.

Resources & Industrial

The Resources and Industrial segment saw revenue decline compared to the same period last year driven by lower volumes of unscheduled work for both FT Services and Resources & Energy US ('R&E US'). EBITDA margins were stable as contract optimisation and business streamlining initiatives gained traction.

The FT Services JV continues to expand its position in Canada with the extension to the Suncor asset management contract for five years out to 2016 worth in excess of CAD$2 billion. While there was some change in scope, the additional expected volume from unscheduled work with a positive growth outlook in the oil sands sector should see work levels sustained over the medium term.

FT Services expanded its client base with the award of the maintenance contract with Nexen Inc. at their Long Lake facility in Fort McMurray, Alberta worth more than $95 million over three years as well as securing an extension to its existing relationship with CNRL for a further two years. FT Services continues to provide a portfolio of asset management services including maintenance, turnarounds and program execution.

During the second half, the region restructured to form the Resources & Energy division in the US and is being shaped to link into global strategic assets in upstream production and global account management initiatives. The business development efforts are focused on adjacent sectors such as the mining, steel, petro-chemical and power sectors, and adjacent geographies e.g. beyond Chile in South America with major global resource companies. The division will focus on the delivery of asset services through maintenance, specialty services, field services, and minor capital projects.

With higher crude oil prices placing downward pressure on margins, the refinery sector continues to be subdued with capital project activity low. However, scheduled turnaround activity has increased modestly with R&E US successfully completing a major turnaround at the BP Carson and Valero Benicia refineries. Essential maintenance and warranty shutdown volumes remained stable. The R&E US business focus on adjacent sectors will help expand the portfolio and reduce a dependence on downstream hydrocarbons.

The Chilean JV (Inser TS) continues to grow, underpinned by higher copper and gold prices which fuelled increased capital project spend by our major customers. In addition, economic growth in the nearby economies of Brazil, Peru and Columbia are opening up opportunities for InserTS with existing and new customers.

Inser TS serves major domestic and international clients in the mining and related industries. It provides asset management, maintenance services, construction, and project management services in extraction, primary processing, secondary processing, and support activities throughout the country.

Infrastructure Services

Infrastructure Roads (formerly Transfield Services North America Transportation Infrastructure) continues to expand its presence with revenue growth in local currency terms, driven by organic growth in the Canadian transportation market and increased leveraged work with our existing client base. The business continues to build its presence in the North American market with more than US$240 million of work secured in FY11.

The business continues to hold its market share within its traditional US markets. While US growth remains slow, and governments at all levels experience budgetary constraints, spending on roads will remain static. However, these same drivers may lead some states to reconsider outsourcing initiatives as a solution to diminished revenues.

In Canada, the province of Ontario continues to re-procure all of their maintenance contracts, which is expected to continue until 2013. Additional opportunities in Alberta and British Columbia have been identified and strategies developed to expand presence in these regions. The business is now well positioned to capitalise on this appetite for outsourcing having gained operational scale in North America.

Infrastructure Roads provides US and Canadian State and Provincial Departments of Transportation and other government agencies with outsourced road maintenance solutions. The subsidiary has strong market positions in the regions where these activities are outsourced. It currently has contracts for 27 projects with 14 clients in Alaska, Florida, Maryland, North Carolina, Virginia and Washington DC in the United States and in New Brunswick and Ontario in Canada.

Property and Facilities Management

During the second half, the Company announced it had sold USM to US-based mechanical, electrical and construction services company, EMCOR Group, Inc. The total cash value of the transaction was US$255 million, inclusive of payment for related tax benefits.

In comparison to the core Transfield Services business proposition, USM was a poor fit strategically with relatively low barriers to entry, sub-optimal scale, low margins, high churn of customers and contractors and a stifled retail sector. The sale provides Transfield Services with capital to reinvest elsewhere at better capital returns and lower risk that is more aligned to the long term strategy of the Company.

The transaction aligns with the Group's strategic focus on the two key sectors of Resources and Infrastructure where the Company is more able to provide higher technical and specialist asset management services.

The transaction was completed on 30 June, 2011.

Middle East and Asia

For the 12 months ended 30 June (A$m)	2011	2010	% change
Revenue	$116.0	$129.1	(10.2%)
EBITDA	$6.4	$7.9	(18.4%)
Margin	5.5%	6.1%	

FY11 highlights

- Increased shutdown activity through Transfield Emdad JV helped to offset generally lower volumes
- Strengthened AUD impacted contribution to Group result
- Intergulf continues to perform well with solid organic growth in the UAE driven by the Oil & Gas sector
- Transfield Services Worley New Caledonia JV performing well at Vale Goro nickel project
- Low volumes impacted margins

FY12 outlook:

- Forming strategic partnerships to pursue infrastructure operations and maintenance projects in Middle East
- Strategically reviewing new markets in the Middle East
- Primary focus on strong Oil and Gas sector to drive growth
- Bidding activity set to grow through ongoing investment in business development to identify and pursue pipeline of opportunities

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Proportionately Consolidated Revenue for the Middle East and Asia region fell 10.2% to $116.0 million attributable to a strengthening Australian dollar, while lower volumes impacted proportionately consolidated EBITDA which declined by 18.4% to $6.4 million.

Project activity in the region remains stifled with constrained economic conditions expected to continue, particularly in the UAE. due to project postponement. Despite strong oil prices, the global economic uncertainty and unrest across some Middle East regions has resulted in reduced confidence in the market.

Intergulf General Contracting LLC continues to perform well, benefiting from contract wins during the period from civil related activities in the hydrocarbon sectors in the UAE. Our Transfield Emdad joint venture, which provides Operation and Maintenance services, performed well during the period with several new contracts secured that involved shutdowns with the ADNOC Group. Recent improvements in performance and service quality is providing the platform for future growth as customer relationships mature, resulting in a strong outlook for the business.

Maintaining margin levels is challenging due to increased competition across the Middle East region, however, recognition for quality service delivery is becoming a differentiator in some markets, particularly Qatar. The Transfield Mannai Facilities Management Services joint venture continues to grow the business by building a reputation as a quality service provider.

The Hofincons business technology and consulting division is expanding into international markets including Qatar, North America and Australia. The types of services provided include data capture and analysis of asset performance from which information can be used to optimise an asset maintenance programme.

In line with a strategic review of the region, project opportunities have been identified in the Resources and Infrastructure segments. Strategic partnership models have been identified and will be established to provide local structure to deliver effectively in the Middle East environment. Transfield Services will continue to support the business in the region as progress is being made in establishing scale despite subdued activity. The focus is to ensure the business remains profitable under current conditions and prepare for increased activity in the medium term.

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Transfield Services Limited and controlled entities
Consolidated Statement of Comprehensive Income
For the year ended 30 June 2011

	Consolidated	
	2011 **$'000**	2010 $'000 (Restated[1])
Continuing operations		
Revenue from ordinary activities	**2,760,755**	2,618,091
Share of net profits of associates and joint ventures accounted for using the equity method	**23,990**	49,353
Subcontractors, raw materials and consumables	**(1,165,153)**	(1,136,449)
Employee benefits expense	**(1,268,100)**	(1,196,381)
Depreciation and amortisation	**(64,430)**	(54,511)
Other expenses	**(195,764)**	(188,383)
Net finance costs	**(40,448)**	(26,020)
Finance costs	**(44,463)**	(27,709)
Finance income	**4,015**	1,689
Profit before income tax	**50,850**	65,700
Income tax expense	**(6,901)**	(4,534)
Profit from continuing operations after income tax	**43,949**	61,166
(Loss) / profit from discontinued operation (net of income tax)	**(63,224)**	12,390
(Loss) / profit for the year	**(19,275)**	73,556
Other comprehensive income		
Cumulative reserve amounts reclassified to the income statement in the period:		
- Foreign currency translation reserve on sale of USM	**50,301**	-
- Interest rate swap hedge reserve on reclassification of investment in TSI Fund (RAC) as an asset held for sale	**4,968**	-
	35,994	73,556
Other comprehensive income items:		
- Exchange differences on translation of foreign operations	**(60,206)**	(2,470)
- Changes in fair value of cash flow hedge (interest rate hedge)	**(478)**	1,302
- Share of changes in fair value of cash flow hedge (equity accounted investment)	**3,806**	(256)
- Income tax (expense) / benefit on other comprehensive income	**250**	(298)
Total comprehensive (loss) / income for the year	**(20,634)**	71,834
(Loss) / profit attributable to:		
Owners of the Company	**(19,734)**	73,045
Non-controlling interest	**459**	511
(Loss) / profit for the year	**(19,275)**	73,556
Total comprehensive (loss) / income attributable to:		
Owners of the Company	**(21,093)**	71,323
Non-controlling interest	**459**	511
Total comprehensive (loss) / income for the year	**(20,634)**	71,834
Earnings per share attributable to ordinary equity holders of the parent		
Basic and diluted earnings / (loss) per share from continuing operations – cents	8.8	14.2
Basic and diluted (loss) / earnings per share from discontinued operations – cents	(12.8)	2.9
Basic and diluted (loss) / earnings per share – cents	(4.0)	17.1

[1] On 30 June 2011, Transfield Services completed the sale of USM. In accordance with the requirements of AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* the results of USM for the year ended 30 June 2010 have been aggregated and are disclosed as discontinued operations.

Consolidated Statement of Financial Position
As at 30 June 2011

	Consolidated	
	2011 $'000	2010 $'000
Current assets		
Cash and cash equivalents	265,717	112,716
Trade and other receivables	510,932	486,557
Income tax receivable	6,983	479
Inventories	82,677	58,529
Prepayments and other current assets	23,405	21,746
	889,714	680,027
Assets classified as held for sale	92,698	-
Total current assets	982,412	680,027
Non-current assets		
Investments accounted for using the equity method	187,811	268,508
Property, plant and equipment	309,424	174,065
Deferred tax assets	22,076	47,349
Intangible assets	744,457	674,625
Prepayments and other non-current assets	21,564	6,101
Total non-current assets	1,285,332	1,170,648
Total assets	2,267,744	1,850,675
Current liabilities		
Trade and other payables	506,559	507,702
Loans and borrowings	65,004	27,129
Current tax liabilities	-	25,852
Provision for employee benefits	75,485	70,700
Derivatives	85	826
Other provisions	3,348	3,631
Total current liabilities	650,481	635,840
Non-current liabilities		
Loans and borrowings	450,727	360,333
Deferred tax liabilities	6,902	19,553
Provision for employee benefits	20,533	26,830
Derivatives	942	-
Other provisions	13,346	4,077
Total non-current liabilities	492,450	410,793
Total liabilities	1,142,931	1,046,633
Net assets	1,124,813	804,042
Equity		
Contributed equity	1,210,848	808,048
Reserves	(73,595)	(76,155)
Accumulated losses /(retained profits)	(13,610)	70,891
Total equity attributable to equity holders of the Company	1,123,643	802,784
Non-controlling interest	1,170	1,258
Total equity	1,124,813	804,042

Transfield Services Limited and controlled entities

Consolidated Statement of Changes in Equity
For the year ended 30 June 2011

($'000)	Contributed equity	Foreign currency translation reserve	Hedging reserve (interest rates)	Hedging reserve (foreign exchange)	Share based payments reserve	Other reserves	Retained earnings	Total attributable to ordinary equity holders	Non-controlling interest	Total equity
Balance at 1 July 2010	808,048	(73,664)	(13,584)	-	10,832	261	70,891	802,784	1,258	804,042
Profit/(loss) for the year	-	-	-	-	-	-	(19,734)	(19,734)	459	(19,275)
Exchange differences on translation of foreign operations	-	(60,206)	-	-	-	-	-	(60,206)	-	(60,206)
Reclassification of reserves to the income statement	-	50,301	4,968	-	-	-	-	55,269	-	55,269
Changes in fair value of cash flows hedge, net of tax	-	-	3,636	(58)	-	-	-	3,578	-	3,578
Total comprehensive income for the period	-	(9,905)	8,604	(58)	-	-	(19,734)	(21,093)	459	(20,634)
Contributions of equity, net of transaction costs and taxes	402,965	-	-	-	-	-	-	402,965	-	402,965
Dividends paid	-	-	-	-	-	-	(64,767)	(64,767)	-	(64,767)
Other transactions with non-controlling interest	-	-	-	-	-	-	-	-	(547)	(547)
Employee share scheme transactions	(165)	-	-	-	3,919	-	-	3,754	-	3,754
Total contributions by and distributions to owners	402,800	-	-	-	3,919	-	(64,767)	341,952	(547)	341,405
Balance at 30 June 2011	1,210,848	(83,569)	(4,980)	(58)	14,751	261	(13,610)	1,123,643	1,170	1,124,813
Balance at 1 July 2009	802,491	(71,194)	(14,332)	-	10,823	261	48,500	776,549	747	777,296
Profit for the year	-	-	-	-	-	-	73,045	73,045	511	73,556
Exchange differences on translation of foreign operations	-	(2,470)	-	-	-	-	-	(2,470)	-	(2,470)
Changes in fair value of cash flows hedge, net of tax	-	-	748	-	-	-	-	748	-	748
Total comprehensive income for the period	-	(2,470)	748	-	-	-	73,045	71,323	511	71,834
Contributions of equity, net of transaction costs and taxes	4,114	-	-	-	-	-	-	4,114	-	4,114
Dividends paid	-	-	-	-	-	-	(50,654)	(50,654)	-	(50,654)
Employee share scheme transactions	1,443	-	-	-	9	-	-	1,452	-	1,452
Total contributions by and distributions to owners	5,557	-	-	-	9	-	(50,654)	(45,088)	-	(45,088)
Balance at 30 June 2010	808,048	(73,664)	(13,584)	-	10,832	261	70,891	802,784	1,258	804,042

Consolidated Statement of Cash Flows

For the year ended 30 June 2011

	Consolidated	
	2011	2010
	$'000	$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	3,295,526	3,324,818
Payments to suppliers, subcontractors and employees (inclusive of goods and services tax)	(3,206,868)	(3,167,027)
	88,658	157,791
Dividends, distributions and net cash contributions from associates and joint ventures	51,833	80,427
Finance income	4,015	1,690
Finance costs	(33,998)	(25,514)
Income taxes (paid) / refunded	(28,302)	10,641
Net cash inflow from operating activities	82,206	225,035
Cash flows from investing activities		
Payments for property, plant and equipment	(73,142)	(36,677)
Proceeds from sale of property, plant and equipment	6,654	5,253
Proceeds from sale of USM, net of cash disposed	257,140	-
Payments for acquisition of subsidiaries, net of cash acquired	(553,059)	(15,677)
Investment in TSI Fund (RAC)	-	(43,226)
Net cash outflow from investing activities	(362,407)	(90,327)
Cash flows from financing activities		
Proceeds from borrowings (net of financing costs)	1,554,160	365,449
Repayment of borrowings	(1,412,020)	(437,129)
Proceeds from shares issued in the period (net of issue costs)	363,418	(998)
Dividends paid	(65,125)	(46,540)
Net cash outflow from financing activities	440,433	(119,218)
Net increase in cash held	160,232	15,490
Cash at the beginning of the financial year	112,716	97,979
Net foreign exchange differences in opening cash	(7,231)	(753)
Cash and cash equivalents at the end of the reporting period	265,717	112,716

Operating segment results

2011 $'000s	ANZ	Americas	ME&A	Unallocated	TSI Fund (RAC)	Group
Proportionately Consolidated Revenue	**2,628,697**	**1,229,354**	**115,974**	**-**	**-**	**3,974,025**
Less: Share of joint venture revenue	(325,907)	(391,860)	(47,874)	-	-	(765,641)
Revenue	**2,302,790**	**837,494**	**68,100**	**-**	**-**	**3,208,384**
Share of associate and joint venture results	25,020	18,424	4,929	-	16,915	65,288
Profit/(loss) from wholly owned operations	147,655	29,822	(394)	(9,080)	(959)	167,044
EBITDA	**172,675**	**48,246**	**4,535**	**(9,080)**	**15,956**	**232,332**
Depreciation						(53,190)
Amortisation						(28,053)
Net operating finance costs						(39,130)
Tax on operating items						(11,377)
Non-controlling interest						(459)
Operating net profit after tax						**100,123**
Non-recurring items – restructuring and transaction costs, net of tax (see below)						(119,857)
Net loss after tax (attributable to owners of the Company)						**(19,734)**

Non-recurring items – restructuring and transaction costs (net of tax):	
Six months ended 31 December 2010:	
Restructuring costs	7,342
Easternwell acquisition costs	6,344
	13,686
Six months ended 30 June 2011:	
Loss on disposal of USM	19,345
Cumulative foreign exchange losses relating to USM (previously recognised in reserves)	50,301
Net share of losses associated with impairment of investment in Loy Yang A power station by TSI Fund (RAC) and gains on recognition of convertible notes on sell-down in investment in TSI Fund (RAC)	28,907
Transaction costs relating to TSI Fund (RAC) transaction	7,618
Total in the year ended 30 June 2011	**119,857**

Operating segments (continued)
For the year ended 30 June 2011

(b) Operating segment results (continued)

2010 $'000s	ANZ	Americas	ME&A	Unallocated	TSI Fund (RAC)	Group
Proportionately Consolidated Revenue	**2,544,642**	**1,378,568**	**129,143**	-	-	**4,052,353**
Less: Share of joint venture revenue	(427,467)	(417,315)	(56,615)	-	-	(901,397)
Revenue	**2,117,175**	**961,253**	**72,528**	-	-	**3,150,956**
Share of associate and joint venture results	34,004	22,277	6,709	-	9,269	72,259
Profit/(loss) from wholly owned operations	104,781	35,441	(1,103)	(9,263)	-	129,856
EBITDA	**138,785**	**57,718**	**5,606**	**(9,263)**	**9,269**	**202,115**
Depreciation						(46,127)
Amortisation						(27,694)
Net operating finance costs						(26,133)
Tax on operating items						(5,699)
Non-controlling interest						(511)
Operating net profit after tax						**95,951**
Non-recurring items (see below)						(22,906)
Net profit after tax (attributable to owners of the Company)						**73,045**
Non-recurring items (net of tax):						
Normalisation adjustment to TSI Fund (RAC) share of profits						22,906
Total						**22,906**

(c) Reconciliations to primary financial statements

	2011 $'000	2010 $'000
(i) Revenue		
Segment revenue	**3,208,384**	3,150,956
Less: revenue from discontinued operations	**(450,306)**	(532,865)
Add: Net gain from reclassification of investment in TSI Fund (RAC)	**2,677**	-
Revenue from continuing operations	**2,760,755**	2,618,091
(ii) Share of net profits of associates and joint ventures accounted for using the equity method		
Segment share of associates and joint venture results	**65,288**	72,259
Less: share of TSI Fund (RAC) transaction costs	**(2,718)**	-
Less: share of Loy Yang A fair value assessment recognised in TSI Fund (RAC)	**(38,580)**	
Less: Normalisation adjustment for TSI Fund (RAC) share of profit	**-**	(22,906)
Share of net profits of associates and joint ventures accounted for using the equity method	**23,990**	49,353
(iii) Depreciation		
Segment depreciation	**53,190**	46,127
Less: depreciation relating to discontinued operations	**(3,058)**	(3,859)
Depreciation relating to continuing operations	**50,132**	42,268
(iv) Amortisation		
Segment amortisation	**28,053**	27,694
Less: amortisation relating to discontinued operations	**(13,755)**	(15,451)
Amortisation relating to continuing operations	**14,298**	12,243

Operating segments (continued)
For the year ended 30 June 2011

(c) Reconciliations to primary financial statements (continued)

(v) Finance costs	2011 $'000	2010 $'000
Net operating finance costs	39,130	26,133
Less: finance costs relating to discontinued operations	(327)	(113)
Add: non-recurring finance costs	1,645	-
Net Finance costs	40,448	26,020
(vi) Income tax		
Tax expense relating to operating activities	11,377	5,699
Add: tax credit/(expense) relating to discontinued operations	1,267	(1,165)
Less: tax on non-recurring items	(5,743)	-
Income tax expense from continuing operations	6,901	4,534