FINANCIAL REPORT – 30 JUNE 2009

Transfield Services Limited
ACN 000 484 417

This financial report covers both Transfield Services Limited as an individual entity and the consolidated entity consisting of Transfield Services Limited and its controlled entities.

The financial report is presented in Australian currency.

Transfield Services Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Transfield Services Limited
Level 10, 111 Pacific Highway
NORTH SYDNEY NSW 2060

The financial report was authorised for issue by the Directors on 26 August 2009. The Company has the power to amend and reissue the financial report.

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities and in the Director's Report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the Company. All press releases, financial reports and other information are available at our Media and Investor Centre on our website www.transfieldservices.com.

For queries in relation to our reporting please contact David Slack-Smith (General Manager, Investor Relations) on +612 9464 1019 or e-mail slacksmithd@transfieldservices.com

Directors' Report

Your Directors present their report on the consolidated entity consisting of Transfield Services Limited and the entities it controlled at the end of, or during, the year ended 30 June 2009.

Directors

The following persons were Directors of Transfield Services Limited during the whole of the financial year and up to the date of this report:

Anthony Shepherd (Chairman)

Guido Belgiorno-Nettis AM

Luca Belgiorno-Nettis AM

Professor Stephen Burdon

Steven Crane

Mel Ward AO

Peter Goode was appointed Managing Director and Chief Executive Officer on 30 March 2009, the same date upon which Peter Watson resigned from both positions.

David Sutherland resigned as a Director on 24 July 2009, the same date upon which Jagjeet Bindra was appointed as Director.

Principal activities

During the year the principal continuing activities of the consolidated entity consisted of:

(a) provision of operations and maintenance, asset management, project and capital management outsourcing and infrastructure development services and

(b) investment in and management of Transfield Services Infrastructure Fund.

Transfield Services operates in Australia, New Zealand, North America and the Emerging Markets (comprising the United Arab Emirates, Qatar, New Caledonia, South East Asia, the Pacific, India and Chile) and its business segments include resources and industrial, property and facilities management and infrastructure services sectors.

Dividends

Dividends paid to members during the financial year were as follows:

	2009 $'000	2008 $'000
Final ordinary dividend for the year ended 30 June 2008 paid on 13 October 2008	**35,631**	35,631
Interim ordinary dividend paid on 14 April 2009	**19,588**	35,646
	55,219	71,277

	CENTS	CENTS
Final ordinary dividend (paid 13 October 2008)	**18.00**	18.00
Interim ordinary dividend (paid 14 April 2009)	**4.75**	18.00
Dividend pay-out ratio (before impairment)	**59.1%**	86.7%

In addition to the above dividends, since the end of the financial year the Directors have recommended the payment of a final ordinary dividend of 7.25 cents per fully paid share, being $29,963,000 to be paid on 12 October 2009 out of retained profits at 30 June 2009.

Review of operations

A summary of consolidated revenues and results by significant business segments is set out below:

	SEGMENT REVENUE		SEGMENT RESULT	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Australia	**1,629,390**	1,600,160	**94,250**	88,948
North America	**1,167,384**	847,276	**(135,758)**	34,410
New Zealand	**497,706**	487,253	**12,041**	9,327
Emerging markets	**111,373**	61,948	**6,746**	3,945
Total segment revenue	**3,405,853**	2,996,637		
Inter-segment revenue	**(17,872)**	-		
Interest revenue	**3,218**	3,167		
Consolidated revenue	**3,391,199**	2,999,804		
Segment result (earnings before interest and tax)			**(22,721)**	136,630
Net finance cost			**(41,702)**	(39,641)
(Loss) / profit before income tax expense			**(64,423)**	96,989
Income tax benefit / (expense)			**9,933**	(14,613)
(Loss) / profit after income tax expense			**(54,490)**	82,376
(Profit)/loss attributable to minority interests			**(520)**	(203)
(Loss) / profit attributable to members of Transfield Services Limited			**(55,010)**	82,173

	2009 CENTS	2008 CENTS
(Loss) / earnings per share		
Basic (loss) / earnings per share	**(15.34)**	27.64
Diluted (loss) / earnings per share	**(15.34)**	27.64
Basic and diluted earnings per share (pre-impairment)	**26.05**	27.64

Significant changes in the state of affairs

During the year, the Group undertook two major capital management initiatives to strengthen its balance sheet. In December 2008, the Group raised $267 million through a pro-rata rights issue and institutional placement, with the proceeds being used to substantially repay debt. In addition, the Group executed a new US$367 million banking facility maturing in January 2012. The new banking facility substantially addresses all refinancing requirements through to January 2012 and eliminates cross currency exposure on limits.

The Group reported an impairment loss of $171.7 million ($148.4 million after tax) relating to its USM business. The impairment loss was recorded as a result of the USM business not achieving the growth and cashflow targets anticipated in the acquisition pricing models. The Group's ability to pay dividends and to comply with debt covenants was unaffected by the write-down.

The Board remains committed to the USM business which continues to generate operating profits and positive cashflows for the Group.

Directors' Report

Matters subsequent to the end of the financial year

No significant matters have arisen between balance sheet date and the date of this report that have significantly affected, or may significantly affect:

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

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation and greenhouse gas and energy data reporting requirements

The Group is subject to the reporting requirements of the *National Greenhouse and Energy Reporting Act 2007*. However, it does not currently trigger the requirements of the *Energy Efficiency Opportunities Act 2006*. The *National Greenhouse and Energy Reporting Act 2007* requires the Group to report its annual greenhouse gas emissions and energy use. The first measurement period for this Act ran from 1 July 2008 until 30 June 2009. The Group has implemented systems and processes for the collection and calculation of the data to enable it to prepare and submit its initial report to the Greenhouse and Energy Data Officer ('GEDO') by 31 October 2009. Transfield Services will register with the GEDO before the deadline of 31 August 2009 and its report will include the greenhouse gas emissions, energy production and energy use of all facilities under its operational control.

Meetings of Directors

					MEETINGS OF COMMITTEES				
	BOARD MEETINGS HELD	EXTRA ORDINARY BOARD MEETINGS HELD	BOARD SUB COMMITTEE 1	BOARD SUB COMMITTEE 2	RACC	HSSC	HR COM	NOMC	BSRC***
No. of meetings held:	11	19^	4	3	4	5	6	1	3
No. of meetings attended by:									
Anthony Shepherd	11	19	4	3	-	1+	-	1	-
Guido Belgiorno-Nettis AM	10	17	4	-	-	-	3	1	3
Luca Belgiorno-Nettis AM	11	19	2+	3	4	5	-	1+	-
Professor Stephen Burdon	11	13	1+	-	4	5	-	-	3
Steven Crane	11	18	4	-	4	1+	6	1+	3
David Sutherland [1]	5	6	1+	-	-	1+	-	1+	-
Mel Ward AO	10	15	4+	-	4	-	6	1	-
Peter Watson [2]	8*	19	4	-	3# *	4*	4*	0#	3
Dr Peter Goode [3]	3**	N/A	N/A	1**	1# **	1# **	2# **	0#	-

1 David Sutherland's family commitments impacted on his attendance at meetings
2 Peter Watson retired from the Board of Directors on 30 March 2009
3 Dr Peter Goode was appointed to the Board of Directors on 30 March 2009
* Peter Watson attended all scheduled meetings prior to his retirement on 30 March 2009
** Dr Peter Goode attended all scheduled meetings following from his appointment on 30 March 2009
- Non-member
^ As extraordinary meetings were called at short notice, not all Directors were available to attend
+ Director in attendance as a non-core member
# Attended Board Committee meetings by invitation and in his capacity as an executive only
*** The BSRC was in place from 15 October 2008 to 28 April 2009 only

RACC: Risk, Audit and Compliance Committee
HSSC: Health, Safety and Sustainability Committee
HR Com: Human Resources Committee
NOMC: Nomination Committee
BSRC: Board Strategic Review Committee

Information on Directors

Details of the Directors' responsibilities and shareholding as at 30 June 2009 are set out below:

DIRECTOR	SPECIAL RESPONSIBILITIES	PARTICULARS OF DIRECTORS' INTERESTS IN SHARES AND PERFORMANCE AWARDS OF TRANSFIELD SERVICES LIMITED		INDIRECT INTEREST IN TRANSFIELD SERVICES LIMITED THROUGH TRANSFIELD (TSL) PTY LTD
		ORDINARY SHARES includes shares that are held by a related party	PERFORMANCE AWARDS	
Anthony Shepherd	Chairman of the Board of directors. Chairman of the Nomination Committee.	100,000	-	-
Guido Belgiorno-Nettis AM	Chairman[1] of the Health, Safety and Sustainability Committee and of the Board Strategic Review Committee[4] and Member of the Human Resources Committee and Nomination Committee.	313,452	-	**57,845,095** shares held by Transfield (TSL) Pty Ltd
Luca Belgiorno-Nettis AM	Member of the Risk, Audit and Compliance Committee and the Health, Safety and Sustainability Committee (until May 2009).	1,835,374	-	**57,845,095** shares held by Transfield (TSL) Pty Ltd
Professor Stephen Burdon	Member of the Risk, Audit and Compliance Committee, the Health, Safety and Sustainability Committee and Board Strategic Review Committee[4].	188,509	-	-
Steven Crane	Chairman[2] of the Risk, Audit and Compliance Committee, and member of the Human Resources Committee and the Board Strategic Review Committee[4].	91,207	-	-
David Sutherland	Mr Sutherland is not a member of any committee.	25,000	-	-
Mel Ward AO	Chairman of the Human Resources Committee and member[3] of the Risk, Audit and Compliance Committee and the Nomination Committee.	143,491	-	-
Dr Peter Goode[5]	Member of the Health, Safety and Sustainability Committee and attends the Risk, Audit and Compliance Committee, Human Resources Committee and Nomination Committee by invitation.	-	-	-
Peter Watson[6]	Member of the Board Strategic Review Committee[4] and the Human Resources Committee and attended the Health, Safety and Sustainability Committee, Risk, Audit and Compliance Committee and the Nomination Committee by invitation.	1,916,768	300,000*	-

1 Guido Belgiorno-Nettis AM was appointed Chairman of the HSSC on 21 May 2009
2 Steven Crane was appointed Chairman of the Risk, Audit and Compliance Committee on 1 August 2008
3 Mel Ward AO retired as Chairman of the Risk, Audit and Compliance Committee on 1 August 2008 but has remained a member of this committee
4 Board Strategic Review Committee commenced 15 October 2008 until 28 April 2009 only
5 Dr Peter Goode was appointed as Managing Director and Chief Executive Officer of Transfield Services Limited on 30 March 2009
6 Peter Watson retired as Managing Director and Chief Executive Officer of Transfield Services Limited on 30 March 2009

Directors' Report

Directorships of other listed companies held in the last three years

Anthony Shepherd

- ConnectEast Group (ASX) – appointed 28 September 2004
- Transfield Services Infrastructure Fund (ASX) – appointed 12 June 2007

Dr Peter Goode

- Transfield Services Infrastructure Fund (ASX) – appointed 1 April 2009
- Ocean Rig (Oslo Stock Exchange) – July 2006 to March 2008

Peter Watson

- Transfield Services Infrastructure Fund (ASX) – 12 June 2007 to 30 March 2009

Jagjeet Bindra

- Larsen & Toubro Limited (Bombay Stock Exchange) – appointed 31 December 2008

Steven Crane

- APA Ethane Limited (ASX) – appointed 10 July 2008
- Adelaide Bank Limited (ASX) – 28 April 2005 to 16 November 2007
- Bank of Queensland Limited (ASX) – appointed 11 December 2008
- Investa Property Group (ASX) – 10 August 2006 to 6 September 2007

David Sutherland

- GATX Corporation (NYSE) – appointed 30 July 2007
- United States Steel Corporation (NYSE) – appointed 29 July 2008
- ZCL Composites Inc (TSX) – appointed 14 May 2008

Mel Ward AO

- Coca-Cola Amatil Limited (ASX) – 11 February 1999 to 19 August 2008
- Macquarie Communications Infrastructure Group (ASX) – appointed 7 April 2003
- Pro Medicus Limited (ASX) – appointed 4 April 2000
- West Australia Holdings Limited (ASX) – 6 September 2002 to 3 December 2008

Chief Counsel and Company Secretary

Kate Munnings (LLB and Bachelor of Health Science) was appointed Chief Counsel and Company Secretary to Transfield Services in January 2006. Kate leads the group responsible for Transfield Services legal, company secretarial, risk management and internal audit functions. She has more that 17 years experience working with and advising companies in the engineering, construction and services sectors in relation to their corporate, contractual and other commercial requirements.

The Remuneration Report is presented as part of the Directors' Report on pages 43-61.

Directors' Report – Remuneration Report

Dear Shareholder

Welcome to the Remuneration Report for the 2009 financial year. Our objective for this year as in previous years is to provide a report that meets our high standards of disclosure and is comprehensible to our stakeholders.

During the year the Human Resources (HR) Committee was actively engaged in determining the employment arrangements for our new Managing Director and Chief Executive Officer, and reviewing the appropriateness of executive remuneration for the current business environment. The Committee received independent advice from Egan Associates and Ernst and Young respectively with regard to these key items.

On behalf of the Human Resources Committee I wish to thank you for your interest in our Report.

Mel Ward AO
Chairman, Human Resources Committee

Directors' Report – Remuneration Report

The Remuneration Report is set out under the following main headings:

A. Human Resources (HR) Committee

B. Non-executive Directors' remuneration

C. Executive remuneration policy and structure

D. Nominated executives

E. Remuneration tables

F. Other information

The information provided in this remuneration report has been audited as required by section 308 (3C) of the *Corporations Act 2001*.

A. Human Resources (HR) Committee

The Board's key responsibilities can be summarised around overseeing financial integrity, business strategy, the management of business risks, legal compliance and governance and human resources and remuneration strategy. The purpose of the Board's HR Committee is to:

- assist the Board to consider remuneration issues more efficiently and fully and to provide recommendations on remuneration policies, practices and decisions to the Board for approval
- assist the Board to ensure key talent and critical workforces are managed to support and further corporate objectives and to provide recommendations to the Board for approval
- provide advice and support to the Board in fulfilling its responsibilities to shareholders by ensuring the Board has the necessary range of skills, expertise and experience, and
- ensure that Transfield Services' policies comply with laws, reflect current governance and mitigate against operational, financial and reputation risk.

The Board has authorised the HR Committee to perform activities within the scope of its responsibilities including engaging independent counsel as it deems necessary, requiring the attendance of company officers at meetings and having unrestricted access to management, employees and information it considers relevant. The HR Committee does not have delegated power to make binding decisions on behalf of the Board.

The composition of this Committee is set out below. The HR Committee met six times during the financial year. Further details regarding attendances are set out on page 40.

Mel Ward AO (Independent Chairman)

Guido Belgiorno-Nettis AM (Non-Executive Director)

Steven Crane (Independent Non-Executive Director)

Peter Watson (Managing Director and Chief Executive Officer) Resigned 30 March 2009

Dr Peter Goode was appointed Managing Director and Chief Executive Officer of the Company on 30 March 2009. Dr Goode attended two meetings of the HR Committee at the invitation of the Committee but is not a member of the Committee. Peter Watson resigned from the Committee on 30 March 2009 at the date of his resignation from the Company.

B. Non-executive Directors' remuneration

Fees and payments to Non-executive Directors (NEDs) reflect the responsibilities of and the demands made on the Directors. NEDs' fees are determined within the aggregate NEDs' fee pool limit of $1,700,000 approved by shareholders at the Annual General Meeting held on 30 October 2006.

The Chairman's fees are determined independently of other NEDs based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration. Other NEDs fees and payments are reviewed annually by the Board which takes advice from independent remuneration consultants to ensure NEDs' fees and payments are appropriate and market competitive.

NEDs are remunerated by way of fixed fees in the form of cash, superannuation and equity in accordance with Recommendation 8.2 of the ASX Corporate Governance Principles and Recommendations.

In relation to the equity component, Australian based NEDs (excluding Messrs Guido and Luca Belgiorno-Nettis) receive a minimum 20 percent of their base director's fees in Transfield Services shares which are acquired on-market in March and September each year and held in accordance with the TranShare Deferred Share Plan. Shareholders approved this arrangement in May 2001. NEDs do not receive any performance based share payments. The TranShare Deferred Share Plan was suspended on 19 May 2009 following proposed changes to equity plan taxation legislation and remains under review until revisions to relevant legislation are confirmed.

B. Non-executive Directors' remuneration (continued)

NEDs fees inclusive of superannuation and equity were reviewed during the year and it was decided that an increase in the base and committee fees was not warranted in the current business and economic environment. The composition of NED fees therefore remained unchanged from the increase that occurred in January 2008.

NEDs who chair or serve on a committee receive additional yearly fees. The following fee structure applied to NEDs for 2009.

		CHAIRMAN[1]	DEPUTY CHAIRMAN[2]	MEMBER[3]
Board base fees		$358,000	$175,000	$135,500
Committee fees	Risk, Audit and Compliance Committee	$15,000	-	$10,000
	Health, Safety and Sustainability Committee	$15,000	-	$10,000
	Human Resources Committee	$15,000	-	$10,000
	Board Strategic Review Committee[4]	$15,000	-	$10,000
	Nomination Committee	$Nil	-	$Nil

1 The Chairman's fees include any relevant committee fees

2 The office of Deputy Chairman is currently unoccupied

3 Board fees are not paid to the executive Director (Dr Peter Goode) as the responsibilities of Board membership are considered in determining the remuneration provided as part of his normal employment conditions. The same circumstance applied with respect to Peter Watson during his Board membership

4 This committee was created on 15 October 2008 and was discontinued on 28 April 2009

The Board resolved in 2004 to remove retirement allowances for NEDs appointed after that date. In February 2006, the Board further resolved to cease accruing retirement benefits for existing Directors with effect from 1 July 2006. Directors' entitlements up to 30 June 2006 under the previous arrangements are preserved and the value maintained through indexation of amounts previously accrued. The accrued entitlement is paid on retirement of the Director.

C. Executive remuneration policy and structure

Remuneration Policy

Transfield Services' objective is to have a Performance and Reward structure that enables the Company to attract and retain high quality and talented staff at all levels of the organisation and to incentivise them to contribute the full extent of their talent and expertise to the benefit of the Company and shareholders.

In meeting this objective, the Company aims to deliver remuneration that is competitive in the markets in which it operates and further, is also equitable from an organisational perspective facilitating the deployment of employees across the Company.

The Company aims to ensure that all of its remuneration arrangements are transparent and appropriate from a remuneration governance perspective. In the case of performance pay, Company policy is that remuneration is aligned with the Company performance, individual contribution made and is sufficient to provide adequate recognition.

Remuneration is biased towards rewarding for business outcomes by linking sufficient pay to performance against key indicators of financial results. With seniority, remuneration is increasingly linked to creating shareholder value.

To foster a sense of ownership and align employees with shareholder interests, all executive employees receive, or are encouraged to receive, remuneration in equity.

Remuneration Structure

The executive remuneration structure has five components:

- fixed remuneration (including superannuation)
- short-term performance incentives
- short-term deferred retention incentive
- long-term incentives, and
- other benefits.

The combination of these elements comprises an executive's total remuneration. Information regarding each of the components of remuneration is outlined below.

The Company's approach to assessing market relativity of remuneration is to benchmark Total Annualised Remuneration (TAR) which assumes the achievement of target performance.

In determining an appropriate remuneration mix, Transfield Services places emphasis on the variable reward elements for "at target" performance.

Fixed remuneration relative to variable reward elements range from 33:67 for the Managing Director and Chief Executive Officer to 55:45 for senior executives.

C. Executive remuneration policy and structure (continued)

Fixed remuneration (including superannuation)

Depending on the country in which the executive is employed, the fixed remuneration component is structured as a total employment cost package or as a salary plus benefits package, which may be delivered as a combination of cash and prescribed non-financial benefits at the executive's discretion.

Fixed remuneration is reviewed annually and on promotion to ensure the executive's pay remains competitive relative to the respective market.

External remuneration consultants provide analysis and advice to ensure fixed remuneration is set to reflect the market for comparable roles in international companies of similar complexity and size, targeted at industry averages. The Company also uses a job evaluation or work value methodology to manage internal pay relativities.

Retirement benefits are delivered under defined contribution plans.

Short-term performance incentives (STI)

The Company delivers the STI component of its remuneration structure through the use of an annual at risk cash incentive. Participation is restricted to executives and selected individuals who can materially impact the Company's financial performance measures.

Under the STI, each executive has a target STI opportunity depending on the accountabilities of their role and impact on the organisation or business unit performance. Target STI opportunities range from 10 per cent-100 per cent for selected executives, including the Managing Director and Chief Executive Officer and may be leveraged by up to 40 per cent to provide an incentive for executive out-performance.

Each year, the HR Committee oversee the appropriate targets and key performance indicators (KPIs) for the STI plan including minimum levels of financial performance required to trigger payment of STI. Additionally, the HR Committee annually review the target STI opportunities as well as maximums in respect of out-performance.

For the year ended 30 June 2009, the STI plan KPIs were based on Company, business unit and personal objectives. The KPIs included achieving specific targets in relation to earnings before interest, tax and amortisation (EBITA), as well as other key, strategic and balanced scorecard non-financial measures linked to drivers of performance such as client service and quality.

The HR Committee has oversight of outcomes against the KPIs and receives detailed reports on performance from management. STI amounts are payable following audit clearance of the annual financial statements each year.

Short-term deferred retention incentive (ST-DRI)

The Company delivers the ST-DRI component of its remuneration structure to Australian participants by providing a maximum opportunity equivalent in value to the STI target in the form of Company equity. The TranShare Deferred Plan (TDP) explained later in this report is used for this purpose. A similar plan for North America is explained later in this report.

Participation in the ST-DRI is made available to selected high-performing managers who participate in the STI program but are not eligible to participate in the Company's long-term incentive (LTI) program based on the eligibility criteria used for that component of remuneration. Individuals are nominated by the operational Chief Executive Officers with the support of the Managing Director and Chief Executive Officer within the framework approved by the HR Committee.

The number of shares to be offered to the participant under the ST-DRI is calculated by dividing the ST-DRI amount by the ten-day average closing price of Transfield Services shares on the date the ST-DRI amount is approved. Shares will be allocated to the participant during the first Open Trading Period as declared by Transfield Services' Chief Counsel and Company Secretary following approval of the ST-DRI payment.

Shares are subject to forfeiture in the event that employment with the Group is terminated within two years from the date the ST-DRI payment which gave rise to the allocation of shares was approved.

Peter Watson (former Managing Director and Chief Executive Officer) was also a participant in this scheme.

The ST-DRI was suspended on 19 May 2009 following proposed changes to equity plan taxation legislation and remains under review until revisions to relevant legislation are confirmed.

Short-term deferred incentive (ST-DI)

The Company delivers the ST-DI component of its remuneration structure for North American participants by providing a specific value of their STI outcome in the form of deferred cash. Participation in the ST-DI is available in North America to the senior managers and selected high-performing managers who participate in the STI program but are not eligible to participate in the Company's LTI program based on the eligibility criteria used for that component of remuneration. Individuals are nominated by operational Chief Executive Officers for consideration by the Managing Director and Chief Executive Officer within the framework approved by the HR Committee.

The deferred payment under the ST-DI is subject to annual adjustment in accordance with a nominated United States or, where relevant, Canadian long term bond rate, and is subject to forfeiture in the event that employment within the Group is terminated within two years from the date the ST-DI payment determination date, or as per the contracted term.

C. Executive remuneration policy and structure (continued)

Remuneration Structure (continued)

Long-term Incentives (LTI)

The Company delivers the LTI component of its remuneration structure using equity. The TranShare Executive Performance Awards Plan (TEPAP) implemented in April 2001 was used during the financial year for this purpose. The Board believes that this Plan promotes executive retention and encourages performance by providing opportunities for reward linked to the long-term performance and success of the Company.

TranShare Executive Performance Awards Plan (TEPAP)

TEPAP provides eligible executives of Transfield Services with the opportunity to acquire shares in the Company subject to satisfying various performance and/or vesting conditions. Under the plan, Performance Awards may be granted. No consideration is payable by participants on the grant of the Award. Each Award entitles the holder to receive one share in the Company.

Broadly, participation is restricted to executives who are employed to make decisions which materially impact organisational performance of the Company (the proxy being position seniority). Individuals are nominated by operational Chief Executive Officers with the support of the Managing Director and Chief Executive Officer within the framework approved by the HR Committee.

Performance Awards are granted annually and generally vest no earlier than three years from the date of grant. The performance conditions applicable to each grant of Awards are subject to Board review and assessed against the business plan and cycle.

At inception, the Board determined that a total shareholder return (TSR) target was an appropriate performance condition. In April 2006, the performance conditions were revised to introduce earnings per share (EPS) as an additional vesting condition. The Board subsequently determined that relative TSR combined with absolute EPS growth were the most appropriate hurdles for the Company for Awards granted up until August 2008. Relative TSR and EPS were chosen to ensure that eligible executives are only rewarded when profit grows in real terms and the Company achieves superior shareholder growth relative to the performance of an appropriate peer group of companies.

TSR represents the change in the capital value of the Company's 10 day average share price over a period with dividends reinvested, expressed as a percentage of the base value. TSR performance will be compared to the S&P / ASX 200 Industrials Index which is the S&P / ASX 200 Index after excluding the Energy and Materials sectors.

EPS is calculated by dividing the Company's net profit by the weighted average number of ordinary shares on issue and is expressed in cents per share.

The EPS hurdle relates to the Company achieving a minimum average compound basic EPS growth per annum over a three-year financial period.

Currently, every grant (except certain Awards granted under the United States Sub Plan described below) comprises two tranches with each tranche having TSR or EPS performance conditions respectively. The precise vesting conditions are detailed in the tables located in section E.

Awards may generally be exercised between three and five years after the date they are granted as long as any applicable exercise conditions which may include vesting and the performance criteria are met.

Awards may be exercised outside the exercise period, if the participant dies, becomes totally and permanently disabled, or if any other special circumstances determined by the Plan Committee occur. In the case of retirement or redundancy, Awards may vest proportionally subject to the period they have been held by the participant. Awards will, except in special circumstances, lapse immediately where a participant's employment has been terminated by the Company with cause. A two month lapsing period applies for cessation of employment without cause. Awards will generally not be transferable.

Prior to October 2003, the TEPAP also provided Options. Each Option required payment of an exercise price to acquire the subject share. The formula for determining the exercise price for each Option was decided by the Plan Committee at the time of the offer.

The Plan limits the unexercised Awards issued under the Plan in the previous three years to 10 per cent of the total number of issued shares in the Company. The Company intends to continue its practice of granting long-term equity-linked performance incentives to specified executives during the year ending 30 June 2010.

In April 2007 the Board approved a Sub Plan to TEPAP to satisfy American regulatory requirements. This Sub Plan enables executives based in the United States to participate in the Plan. The key features including performance conditions are the same as described above save for some executives who have additional performance conditions. The most significant difference is the absence of an Exercise Period. Upon vesting, shares are automatically delivered to the participant.

In addition to the TEPAP the Chief Executive Officer of Transfield Services Infrastructure Fund (TSI Fund) also participates in the TSI Fund Notional Securities Scheme. The performance requirements for his 2007 Award under this scheme include TSI Fund return and growth in market capitalisation of TSI Fund over a three-year period to 2010.

Directors' Report – Remuneration Report

C. Executive remuneration policy and structure (continued)

Remuneration Structure (continued)

Long-term Incentives (LTI) (continued)

Transfield Services Executive Special Scheme – discontinued from 13 June 2008

In May 2003, the Board introduced the Transfield Services Executive Special Scheme to secure the retention of specified senior executives. The scheme seeks to lock in the key executives for a minimum five year retention period by offering a cash bonus conditional on performing satisfactorily throughout the retention period.

Should a participant borrow up to the amount of their anticipated cash bonus from a bank or lending institution, the Company will reimburse the annual costs associated with the loan subject to the executive providing a declaration that the loan has been used to produce assessable income.

The bonus will be forfeited in its entirety if, prior to expiry of the retention period, the executive voluntarily resigns or is dismissed for unsatisfactory performance.

The Employee Share Ownership Plan – The TranShare Plan (TranShare)

In July 2005, the Company launched a general share purchase plan, available to all employees in its Australian and New Zealand subsidiary companies and Australian joint ventures. Under TranShare, employees may acquire up to $1,000 worth of Transfield Services shares annually, and the Company will subsidise 10 per cent of the total cost of purchase. The shares are restricted and may not be traded by employees for three years from the date of purchase. Employee shareholders participate in dividend distributions and have full voting rights equal with all other shareholders. Currently, 26 per cent of direct Australian employees, eight per cent of New Zealand employees and 19 per cent of all eligible employees have elected to become shareholders under TranShare.

The TranShare Deferred Plan

The TranShare Deferred Plan (TDP) is a plan which enables the delivery of shares in a tax efficient manner. The Plan is typically used to facilitate salary sacrifice arrangements. Currently, the TDP is used to deliver that proportion of NED fees delivered in shares and for the short-term deferred retention incentive program.

Suspension of Share Plans

The acquisition of shares under all employee share plans was suspended on 19 May 2009 following proposed changes to equity plan taxation legislation and all plans remain under review until revisions to relevant legislation are confirmed.

Other benefits

In addition to fixed remuneration, executives may be entitled to receive benefits including executive health management, home insurance and salary continuance insurance. Executives, along with other employees, may also be entitled to benefits in accordance with the Company's corporate benefit arrangements (e.g housing assistance for relocations).

D. Nominated executives

The key management personnel of Transfield Services Limited include the Directors and certain executive officers. The following list includes those executives plus others who are included by virtue of the corporations legislation requirements to include the five most highly remunerated officers:

Lee de Vryer	Chief Strategy Officer
Elizabeth Hunter	Chief Human Resources Officer
Matthew Irwin	Chief Financial Officer
Bruce James	Chief Executive Officer – Australia and New Zealand
Steve MacDonald	Chief Executive Officer – Transfield Services Infrastructure Fund (TSI Fund)*
Paul McCarthy	Chief Executive Officer – International
Kate Munnings	Company Secretary and Chief Counsel
Joseph Sadatmehr	Chief Executive Officer and President – North America
Graeme Sumner	Chief Executive Officer – New Zealand (resigned 8 December 2008)

* As the Chief Executive Officer of TSI Fund Steve MacDonald's remuneration is paid by Transfield Services under the Management Services Agreement with TSI Fund. Steve MacDonald's incentive structure under the terms of this agreement requires 100 per cent of his STI outcome and 50 per cent of his LTI outcome to be subject to his performance relative to TSI Fund performance. The remaining 50 per cent of his LTI is subject to Company performance.

D. Nominated executives (continued)

Contract terms

Remuneration and other terms of employment for the Managing Director and Chief Executive Officer and the other key management personnel are formalised in executive service agreements. Each of these agreements provide for the provision of performance-related cash bonuses, other benefits including executive health management, householder insurance, salary continuance insurance and participation, when eligible, in TEPAP.

NAME	POSITION	TERM OF AGREEMENT-THREE YEAR TERM (WITH OPTION OF RENEWAL) COMMENCING:	NOTICE PERIOD REQUIRED FOR THE EMPLOYEE TO TERMINATE THE CONTRACT:	TERMINATION BENEFIT (AMOUNT OF ANNUAL SALARY) ON EARLY TERMINATION BY THE COMPANY, OTHER THAN FOR GROSS MISCONDUCT:	A RESTRICTIVE COVENANT APPLIES OF:
Dr Peter Goode	Managing Director and Chief Executive Officer	30 March 2009 (continuous)	6 months	1 year	1 year
Peter Watson	Managing Director and Chief Executive Officer (resigned 30 March 2009)	-	-	-	-
Lee de Vryer	Chief Strategy Officer	5 February 2008	3 months	1 year	6 months
Matthew Irwin	Chief Financial Officer	13 December 2004	3 months	1 year	1 year
Elizabeth Hunter	Chief Human Resources Officer	20 August 2007	3 months	1 year	6 months
Bruce James	Chief Executive Officer – Australia and New Zealand	1 January 2008	3 months	1 year	6 months
Steve MacDonald	Chief Executive Officer – Transfield Services Infrastructure Fund	1 April 2007	12 months	1 year	1 year
Paul McCarthy	Chief Executive Officer – International	1 January 2008	3 months	1 year	6 months
Kate Munnings	Chief Counsel and Company Secretary	1 January 2006	3 months	1 year	6 months
Joseph Sadatmehr	Chief Executive Officer and President – North America	1 July 2007	6 months	1 year	1 year
Graeme Sumner	Chief Executive Officer – New Zealand (resigned 8 December 2008)	-	-	-	-

E. Remuneration tables

The tables set out on pages 50 and 51 include remuneration associated with Performance Awards granted as part of the executives' long-term incentive payments. The value reflected is an accounting value and reflects the cost to the Group of the employees' incentive arrangements. This value is not necessarily the same as the value to the employee. During the financial year the Performance Awards relating to the TSR based grants made in August 2005 and April 2006 did not vest (the final testing dates are 30 August 2010 and 30 April 2010 respectively) and a portion of the EPS based Performance Awards relating to the grant made in April 2006 did not vest. The key management personnel identified above will not benefit from those Awards.

To the extent the Performance Award is related to a market condition (for example relative TSR) the cost to the Group is unchanged. In addition where Performance Awards vesting criteria relate to a non-market condition (in the case of the Group EPS) the expense to the Group is modified where vesting is forecast at less than 100 per cent probability of vesting. In such a case the amount reported as part of the executive's remuneration is reduced to reflect the cost saving to the Group.

Directors' Report – Remuneration Report

E. Remuneration tables (continued)

Details of the remuneration of the Directors of the Company are set out in the following table.

NAME	SHORT TERM BENEFITS: CASH SALARY AND FEES $	SHORT TERM BENEFITS: CASH BONUS $	SHORT TERM BENEFITS: NON-MONETARY BENEFITS $	POST EMPLOYMENT BENEFITS: SUPERANNUATION $	POST EMPLOYMENT BENEFITS: RETIREMENT BENEFITS $	LONG TERM BENEFITS: EXECUTIVE SPECIAL SCHEME (INCENTIVE) $	LONG TERM BENEFITS: LONG SERVICE LEAVE $	SHARE BASED PAYMENTS: DEFERRED SHARE PURCHASE $	SHARE BASED PAYMENTS: PERFORMANCE AWARDS $	TERMINATION: TERMINATION BENEFITS $	TOTAL $
Anthony Shepherd ^	**272,664**	**-**	**-**	**13,745**	**9,232**	**-**	**-**	**82,028**[1]	**-**	**-**	**377,669**
2008	232,000	-	-	9,515	9,172	-	-	144,767	-	-	395,454
Guido Belgiorno-Nettis AM^^	**155,633**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**155,633**
2008	136,353	-	-	-	-	-	-	-	-	-	136,353
Luca Belgiorno-Nettis AM^^	**155,503**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**155,503**
2008	141,352	-	-	-	-	-	-	-	-	-	141,352
Professor Stephen Burdon	**127,167**	**-**	**-**	**8,950**	**9,232**	**-**	**-**	**24,842**	**-**	**-**	**170,191**
2008	151,726[2]	-	-	8,075	9,172	-	-	20,103	-	-	189,076
Denis Cleary	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2008	33,334	-	-	4,200	711	-	-	10,052	-	-	48,297
Steven Crane	**131,750**	**-**	**-**	**8,950**	**-**	**-**	**-**	**24,841**	**-**	**-**	**165,541**
2008	46,256	-	-	3,729	-	-	-	-	-	-	49,985
David Sutherland	**118,686**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**118,686**
2008	30,000	-	-	-	-	-	-	-	-	-	30,000
Mel Ward AO	**121,476**	**-**	**-**	**8,391**	**9,232**	**-**	**-**	**31,052**	**-**	**-**	**170,151**
2008	113,500	-	-	7,515	9,172	-	-	25,128	-	-	155,315
Bernard Wheelahan	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2008	91,022	-	-	6,817	6,911	-	-	52,482	-	-	157,232
Sub-total non-executive Directors	**1,082,879**	**-**	**-**	**40,036**	**27,696**	**-**	**-**	**162,763**	**-**	**-**	**1,313,374**
2008	975,543	-	-	39,851	35,138	-	-	252,532	-	-	1,303,064
Dr Peter Goode*	**447,227**	**-**	**8,656**	**3,540**	**-**	**-**	**857**	**-**	**-**	**-**	**460,280**
2008	-	-	-	-	-	-	-	-	-	-	-
Peter Watson **	**1,025,760**	**499,325**	**13,707**	**12,599**	**-**	**-**	**-**	**(711,833)**	**(51,626)**	**1,982,720**	**2,770,652**
2008	1,146,503	361,800	22,542	13,129	-	250,000	21,507	361,800	1,038,940	-	3,216,221
Total Directors 2009	**2,555,866**	**499,325**	**22,363**	**56,175**	**27,696**	**-**	**857**	**(549,070)**	**(51,626)**	**1,982,720**	**4,544,306**
2008	2,122,046	361,800	22,542	52,980	35,138	250,000	21,507	614,332	1,038,940	-	4,519,285
Total for each category 2009	**3,077,554**			**83,871**		**857**		**(600,696)**		**1,982,720**	**4,544,306**
2008	2,506,388			88,118		271,507		1,653,272		-	4,519,285

^ Refer note 30 for further details of facilities and services provided to Anthony Shepherd

^^ Guido Belgiorno-Nettis AM and Luca Belgiorno-Nettis AM do not to participate in the deferred share purchase plan

* Dr Peter Goode's remuneration is for the period 30 March 2009 to 30 June 2009. Dr Goode is not eligible for the 2009 STI

** Peter Watson's remuneration is for the period 1 July 2008 to 30 March 2009 and includes contractual termination benefits and cash settlement of his unvested ST-DRI payment at the Board's discretion

1 Includes $10,428 for dividend income on deferred shares where purchase of shares was delayed

2 Includes $42,000 ad-hoc consulting fees

E. Remuneration tables (continued)

Details of the remuneration of other key management personnel and the five most highly remunerated officers of the Company and of the Group are set out in the following table.

	SHORT TERM BENEFITS			POST EMPLOYMENT BENEFITS		LONG TERM BENEFITS		SHARE BASED PAYMENTS			TERMIN-ATION	
NAME	**CASH SALARY AND FEES $**	**CASH BONUS $**	**NON-MONETARY BENEFITS $**	**SUPERAN-NUATION $**	**RES-TRAINT OF TRADE $**	**EXECUTIVE SPECIAL SCHEME (INCENTIVE) $**	**LONG SERVICE LEAVE $**	**CASH SETTLED SHARE BASED PAYMENTS $**	**OPTIONS AND OTHER SECUR-ITIES $**	**PERFOR-MANCE AWARDS $**	**TERMIN-ATION BENEFITS $**	**TOTAL $**
Darce Corsie#	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2008	386,612	-	-	36,370	125,000	-	-	86,584	-	-	-	634,566
Lee de Vryer	**504,598**	**154,688**	**2,176**	**45,414**	**-**	**-**	**2,375**	**-**	**-**	**110,685**	**-**	**819,936**
2008 (5 months)	206,245	44,963	2,728	18,562	-	-	393	-	-	24,173	-	297,064
Elizabeth Hunter	**523,598**[1]	**81,489**	**9,687**	**-**	**-**	**-**	**2,545**	**-**	**-**	**53,685**	**-**	**671,004**
2008 (10 months)	343,610	68,800	37,628	30,925	-	-	670	-	-	35,090	-	516,723
Matthew Irwin	**656,491**	**169,950**	**20,284**	**13,745**	**-**	**-**	**12,502**	**-**	**-**	**148,306**	**-**	**1,021,278**
2008	612,984	200,260	18,130	13,129	-	-	10,165	-	-	202,130	-	1,056,798
Bruce James	**900,018**	**318,094**	**14,983**	**-**	**-**	**-**	**12,540**	**-**	**-**	**196,348**	**-**	**1,441,983**
2008	830,017	360,945	16,870	-	-	-	10,236	-	-	233,087	-	1,451,155
Steve MacDonald	**532,266**	**411,138**	**19,591**	**13,745**	**-**	**-**	**13,564**	**-**	**(45,000)**	**51,853**	**-**	**997,157**
2008	511,882	390,075	15,657	13,129	-	150,000	34,288	-	139,197	316,453	-	1,570,681
Paul McCarthy	**550,469**	**189,000**	**8,757**	**49,542**	**-**	**-**	**11,297**	**-**	**-**	**138,684**	**-**	**947,749**
2008	518,359	186,600	12,987	46,652	-	-	61,796	-	-	115,585	-	941,979
Kate Munnings	**454,138**	**126,473**	**14,772**	**40,872**	**-**	**-**	**8,209**	**-**	**-**	**72,557**	**-**	**717,021**
2008	376,155	67,650	12,254	33,853	-	-	3,842	-	-	61,191	-	554,945
Joseph Sadatmehr	**1,201,123**	**296,853**	**80,291**	**-**	**-**	**-**	**27,349**	**-**	**-**	**102,005**	**-**	**1,707,621**
2008^	950,918	255,244	112,441^	3,282	-	200,000	37,563	-	-	1,100,861	-	2,660,309
Graeme Sumner*	**213,538**	**-**	**-**	**5,478**	**-**	**-**	**-**	**-**	**-**	**89,501**	**430,038**	**738,555**
2008	471,917	145,464	-	1,183	-	-	4,000	-	-	105,613	-	728,177
Totals for each component												
2009	**5,536,239**	**1,747,685**	**170,541**	**168,796**	**-**	**-**	**90,381**	**-**	**(45,000)**	**963,624**	**430,038**	**9,062,304**
2008	5,208,699	1,720,001	228,695	197,085	125,000	350,000	162,953	86,584	139,197	2,194,183	-	10,412,397
Total for each category												
2009		**7,454,465**		**168,796**		**90,381**			**918,624**		**430,038**	**9,062,304**
2008		7,157,395		322,085		512,953			2,419,964		-	10,412,397

Darce Corsie resigned on 9 February 2008
^ includes expatriate benefits
* resigned on 8 December 2008
1 includes $77,333 relocation payment (backdated to February 2008)

Directors' Report – Remuneration Report

E. Remuneration tables (continued)

Details of remuneration: fixed and at-risk remuneration

For the nominated executives, the table below illustrates the proportion of fixed and at-risk remuneration for the year ended 30 June 2009, shown as a percentage of actual remuneration.

2009

NAME	FIXED REMUNERATION (NOT LINKED TO COMPANY PERFORMANCE) %	PERFORMANCE RELATED REMUNERATION						
			EQUITY BASED					
		CASH BASED STI %	PERFORMANCE AWARDS %	DEFERRED SHARE PURCHASE %	OPTIONS & OTHER SECURITIES %	TOTAL %	TOTAL (100%)
Dr Peter Goode	100	-	-	-	-		100
Peter Watson*	110	18	(2)	(26)	-	(28)	100
Lee de Vryer	68	19	13	-	-	13	100
Elizabeth Hunter	80	12	8	-	-	8	100
Matthew Irwin	68	17	15	-	-	15	100
Bruce James	64	22	14	-	-	14	100
Steve MacDonald	59	41	5	-	(5)	-	100
Paul McCarthy	65	20	15	-	-	15	100
Kate Munnings	72	18	10	-	-	10	100
Joseph Sadatmehr	77	17	6	-	-	6	100
Graeme Sumner*	88	-	12	-	-	12	100

* includes termination payments

Aggregate Option / Award holdings

Aggregate Award and Option opportunities and movements during the year are summarised below:

2009

NAME	BALANCE AT THE START OF THE YEAR	GRANTED AS COMPENSATION	EXERCISED DURING THE YEAR	FORFEITED	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE	UNVESTED
Directors							
Dr Peter Goode	-	-	-	-	-	-	-
Peter Watson	709,000	-	-	(409,000)	300,000	-	300,000
Other key management and top 5 remunerated personnel of the Group							
Lee de Vryer	24,000	35,600	-	-	59,600	-	59,600
Elizabeth Hunter	11,600	17,900	-	-	29,500	-	29,500
Matthew Irwin	75,700	51,300	-	(427)	126,573	(6,572)	120,001
Bruce James	97,400	93,200	-	-	190,600	-	190,600
Steve MacDonald	121,000	-	-	-	121,000	-	121,000
Paul McCarthy	54,300	38,900	-	(363)	92,837	(5,586)	87,251
Kate Munnings	32,500	23,300	-	(241)	55,559	(3,709)	51,850
Joseph Sadatmehr	346,300	-	-	-	346,300	-	346,300
Graeme Sumner	55,400	29,600	-	(52,039)	32,961	(6,624)	26,337
	818,200	289,800	-	(53,070)	1,054,930	(22,491)	1,032,439

E. Remuneration tables (continued)

Performance Awards provided as remuneration

The terms and conditions of each grant of Options or Awards affecting remuneration in the previous, this or future reporting periods are set out below. There is no exercise price payable on the Awards.

NAME	SERIES	NUMBER GRANTED	VALUE* PER OPTION / AWARD AT GRANT DATE	TOTAL VALUE AT GRANT DATE	FIRST DATE EXERCISABLE	EXPIRY DATE	LAPSED
Managing Director and Chief Executive Officer							
Dr Peter Goode	-	-	-	-	-	-	-
Peter Watson	2005D	44,250	$4.47	$197,798	16 Nov 2008	16 Nov 2012	-
	2005E	5,900	$3.98	$23,482	16 Nov 2008	16 Nov 2012	-
	2005F	8,850	$3.49	$30,887	16 Nov 2008	16 Nov 2012	-
	2006E	150,000	$4.42	$663,000	1 Apr 2009	1 Apr 2011	-
	2006F	150,000	$3.39	$508,500	1 Apr 2010	1 Apr 2012	-
	2006G	150,000	$2.81	$421,500	31 Dec 2009	31 Dec 2011	-
	2006H	200,000	$7.58	$1,516,000	31 Dec 2010	31 Dec 2012	-
Key Management Personnel							
Lee de Vryer	2008A	12,000	$10.42	$125,040	28 Feb 2011	28 Feb 2014	-
	2008B	12,000	$7.71	$92,520	28 Feb 2011	28 Feb 2014	-
	2008C	17,800	$7.61	$135,458	31 Aug 2011	31 Aug 2014	-
	2008D	17,800	$5.78	$102,884	31 Aug 2011	31 Aug 2014	-
Elizabeth Hunter	2007E	5,800	$12.18	$70,644	31 Aug 2010	31 Aug 2013	-
	2007F	5,800	$9.60	$55,680	31 Aug 2010	31 Aug 2013	-
	2008C	8,950	$7.61	$68,110	31 Aug 2011	31 Aug 2014	-
	2008D	8,950	$5.78	$51,731	31 Aug 2011	31 Aug 2014	-
Matthew Irwin	2006A	7,000	$6.93	$48,510	19 Apr 2009	19 Apr 2012	-
	2006B	7,000	$4.81	$33,670	19 Apr 2009	19 Apr 2012	-
	2006C	13,950	$7.62	$106,299	31 Aug 2010	31 Aug 2012	-
	2006D	13,950	$5.06	$70,587	31 Aug 2009	31 Aug 2012	-
	2007E	16,900	$12.18	$205,842	31 Aug 2010	31 Aug 2013	-
	2007F	16,900	$9.60	$162,240	31 Aug 2010	31 Aug 2013	-
	2008C	25,650	$7.61	$195,197	31 Aug 2011	31 Aug 2014	-
	2008D	25,650	$5.78	$148,257	31 Aug 2011	31 Aug 2014	-
Bruce James	2005A	11,322	$4.92	$55,704	30 Aug 2008	30 Aug 2012	-
	2005B	1,652	$4.42	$7,302	30 Aug 2008	30 Aug 2012	-
	2005C	2,326	$3.91	$9,095	30 Aug 2008	30 Aug 2012	-
	2006C	20,350	$7.62	$155,067	31 Aug 2010	31 Aug 2012	-
	2006D	20,350	$5.06	$102,971	31 Aug 2009	31 Aug 2012	-
	2007E	20,700	$12.18	$252,126	31 Aug 2010	31 Aug 2013	-
	2007F	20,700	$9.60	$198,720	31 Aug 2010	31 Aug 2013	-
	2008C	46,600	$7.61	$354,626	31 Aug 2011	31 Aug 2014	-
	2008D	46,600	$5.78	$269,348	31 Aug 2011	31 Aug 2014	-
Steve MacDonald	2005A	19,832	$4.92	$97,573	30 Aug 2008	30 Aug 2012	-
	2005B	2,894	$4.42	$12,791	30 Aug 2008	30 Aug 2012	-
	2005C	4,074	$3.91	$15,929	30 Aug 2008	30 Aug 2012	-
	2006C	18,350	$7.62	$139,827	31 Aug 2010	31 Aug 2012	-
	2006D	18,350	$5.06	$92,851	31 Aug 2009	31 Aug 2012	-
	2007C	28,750	$11.35	$326,313	31 May 2010	31 May 2013	-
	2007D	28,750	$7.26	$208,725	31 May 2010	31 May 2013	-

Directors' Report – Remuneration Report

E. Remuneration tables (continued)

Performance Awards provided as remuneration (continued)

NAME	SERIES	NUMBER GRANTED	VALUE* PER OPTION / AWARD AT GRANT DATE	TOTAL VALUE AT GRANT DATE	FIRST DATE EXERCISABLE	EXPIRY DATE	LAPSED
Paul McCarthy	2006A	5,950	$6.93	$41,234	19 Apr 2009	19 Apr 2012	-
	2006B	5,950	$4.81	$28,620	19 Apr 2009	19 Apr 2012	-
	2007A	8,100	$10.27	$83,187	28 Feb 2010	28 Feb 2013	-
	2007B	8,100	$8.10	$65,610	28 Feb 2010	28 Feb 2013	-
	2008A	13,100	$10.42	$136,502	28 Feb 2011	28 Feb 2014	-
	2008B	13,100	$7.71	$101,001	28 Feb 2011	28 Feb 2014	-
	2008C	19,450	$7.61	$148,015	31 Aug 2011	31 Aug 2014	-
	2008D	19,450	$5.78	$112,421	31 Aug 2011	31 Aug 2014	-
Kate Munnings	2006A	3,950	$6.93	$27,374	19 Apr 2009	19 Apr 2012	-
	2006B	3,950	$4.81	$19,000	19 Apr 2009	19 Apr 2012	-
	2007A	5,100	$10.27	$52,377	28 Feb 2010	28 Feb 2013	-
	2007B	5,100	$8.10	$41,310	28 Feb 2010	28 Feb 2013	-
	2008A	7,200	$10.42	$75,024	28 Feb 2011	28 Feb 2014	-
	2008B	7,200	$7.71	$55,512	28 Feb 2011	28 Feb 2014	-
	2008C	11,650	$7.61	$88,657	31 Aug 2011	31 Aug 2014	-
	2008D	11,650	$5.78	$67,337	31 Aug 2011	31 Aug 2014	-
Joseph Sadatmehr	2005A	29,452	$4.92	$144,904	30 Aug 2008	30 Aug 2012	-
	2005B	4,298	$4.42	$18,997	30 Aug 2008	30 Aug 2012	-
	2005C	6,050	$3.91	$23,656	30 Aug 2008	30 Aug 2012	-
	2006C	28,250	$7.62	$215,265	31 Aug 2010	31 Aug 2012	-
	2006D	28,250	$5.06	$142,945	31 Aug 2009	31 Aug 2012	-
	2007G	250,000	$12.18	$3,045,000	31 May 2010	31 May 2013	-
Graeme Sumner	2006A	6,650	$6.93	$46,085	19 Apr 2009	19 Apr 2012	-
	2006B	6,650	$4.81	$31,987	19 Apr 2009	19 Apr 2012	-
	2007A	9,050	$10.27	$92,944	28 Feb 2010	28 Feb 2013	-
	2007B	9,050	$8.10	$73,305	28 Feb 2010	28 Feb 2013	-
	2008A	12,000	$10.42	$125,040	28 Feb 2011	28 Feb 2014	-
	2008B	12,000	$7.71	$92,520	28 Feb 2011	28 Feb 2014	-
	2008C	14,800	$7.61	$112,628	31 Aug 2011	31 Aug 2014	-
	2008D	14,800	$5.78	$85,544	31 Aug 2011	31 Aug 2014	-

* Model inputs used to determine the accounting value of each Option / Award are provided later in this report.

The assessed fair value at grant date of Awards granted to the individuals is allocated on a straight line basis over the period from grant date to final vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined. Generally for a Performance Award with EPS hurdles values are determined using a binomial option pricing model and for Performance Awards with TSR hurdles, the Monte-Carlo simulation method is used. These valuation techniques take into account the exercise price, the term of the Performance Award, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the Performance Award, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the Performance Award.

The table below lists model inputs for Performance Awards granted under TranShare Executive Performance Awards Plan during the year ended 30 June 2009

AWARD TYPE	31 AUGUST 2008			
	PERFORMANCE RIGHTS		RESTRICTED SHARE UNITS	
	TRANCHE 1	TRANCHE 2	TRANCHE 1	TRANCHE 2
Exercise price	N/A	N/A	N/A	N/A
Consideration	$nil	$nil	$nil	$nil
Vesting conditions	EPS growth	TSR growth	EPS growth	TSR growth
Expiry date	31 August 2014	31 August 2014	31 August 2014	31 August 2014
Share price at grant date	$8.45	$8.45	$8.45	$8.45
Expected company share price volatility	40%	40%	40%	40%
Expected dividend yield	3.5%	3.5%	3.5%	3.5%
Risk free interest rate	5.58%	5.59%	5.58%	5.59%
Fair value at grant date	$7.61	$5.78	$7.61	$5.78

E. Remuneration tables (continued)

Share-based compensation

The table below lists vesting schedules and performance hurdles for Performance Awards granted under TranShare Executive Performance Awards Plan at different dates:

GRANT DATE	TRANCHE	SERIES	ALLOCATION PERCENTAGE	PERFORMANCE HURDLES	VESTING SCHEDULE VESTING OF AWARDS	VESTING SCHEDULE PERFORMANCE CONDITIONS
28 October 2004	1	2004A	75%	TSR	100%	Average cumulative TSR of 15% per annum over 3-5 years from Base Price*
			Additional 10%	TSR	100%	Average cumulative TSR of 17.5% per annum over 3-5 years from Base Price*
			Additional 15%	TSR	100%	Average cumulative TSR of 20% per annum over 3-5 years from Base Price*
23 August 2005	1	2005A	75%	TSR	100%	Average cumulative TSR of 15% per annum over 3-5 years from Base Price*
	2	2005B	Additional 10%	TSR	100%	Average cumulative TSR of 17.5% per annum over 3-5 years from Base Price*
	3	2005C	Additional 15%	TSR	100%	Average cumulative TSR of 20% per annum over 3-5 years from Base Price*
16 November 2005	1	2005D	75%	TSR	100%	Average cumulative TSR of 15% per annum from Base Price
	2	2005E	Additional 10%	TSR	100%	Average cumulative TSR of 17.5% per annum from Base Price
	3	2005F	Additional 15%	TSR	100%	Average cumulative TSR of 20% per annum from Base Price
19 April 2006	1	2006A	50%	EPS	0%	If BEPSG** < 10%
					40% - 70%	If average compound BEPSG is between 10% - 12.50% for 3 years from 2005 base year EPS
					70% - 100%	If average compound BEPSG is between 12.50% - 15% for 3 years from 2005 base year EPS
					100%	If average compound BEPSG is 15% for 3 years from 2005 base year EPS
	2	2006B	50%	TSR	0%	If TSR < 50th percentile in the ASX 200 Industrials Index
					30%	If TSR = 50th percentile in the ASX 200 Industrials Index
					100%^^	If TSR = 75th percentile in the ASX 200 Industrials Index Proportional vesting of awards will apply for performance between 51st and 75th percentile
31 August 2006	1	2006C	50%	EPS	0%	If BEPSG** < 10%
					40% - 70%	If average compound BEPSG is between 10% - 12.50% for 3 years from 2006 base year EPS
					70% - 100%	If average compound BEPSG is between 12.50% - 15% for 3 years from 2006 base year EPS
					100%	If average compound BEPSG is 15% for 3 years from 2006 base year EPS
	2	2006D	50%	TSR	0%	If TSR < 50th percentile in the ASX 200 Industrials Index
					30%	If TSR = 50th percentile in the ASX 200 Industrials Index
					100%^^	If TSR = 75th percentile in the ASX 200 Industrials Index Proportional vesting of awards will apply for performance between 51st and 75th percentile

E. Remuneration tables (continued)

Share-based compensation (continued)

GRANT DATE	TRANCHE	SERIES	ALLOCATION PERCENTAGE	PERFORMANCE HURDLES	VESTING SCHEDULE VESTING OF AWARDS	 PERFORMANCE CONDITIONS
31 October 2006	1	2006E	23%	Share price	100%	If closing share price^ equals or exceeds 150% of the average closing share price on the 10 trading days up to and including 1 April 2006, on any 10 days in any 20 consecutive trading days during the period 1 January 2009 and 1 April 2010
	2	2006F	23%	Share price	100%	If closing share price^ equals or exceeds 175% of the average closing share price on the 10 trading days up to and including 1 April 2006, on any 10 days in any 20 consecutive trading days during the period 1 January 2009 and 1 April 2011
	3	2006G	23%	Share price	100%	If closing share price^ equals or exceeds 200% of the average closing share price on the 10 trading days up to and including 1 April 2006, on any 10 days in any 20 consecutive trading days during the period 1 January 2010 and 31 December 2011
	4	2006H	31%	EPS	100%	EPS growth on a cumulative basis over the period 30 June 2007 to 30 June 2011 is greater than or equal to 15% p.a. ***
28 February 2007	1	2007A	50%	EPS	0%	If BEPSG** < 10%
					40% - 70%	If average compound BEPSG is between 10% - 12.50% for 3 years from 2006 base year EPS
					70% - 100%	If average compound BEPSG is between 12.50% - 15% for 3 years from 2006 base year EPS
					100%	If average compound BEPSG is 15% for 3 years from 2006 base year EPS
	2	2007B	50%	TSR	0%	If TSR < 50th percentile in the ASX 200 Industrials Index
					30%	If TSR = 50th percentile in the ASX 200 Industrials Index
					100%^^^	If TSR = 75th percentile in the ASX 200 Industrials Index Proportional vesting of awards will apply for performance between 51st and 75th percentile

E. Remuneration tables (continued)

Share-based compensation (continued)

GRANT DATE	TRANCHE	SERIES	ALLOCATION PERCENTAGE	PERFORMANCE HURDLES	VESTING SCHEDULE: VESTING OF AWARDS	VESTING SCHEDULE: PERFORMANCE CONDITIONS
31 May 2007	1	2007C	50%	EPS	0%	If BEPSG** < 10%
					40% - 70%	If average compound BEPSG is between 10% - 12.50% for 3 years from 2007 base year EPS
					70% - 100%	If average compound BEPSG is between 12.50% - 15% for 3 years from 2007 base year EPS
					100%	If average compound BEPSG is 15% for 3 years from 2007 base year EPS
	2	2007D	50%	TSR	0%	If TSR < 50th percentile in the ASX 200 Industrials Index
					30%	If TSR = 50th percentile in the ASX 200 Industrials Index
					100%^^^	If TSR = 75th percentile in the ASX 200 Industrials Index
						Proportional vesting of awards will apply for performance between 51st and 75th percentile
31 August 2007	1	2007E	50%	EPS	0%	If BEPSG** < 10%
					40% - 70%	If average compound BEPSG is between 10% - 12.50% for 3 years from 2007 base year EPS
					70% - 100%	If average compound BEPSG is between 12.50% - 15% for 3 years from 2007 base year EPS
					100%	If average compound BEPSG is 15% for 3 years from 2007 base year EPS
	2	2007F	50%	TSR	0%	If TSR < 50th percentile in the ASX 200 Industrials Index
					30%	If TSR = 50th percentile in the ASX 200 Industrials Index
					100%^^^	If TSR = 75th percentile in the ASX 200 Industrials Index
						Proportional vesting of awards will apply for performance between 51st and 75th percentile
31 August 2007	1	2007G	100%	PBT	0%	If aggregate PBT is < $US113.8M at the end of the 2010 fiscal year
					50%	If aggregate PBT is between $US113.8M and $US136.6M at the end of the 2010 fiscal year
					90%	If aggregate PBT is between $US136.6M and $US149.6M at the end of the 2010 fiscal year
					100%	If aggregate PBT is $US149.6M or higher at the end of the 2010 fiscal year

Directors' Report – Remuneration Report

E. Remuneration tables (continued)

Share-based compensation (continued)

					VESTING SCHEDULE	
GRANT DATE	TRANCHE	SERIES	ALLOCATION PERCENTAGE	PERFORMANCE HURDLES	VESTING OF AWARDS	PERFORMANCE CONDITIONS
29 February 2008	1	2008A	50%	EPS	0%	If BEPSG** < 10%
					40% - 70%	If average compound BEPSG is between 10% - 12.50% for 3 years from 2007 base year EPS
					70% - 100%	If average compound BEPSG is between 12.50% - 15% for 3 years from 2007 base year EPS
					100%	If average compound BEPSG is 15% for 3 years from 2007 base year EPS
	2	2008B	50%	TSR	0%	If TSR < 50th percentile in the ASX 200 Industrials Index
					30%	If TSR = 50th percentile in the ASX 200 Industrials Index
					100%^^^	If TSR = 75th percentile in the ASX 200 Industrials Index
						Proportional vesting of awards will apply for performance between 51st and 75th percentile
31 August 2008	1	2008C	50%	EPS	0%	If BEPSG** < 10%
					40% - 70%	If average compound BEPSG is between 10% - 12.50% for 3 years from 2008 base year EPS
					70% - 100%	If average compound BEPSG is between 12.50% - 15% for 3 years from 2008 base year EPS
					100%	If average compound BEPSG is 15% for 3 years from 2008 base year EPS
	2	2008D	50%	TSR	0%	If TSR < 50th percentile in the ASX 200 Industrials Index
					30%	If TSR = 50th percentile in the ASX 200 Industrials Index
					100%^^^	If TSR = 75th percentile in the ASX 200 Industrials Index
						Proportional vesting of awards will apply for performance between 51st and 75th percentile

* Base Price is the five day average closing price of shares one week prior to the date the HR Committee approved the offer.

** Basic EPS growth.

^ The time frame for closing share price is any 10 days in 20 consecutive trading days during the period.

*** If performance hurdle is not met by the final date of the performance period the Awards will lapse

^^ TSR will initially be measured three years after the grant date, if hurdles are not met, TSR will be measured three times more at a quarterly intervals. To qualify, the performance hurdles and vesting conditions must be met at any of four quarterly assessment times within a specified one year window commencing three years from the grant date. The remaining unvested awards will lapse after that.

^^^ If 100 per cent vesting is not achieved after the initial test, the testing period is extended by three months and retested a further two times at three monthly intervals. The remaining unvested awards will lapse after that

E. Remuneration tables (continued)

TSIF Notional Securities Scheme

Steve MacDonald is the only key management person of Transfield Services to participate in the TSIF Notional Securities Scheme. Steve MacDonald is Chief Executive Office of Transfield Services Infrastructure Fund (TSI Fund) and is seconded to TSI Fund by Transfield Services. 100 per cent of his remuneration is paid by Transfield Services.

The TSIF Notional Securities Scheme (Scheme) offers Steve MacDonald a notional investment in securities of TSI Fund. This Scheme is offered by the Company (with agreement from the TSI Fund Board). The incentive provided under the Scheme can be delivered either in cash, TSI Fund securities or a combination of both, once vesting conditions have been met. The Scheme is used, because under current Australian tax law, TSI Fund securities issued under a TSI Fund executive remuneration regime can only be provided to TSI Fund employees, whereas Steve MacDonald is seconded from the Manager to TSI Fund. This notional investment in securities in TSI Fund is a structure that emulates the performance of total securityholder return of TSI Fund securities.

The terms and conditions of Steve MacDonald's grant of TSIF Notional Securities affecting remuneration in the previous, this or future reporting periods are set out below. The TSIF Notional Securities expire on the earlier of ceasing employment or 180 days after the Vesting Date.

Steve MacDonald's grant of TSIF Notional Securities and related vesting conditions

TRANCHE	NUMBER GRANTED	GRANT DATE	FIRST DATE EXERCISABLE	EXERCISE PRICE $	VALUE PER NOTIONAL SECURITY AT 30 JUNE 2009	PERFOR-MANCE HURDLES	VESTING OF AWARDS	PERFORMANCE CONDITIONS
A	166,667	15 November 2007	30 June 2010	Nil	$ 0.066	TSI Fund return	20%#	TSI Fund Return* > Benchmark Return by $350,000 (50%);
							80%	TSI Fund Return** > Benchmark Return by > $1,750,000 (500%);
B	166,667	15 November 2007	30 June 2010	Nil	$0.004	TSI Fund market capitalisation	100%	TSI Fund Market Capitalisation doubles from listing to 30 June 2010

Pro- rata vesting will apply once the primary performance hurdle for Tranche A has been achieved.

* TSI Fund Return is the cumulative return of the Fund for financial years ending 2008, 2009 and 2010.

** Benchmark return is the average market capitalisation of TSI Fund over the last 20 trading days of the previous financial year multiplied by the average daily closing value of the benchmark rate during the relevant financial year, plus the time weighted aggregate values of all new securities paid during the relevant financial year multiplied by a rate equivalent to the average daily closing value of the benchmark rate.

Shares provided on exercise of Performance Awards and Options

2009

No shares were issued to key management personnel on exercise of Performance Awards or Options during the year.

2008

NAME	DATE OPTIONS & PERFORMANCE AWARDS GRANTED	SERIES	NUMBER OF SHARES	PAID $ PER SHARE	UNPAID $ PER SHARE
Peter Watson	October 2004	2004	100,000	$Nil	N/A
Matthew Irwin	February 2005	2005	20,000	$Nil	N/A
Steve MacDonald	August 2004	2004	42,492	$Nil	N/A
Paul McCarthy	February 2005	2005	14,693	$Nil	N/A
Joseph Sadatmehr	August 2004	2004	106,231	$Nil	N/A

F. Other information

Details of remuneration: at-risk remuneration

For each cash bonus and grant of Awards, the percentage of the available bonus or grant that was paid, or that vested, in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No part of the bonuses is payable in future years. The Awards vest over three to five years provided the vesting conditions are met. No Awards will vest if the conditions are not satisfied, hence the minimum value of the Award yet to vest is nil. The maximum value of the Awards yet to vest has been determined based on the fair value at grant date.

	CASH BONUS		AWARDS					
NAME	PAID %	FORFEITED %	YEAR GRANTED	VESTED %	FORFEITED %	FINANCIAL YEARS IN WHICH AWARDS MAY VEST	MINIMUM TOTAL VALUE OF GRANT YET TO VEST $	MAXIMUM TOTAL VALUE OF GRANT YET TO VEST $
Directors								
Dr Peter Goode	-	-	-	-	-	-	-	-
Peter Watson	100*	-	2009					
	47	53	2008	-	-	-		
			2007	-	54%	2009-2011	-	1,171,500
			2006	-	-	2009-2011	-	203,572
			2005	100%	-	2008	-	-
			2004	100%	-	2007	-	-
								1,375,072
Other key management personnel								
Lee de Vryer	56	44	2009	-	-	2012	-	238,342
	55	45	2008	-	-	2011	-	217,560
								455,902
Elizabeth Hunter	59	41	2009	-	-	2012	-	119,841
	65	35	2008	-	-	2011	-	126,324
								246,165
Matthew Irwin	52	48	2009	-	-	2012	-	343,454
	65	35	2008	-	-	2011	-	368,082
			2007	-	-	2010	-	176,886
			2006	47%	3%	2009-2010	-	-
			2005	100%	-	2008	-	-
								888,422
Bruce James	54	46	2009	-	-	2012	-	623,974
	63	37	2008	-	-	2012	-	450,846
			2007	-	-	2011	-	258,038
			2006	-	100%	2009	-	-
								1,332,858
Steve MacDonald	75	25	2009	-	-	-	-	-
	74	26	2008	-	-	-	-	-
			2007	-	-	2010-2011	-	767,716
			2006	-	100%	2009	-	-
			2005	100%	-	2008	-	-
			2004	100%	-	2007	-	-
			2003	100%	-	2006	-	-
								767,716

* Calculated in accordance with contractual provisions on termination

F Other Information (continued)

Details of remuneration: at-risk remuneration (continued)

NAME	CASH BONUS PAID %	CASH BONUS FORFEITED %	AWARDS YEAR GRANTED	VESTED %	FORFEITED %	FINANCIAL YEARS IN WHICH AWARDS MAY VEST	MINIMUM TOTAL VALUE OF GRANT YET TO VEST $	MAXIMUM TOTAL VALUE OF GRANT YET TO VEST $
Paul McCarthy	63	37	2009	-	-	2012	-	260,436
	63	37	2008	-	-	2011	-	237,503
			2007	-	-	2010	-	148,797
			2006	47%	3%	2009	-	-
			2005	100%	-	2008	-	-
			2004	100%	-	2007	-	-
								646,736
Kate Munnings	64	36	2009	-	-	2012	-	155,954
	55	45	2008	-	-	2011	-	130,536
			2007	-	-	2010	-	93,687
			2006	47%	3%	2009-2010	-	-
								380,177
Joseph Sadatmehr	52	48	2009	-	-	2012	-	-
	47	53	2008	-	-	2011	-	3,045,000
			2007	-	-	2010	-	358,210
			2006	-	100%	2009	-	-
			2005	100%	-	2008	-	-
			2004	100%	-	2007	-	-
								3,403,210
Graeme Sumner	-	-	2009	-	100%	2012	-	-
	62	38	2008	-	67%	2011	-	72,520
	89	11	2007	-	33%	2010	-	110,831
			2006	-	33%	2009-2010	-	52,047
								235,398

Performance of Transfield Services over five years

The overall level of executive reward takes into account the performance of the Company over a number of years, with greater emphasis given to the current and immediately preceding year. Over the past five years, the Company's profit from ordinary activities after income tax (NPAT) has grown by a cumulative average 23 per cent per annum (excluding the impact of impairment). There was a 13 per cent decline over the same period if the impact of impairment is included. During the same period, average executive key management personnel remuneration has grown by an average 10 per cent per annum. Short-term incentive bonus and long-term incentives /share based payments as a percentage of total annual reward for key management personnel are presented in the following table for each year.

	2005	2006	2007[1]	2008[2]	2009[3]
EPS (cents)[2]	27.64	33.90	58.15	27.64	(15.34)
NPAT $'000	40,980	55,590	110,447	82,376	(54,490)
STI as % of executive KMP Total Annual Reward	21.1%	19.6%	25.8%	13.9%	16.8%
LTI as % of executive KMP Total Annual Reward	6.5%	7.2%	20.8%	28.0%	1.9%
% LTI Awards achieving performance metrics and vesting during the financial year	100%	100%	100%	100%	20%

1 the 2007 results included one-off profit after tax of $34,744,000 relating to the disposal of the infrastructure assets to Transfield Services Infrastructure Limited

2 the EPS Value has been recalibrated and adjusted for the capital raising in December 2008

3 includes an impairment loss $148,443,000 post tax

Share-based compensation: Value of Awards upon exercise

During the year no Performance Awards that were granted as part of remuneration were exercised by any key management personnel. No Performance Awards granted as part of remuneration lapsed during the year.

The Remuneration Report ends here. The Directors' Report continues on page 62.

Directors' Report

Insurance of officers

During the financial year, Transfield Services Limited paid a premium for Directors' and Officers' Liability insurance. The policy covers the Directors and secretary of the Company and its controlled entities, and the general managers of each of the divisions of the consolidated entity. The Directors have not included details of the nature of the liabilities covered and the amount of the premium paid in respect of the Directors' and Officers' Liability insurance policy as such disclosure is prohibited under the terms of the contract.

Proceedings on behalf of the Company

No person has applied to a court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of a court under section 237 of the *Corporations Act 2001*.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the consolidated entity are important. These assignments have principally been tax advice and due diligence reporting on acquisitions, or where PricewaterhouseCoopers is awarded assignments on a competitive basis. It is the consolidated entity's policy to seek competitive tenders for all major consulting projects.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out in note 38. Effective from 1 July 2009, the Group has appointed a separate taxation advisor.

The Board of Directors has considered the position and, in accordance with the advice received from the Risk, Audit and Compliance Committee is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out in note 38, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Risk, Audit and Compliance Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Auditors' independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 63.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and 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.

Auditor

The Directors will recommend to shareholders at the annual general meeting to be held on 4 November 2009 that KPMG be appointed as auditor. Until that time, PricewaterhouseCoopers continues in office in accordance with Section 327 of the *Corporations Act 2001*.

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

Anthony Shepherd
Chairman

Peter Goode
Managing Director and Chief Executive Officer

at Sydney
26 August 2009

Auditor's Independence Declaration

PRICEWATERHOUSECOOPERS

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Auditor's Independence Declaration

As lead auditor for the audit of Transfield Services Limited for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Transfield Services Limited and the entities it controlled during the period.

Brian Hunter
PricewaterhouseCoopers

Sydney
26 August 2009

Liability limited by a scheme approved under Professional Standards Legislation

Income Statements
for the year ended 30 June 2009

	NOTE	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000	PARENT ENTITY 2009 $'000	PARENT ENTITY 2008 $'000
Revenue from continuing operations	4	**3,391,199**	2,999,804	**37,901**	25,948
Share of net profits of associates and joint venture entities and partnerships accounted for using the equity method		**72,012**	57,129	**-**	-
Other income	5	**11,005**	13,997	**275**	171
Subcontractors, raw materials and consumables		**(1,561,888)**	(1,395,935)	**-**	-
Employee benefit expense		**(1,441,994)**	(1,249,743)	**-**	-
Depreciation, amortisation and impairment	6	**(247,808)**	(62,347)	**-**	-
Finance costs	6	**(44,920)**	(42,808)	**(12,914)**	(9,511)
Other expenses		**(242,029)**	(223,108)	**(1,492)**	(1,477)
(Loss) / profit before income tax		**(64,423)**	96,989	**23,770**	15,131
Income tax benefit / (expense)	7(a)	**9,933**	(14,613)	**5,937**	7,979
(Loss) / profit from continuing operations		**(54,490)**	82,376	**29,707**	23,110
(Loss) / profit for the year		**(54,490)**	82,376	**29,707**	23,110
(Loss) / profit is attributable to:					
Ordinary equity holders of Transfield Services Limited	27(b)	**(55,010)**	82,173	**29,707**	23,110
Minority interest	28	**520**	203	**-**	-
		(54,490)	82,376	**29,707**	23,110

		NOTE	2009	2008
(Loss) / earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company				
Basic (loss) / earnings per share	– cents	37	**(15.34)**	27.64
Diluted (loss) / earnings per share	– cents	37	**(15.34)**	27.64
Basic and diluted earnings per share pre-impairment	- cents	37	**26.05**	27.64
Dividends per share				
Dividends per share cents	– final	29	**18.0**	18.0
	– interim	29	**4.75**	18.0

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

Balance Sheets as at 30 June 2009

	NOTE	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000	PARENT ENTITY 2009 $'000	PARENT ENTITY 2008 $'000
Current assets					
Cash and cash equivalents	8	**97,979**	57,826	**435**	411
Trade and other receivables	9	**510,949**	493,423	**574,227**	556,001
Income tax refundable		**18,636**	8,885	**12,045**	3,371
Inventories	10	**70,978**	47,265	**-**	-
Prepayments and other current assets	11	**16,367**	12,701	**413**	1,501
Total current assets		**714,909**	620,100	**587,120**	561,284
Non-current assets					
Trade and other receivables	12	**1,556**	-	**-**	-
Investments accounted for using the equity method	13	**251,317**	272,772	**-**	-
Other financial assets at cost	14	**-**	-	**259,656**	256,445
Property, plant and equipment	15	**187,210**	180,762	**-**	-
Deferred tax assets	16	**55,654**	23,789	**4,554**	747
Intangible assets	17	**711,805**	808,262	**-**	-
Prepayments and other non-current assets	18	**5,056**	191	**905**	-
Total non-current assets		**1,212,598**	1,285,776	**265,115**	257,192
Total assets		**1,927,507**	1,905,876	**852,235**	818,476
Current liabilities					
Trade and other payables	19	**499,772**	436,422	**378**	928
Short-term borrowings	20	**27,389**	27,922	**1,413**	25,690
Current tax liabilities		**218**	4,316	**-**	-
Provision for employee benefits	21	**72,562**	58,741	**-**	-
Deferred purchase consideration	22	**3,662**	2,158	**-**	-
Derivative financial instruments	23	**3,073**	159	**-**	-
Other provisions	24	**3,372**	4,615	**-**	-
Total current liabilities		**610,048**	534,333	**1,791**	26,618
Non-current liabilities					
Long-term borrowings	20	**460,240**	615,714	**-**	180,120
Deferred tax liabilities	25	**54,125**	44,013	**-**	-
Provision for employee benefits	21	**21,987**	26,573	**-**	-
Deferred purchase consideration	22	**-**	10,052	**-**	-
Derivative financial instruments	23	**29**	-	**-**	-
Other provisions	24	**3,782**	2,900	**-**	-
Total non-current liabilities		**540,163**	699,252	**-**	180,120
Total liabilities		**1,150,211**	1,233,585	**1,791**	206,738
Net assets		**777,296**	672,291	**850,444**	611,738
Equity					
Contributed equity	26	**802,491**	540,338	**803,095**	540,338
Reserves	27(a)	**(74,442)**	(27,227)	**10,823**	9,362
Retained profits	27(b)	**48,500**	158,846	**36,526**	62,038
Parent entity interest		**776,549**	671,957	**850,444**	611,738
Minority interest	28	**747**	334	**-**	-
Total equity		**777,296**	672,291	**850,444**	611,738

The above balance sheets should be read in conjunction with the accompanying notes.

Statements of Cash Flows for the year ended 30 June 2009

	NOTE	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000	PARENT ENTITY 2009 $'000	PARENT ENTITY 2008 $'000
Cash flows from operating activities					
Receipts from customers		**3,578,999**	3,150,802	**-**	-
Payments to suppliers, subcontractors and employees		**(3,396,320)**	(2,947,448)	**(2,493)**	(4,126)
		182,679	203,354	**(2,493)**	(4,126)
Dividends, distributions and net cash contributions from associates, joint venture entities and partnerships		**67,098**	46,555	**33,670**	25,932
Interest received		**3,218**	3,167	**8**	16
Financing costs		**(47,429)**	(42,809)	**(11,378)**	(8,926)
Income taxes paid		**(31,346)**	(33,589)	**(22,262)**	(28,030)
Net cash inflow / (outflow) from operating activities	36	**174,220**	176,678	**(2,455)**	(15,134)
Cash flows from investing activities					
Payments for property, plant and equipment and software		**(52,157)**	(67,507)	**-**	-
Proceeds from sale of property, plant and equipment and software		**18,174**	6,090	**-**	-
Payment for investment in controlled and other entities		**-**	(1,474)	**-**	-
Net payment for acquisitions in business combinations		**(928)**	(228,709)	**-**	-
Price adjustments in relation to prior periods' business combinations		**849**	-	**-**	-
Acquisition of intangible assets		**(806)**	-	**-**	-
Payment for deferred consideration on prior period acquisitions		**(2,984)**	(30,886)	**-**	-
Payment for acquisition of interest / investment in joint venture		**-**	(17,012)	**-**	-
Payment of capital gains tax		**-**	(48,520)	**-**	(48,520)
Proceeds from disposal of investment		**-**	550	**-**	-
Net cash (outflow) / inflow from investing activities		**(37,852)**	(387,468)	**-**	(48,520)
Cash flows from financing activities					
Proceeds from borrowings		**945,769**	1,007,372	**-**	163,462
Repayment of borrowings		**(1,249,364)**	(745,917)	**(181,474)**	-
Proceeds from share issue		**255,069**	-	**255,069**	-
Payment for share acquisition and share issue costs		**(977)**	(8,274)	**(266)**	(8,274)
Proceeds from borrowings – associates and joint ventures		**-**	-	**-**	1,384
Loans to controlled entities		**-**	-	**(18,148)**	(21,377)
Dividends paid		**(52,702)**	(71,277)	**(52,702)**	(71,277)
Net cash (outflow) / inflow from financing activities		**(102,205)**	181,904	**2,479**	63,918
Net increase / (decrease) in cash held		**34,163**	(28,886)	**24**	264
Cash at the beginning of the financial year		**57,826**	91,827	**411**	147
Effect of exchange rate changes on opening cash		**5,990**	(5,115)	**-**	-
Cash at the end of the financial year	8	**97,979**	57,826	**435**	411

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

Statements of Recognised Income and Expense for the year ended 30 June 2009

	NOTE	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000	PARENT ENTITY 2009 $'000	PARENT ENTITY 2008 $'000
Change in fair value of cash flow hedge – interest rate hedge (net of tax)	27 (a)	**(27,359)**	5,964	**-**	-
Exchange differences on translation of foreign operations	27 (a)	**(22,849)**	(31,564)	**-**	-
Changes in other reserves	27 (a)	**2,249**	4,630	**-**	-
Net expense recognised directly in equity		**(47,959)**	(20,970)	**-**	-
(Loss) / profit for the year		**(54,490)**	82,376	**29,707**	23,110
Total recognised (expense) / income for the year		**(102,449)**	61,406	**29,707**	23,110
Total recognised income and expense for the year is attributable to:					
Members of Transfield Services Limited		**(102,969)**	61,203	**29,707**	23,110
Minority interest	28	**520**	203	**-**	-
		(102,449)	61,406	**29,707**	23,110
Effect of change in provisional fair values :					
Total equity at the beginning of the financial year as previously stated		**672,291**	692,962	**611,738**	661,480
Changes to provisional fair value in accordance with AASB 3		**-**	(3,881)	**-**	-
Restated total equity at the beginning of the financial year		**672,291**	689,081	**611,738**	661,480

The above statements of recognised income and expense should be read in conjunction with the accompanying notes.

Notes to and forming part of the financial statements for the year ended 30 June 2009

Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of this general purpose financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial report includes separate financial statements for Transfield Services Limited as an individual entity and the consolidated entity consisting of Transfield Services Limited and its controlled entities.

(a) Basis of preparation of the financial report

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board including Interpretations and the *Corporations Act 2001*.

Compliance with International Financial Reporting Standards (IFRS)

The financial report of Transfield Services Limited also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and liabilities such as derivative instruments and cash settled share based payment arrangements which are recorded at fair value.

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of Transfield Services Limited ('Company' or 'Parent entity') as at 30 June 2009 and the results of all subsidiaries for the year then ended.

Transfield Services Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

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

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for acquisition of subsidiaries by the Group.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill; being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the subsidiary.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statements and balance sheets respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Transfield Services Limited.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20 per cent and 50 per cent of the voting rights. Investments in associates are accounted for in the Parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

The Group's share of post-acquisition profits or losses from its associates are recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the Parent entity's income statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Joint venture entities and partnerships

The interest in a joint venture entity or partnership is accounted for in the consolidated financial statements using the equity method and is carried at cost by the Parent entity. Under the equity method, the share of the profits or losses of the joint venture entity or partnership are recognised in the income statement, and the share of movements in reserves are recognised in reserves in the balance sheet.

Profits or losses on transactions establishing the joint venture entity or partnership and transactions with the joint venture entity or partnership are eliminated to the extent of the Group's ownership interest until such time as they are realised by the joint venture entity or partnership on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

Joint venture operations

Where the Group conducts business through alliance contracts with other service providers, the Group's assets, liabilities, income and expenses relating to the activity are recorded in the records of the trading subsidiary company and no further consolidation procedures are performed.

(c) Segment reporting

A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments. A business segment is a group of assets and operations engaged in providing products or a service that are subject to risk and returns that are different to those of the other business segments.

Notes to and forming part of the financial statements for the year ended 30 June 2009

Note 1. Summary of significant accounting policies (continued)

(d) Foreign currency transactions

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the approximate dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

Group companies

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

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet, and
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the approximate dates of the transactions);
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to shareholder's equity. When a foreign operation is sold or borrowings repaid, a proportionate share of such exchange differences is recognised in the income statement as part of the gain or loss on sale or repayment.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Income tax

The income tax expense or benefit for the period is the tax payable or refundable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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

(f) Tax consolidation legislation

The head entity, Transfield Services Limited, and the controlled entities in the tax consolidation group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Transfield Services Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax-consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Details about the tax funding agreement are disclosed in note 7(e).

A similar regime operates in the United States of America. The Group's wholly-owned subsidiaries have adopted the equivalent arrangement in that jurisdiction.

(g) Leases

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

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance lease are depreciated over the shorter of the asset's useful life or the lease term where there is no certainity that ownership of the asset will transfer. Lease assets held at reporting date are being amortised over periods ranging from three to eight years.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

Note 1. Summary of significant accounting policies (continued)

(h) Business combinations

The purchase method of accounting is used for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured at the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of the acquisition plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at the acquisition date. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of cost of acquisition over the fair value of the Group's share of identifiable net assets acquired is recorded as goodwill (refer to note 1(t)). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

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

Should hurdles relating to the payment of deferred consideration fail to be met, the amount of deferred consideration forfeited is written off against goodwill.

(i) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that have previously suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Revenue recognition

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all material contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

Operating revenue:

The Group has three categories of operations and maintenance outsourcing service revenue

Maintenance services revenue

Contract revenue is recognised when the service is completed in accordance with the terms of the maintenance contract, unless the contract is long-term or where service activity within a contract period is expected to vary significantly year on year in which case revenue is recognised in accordance with the percentage of completion method or when a significant act is executed.

Infrastructure management revenue

Infrastructure revenue is recognised when the services are rendered and in accordance with individual contracts as appropriate.

Key performance indicator revenue

Such revenue is only recognised when it is probable that the economic benefits associated with the transaction will flow to the entity. When an uncertainty arises about the collectibility of an amount already recognised as revenue, the uncollectible amount, or the amount in respect of which recovery has ceased to be probable, is recognised as an adjustment to the amount of revenue originally recognised.

Infrastructure development revenue

Infrastructure development revenue relates to a range of activities from sale of infrastructure development equity opportunities to sale of completed infrastructure assets and also includes revenues from the contracted development of infrastructure assets on behalf of third parties. Infrastructure development revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, there is no continuing equity involvement with the assets and the amount of revenue can be measured reliably.

Other revenue:

Management fees

Management fees are recognised as income when the services are provided or in accordance with individual agreements.

Interest income

Interest income is recognised on a time proportion basis using the effective interest rate method.

Dividends and distributions

Dividends and distributions are recognised as revenue when the right to receive payment is established.

(k) Receivables

All trade debtors are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method, less provision for impairment.

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

Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the income statement within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

Notes to and forming part of the financial statements for the year ended 30 June 2009

Note 1. Summary of significant accounting policies (continued)

(l) Inventories

Consumables and stores

Consumables and stores are stated at the lower of cost (assigned on the first-in-first-out basis) and net realisable value and charged to specific contracts when used. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

Work in progress

Work in progress in respect of standard maintenance contracts represents unbilled contract expenditure on maintenance projects at the period end and is stated at the lower of cost and net realisable value.

Work in progress in respect of long-term maintenance contracts is stated at the aggregate of contract costs incurred to date plus recognised profit less recognised losses and progress billings.

Where progress billings exceed the aggregate costs incurred plus profits less losses, the resulting work in progress is included in liabilities.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the client under the terms of the contract and an allocation of overhead expenses incurred in connection with the consolidated entity's maintenance activities in general.

(m) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts. Bank overdrafts are shown within interest bearing liabilities in current liabilities in the balance sheet.

(n) Discontinued operations

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement.

(o) Investments and other financial assets

Classification

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date being the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest rate method.

Impairment

The Group assesses at each balance date, whether there is objective evidence that a financial asset or group of financial assets is impaired and if evidence of impairment exists recognises an impairment loss in the income statement.

(p) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges), or,
- hedges of highly probable forecast transactions (cash flow hedges), other derivatives are not designated as hedges.

The Group documents at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging derivative is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Gains and losses arising on derivative financial instruments that are not designated as hedges are recognised in the income statement.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income or other expense.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'finance costs'. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging transactions is recognised in the income statement within 'sales'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement in the initial cost or carrying amount of the asset or liability.

Note 1. Summary of significant accounting policies (continued)

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(q) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(r) Property, plant and equipment

Land and buildings are shown at cost, less depreciation for buildings.

All other property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment as well as borrowing costs capitalised on qualifying assets.

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

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

- buildings	25 - 40 years
- leasehold improvements	remaining lease term
- plant and equipment	three to 20 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An assets' carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount – (refer note 1(i)).

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

Development expenditure

Expenditure on development activities or other knowledge to a plan or design of the production of new or substantially improved products or services before the start of commercial production or use, is capitalised if the product or service is technically and commercially feasible and adequate resources are available to complete development. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour, borrowing costs incurred and an appropriate proportion of overheads. Such assets are included in capital work in progress until completed at which time they are transferred into plant and equipment and depreciated in accordance with the policies set out above.

Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the period of the expected benefit, which ranges from three to 10 years.

Computer software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from three years for application software to 10 years for licences and other items.

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

(s) Leasehold improvements

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease, or the estimated useful life of the improvements to the consolidated entity.

(t) Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the lowest level within the Group at which goodwill is monitored for internal management purposes.

Brand names, trademarks and licences

Brand names, trademarks and licences acquired as part of business combinations have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of brand names, trademarks and licences over their estimated useful lives of 15-22 years.

Contract intangibles

Contract intangibles acquired as part of business combinations have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of contract intangibles over their estimated useful lives of two to 12 years.

Note 1. Summary of significant accounting policies (continued)

Customer relationships

Customer relationships acquired as part of business combinations have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of customer relationships over their estimated useful lives of six to 22 years.

Supplier/contractor databases

Supplier/contractor databases acquired as part of business combinations have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of supplier/contractor databases over their estimated useful lives of 20-22 years.

Vendor network

Vendor networks acquired as part of business combinations have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of vendor networks over their estimated useful lives of 20-22 years.

Acquired technology and software

Technology and developed software acquired in business combinations have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of developed software and technology over their estimated useful lives of five years.

(u) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period, which are unpaid. The amounts are unsecured and are usually paid within 30-60 days of recognition.

(v) Short-term and long-term borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest rate method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as capitalised costs and amortised on a straight line basis over the term of the facility.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The differences between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(w) Employee benefits

Annual leave, sick leave and Directors' retirement benefits

Liabilities for annual leave, accumulating sick leave expected to be settled within 12 months and Directors' retirement benefits (including non-monetary benefits) are recognised in provision for employee benefits in respect of employees' or Directors' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured at the present value of the expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date of national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Short-term incentive plans

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

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

Liabilities for short term incentives are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

Superannuation

Contributions to defined contribution superannuation funds are charged as an expense as the contributions are paid or become payable.

Employee benefit on-costs

Employee benefit on-costs, including payroll tax are recognised and included in provision for employee benefits and are measured at amounts expected to be paid when the liabilities are settled, discounted to net present value.

Termination benefits

Liabilities for termination benefits, not in connection with the acquisition of any entity or operation, are recognised when a detailed plan for the termination has been developed and a valid expectation has been raised in those employees affected that terminations will be carried out.The liabilities for termination benefits are recognised in other creditors unless the amount or timing of the payments is uncertain, in which case they are recognised as provisions.

Equity-based compensation benefits

Equity-based compensation benefits are provided to employees via the TranShare Executive Performance Awards Plan, the Transfield Services Executive Options Scheme and the Deferred Retention Incentive Scheme.

(i) *Share Options and Performance Awards granted before 7 November 2002 and/or vested before 1 January 2005.*

No expense is recognised in respect of these Options or Performance Awards. The shares are recognised when the Options or Performance Awards are exercised and the proceeds received are allocated to share capital.

(ii) *Share Options and Performance Awards granted after 7 November 2002 and vested after 1 January 2005.*

The fair value of Options and Performance Awards granted under the Transfield Services Executive Options Scheme, the TranShare Executive Performance Awards Plan are recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the Options or Performance Awards.

Note 1. Summary of significant accounting policies (continued)

(iii) *Shares under the Deferred Retention Incentive Scheme.*

Shares acquired under the Deferred Retention Incentive Scheme are held by the TranShare Plan Trust and included in treasury shares as a reduction in equity. The expense is recognised and liability accrued over the vesting period.

The fair value at grant date of Options and Performance Awards is independently determined using a binomial and Monte Carlo model that takes into account the exercise price, the term of the Option or Performance Award, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the Option or Performance Award, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the Option or Performance Award.

The fair value of the Options or Performance Awards granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of Options or Performance Awards that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of Options or Performance Awards that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of Options or Performance Awards, the balance of the share-based payments reserve relating to those Options or Performance Awards is transferred to share capital.

The difference between the market value of shares issued to employees and the employee's consideration under the employee share scheme is recognised as an employee benefit expense with a corresponding increase in equity when the employee becomes entitled to the shares.

(x) Provisions

Provisions for legal claims, lease 'make good' and service warranties are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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

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

(y) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under that contract, and only after any impairment losses to assets dedicated to that contract have been recognised.

The provision recognised is based on the excess of the estimated cash flows to meet the unavoidable costs under the contract over the estimated cash flows to be received in relation to the contract, having regard to the risks of the activities relating to the contract. The net estimated cash flows are discounted using market yields at balance date of national government guaranteed bonds with terms to maturity and currency that match, as closely as possible, the expected future payment, where the effect of discounting is material.

(z) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred (except where they are incurred in the cost of qualifying assets – refer note 1(r)) and include:

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

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's outstanding borrowings during the year.

(aa) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares, Options or Performance Awards are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares, Options or Performance Awards, or for the acquisition of a business are not included in the cost of acquisition as part of the purchase consideration.

Treasury shares

Any amounts of unvested shares held by the TranShare Plan Trust are controlled by the Group until they vest and are recorded as a reduction in equity.

(ab) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the year but not distributed at balance sheet date.

(ac) Earnings / (loss) per share

Basic earnings / (loss) per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings / (loss) per share

Diluted earnings / (loss) per share adjusts the figures used in the determination of basic earnings / (loss) per share to take into account the after income tax effect of interest and financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(ad) Financial instrument transaction costs

Transaction costs that are directly attributable to the acquisition or issue of a financial asset or liability are included in the value of the financial asset or liability on initial recognition.

(ae) Goods and Services Tax (GST)

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

Notes to and forming part of the financial statements for the year ended 30 June 2009

Note 1. Summary of significant accounting policies (continued)

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

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

(af) Rounding of amounts

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

(ag) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2009 reporting period. The Group's and the Parent entity's assessment of the impact of these new standards and interpretations is set out below.

i AASB 8 *Operating Segment*s and AASB 7-3 *Amendments to Australian Accounting Standards* arising from AASB 8 which are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 advocates a change in the approach to Segment Reporting as it requires the adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and how to allocate resources to business segments. The Group will adopt AASB 8 from 1 July 2009, however, management do not consider that the Standard will result in significant change to the existing 'Geographically based' reporting which is currently adopted in the financial report.

ii Revised AASB 123 *Borrowing Costs* and AASB 2008-6 *Amendments to Australian Accounting Standards* arising from AASB 123. The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and – when adopted – will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact to the financial report of the Group, as the Group already capitalises borrowing costs on qualifying assets.

iii Revised AASB 101 *Presentation of Financial Statements* and AASB 2008-8 *Amendments to Australian Accounting Standards* arising from AASB 101. A revised AASB 101 was issued in September 2008 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment, or has reclassified items in the financial statements, it will need to disclose a third balance sheet, this one being at the beginning of the comparative period. The Group will apply the revised standard from 1 July 2009.

iv AASB 2008-1 *Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations* is effective for annual reporting periods beginning on or after 1 January 2009. AASB 2008-1 clarifies that vesting conditions are service conditions and performance conditions only and that other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group will apply the revised standard from 1 July 2009, but it is not expected to affect the accounting for the Group's share based payments.

v Revised AASB 3 *Business Combinations*, AASB 127 *Consolidated and Separate Financial Statements* and AASB 2008-3 *Amendments to Australian Accounting Standards* arising from AASB 3 and AASB 127 are effective for annual reporting periods beginning on or after 1 July 2009. The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes. All payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statement. There is a choice on an acquisition by acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition related costs must be expensed. This is different to the Group's current policy which is set out in note 1 (h) above. The revised AASB 127 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply the revised standards prospectively to all business combinations and transactions with non-controlling interests from 1 July 2009.

vi AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective 1 July 2009)
The amendments to AASB 5 *Discontinued Operations* and AASB 1 *First-Time Adoption of Australian-Equivalents to International Financial Reporting Standards* are part of the IASB's annual improvements project published in May 2008. They clarify that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosures should be made for this subsidiary if the definition of a discontinued operation is met. The Group will apply the amendments prospectively to all partial disposals of subsidiaries from 1 July 2009.

vii AASB 2008-7 *Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* (effective 1 July 2009)
In July 2008, the AASB approved amendments to AASB 1 *First-time Adoption of International Financial Reporting Standards* and AASB 127 *Consolidated and Separate Financial Statements*. The Group will apply the revised rules prospectively from 1 July 2009. After that date, all dividends received from investments in subsidiaries, jointly controlled entities or associates will be recognised as revenue, even if they are paid out of pre-acquisition profits, but the investments may need to be tested for impairment as a result of the dividend payment. Under the entity's current policy, these dividends are deducted from the cost of the investment. Furthermore, when a new intermediate parent entity is created in internal reorganisations it will measure its investment in subsidiaries at the carrying amounts of the net assets of the subsidiary rather than the subsidiary's fair value.

viii AASB Interpretation 16 *Hedges of a Net Investment in a Foreign Operation* (effective 1 October 2008)
AASB-I 16 clarifies which foreign currency risks qualify as hedged risk in the hedge of a net investment in a foreign operation and that hedging instruments may be held by any entity or entities within the group. It also provides guidance on how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item. The Group will apply the interpretation prospectively from 1 July 2009.

Note 1. Summary of significant accounting policies (continued)

ix AASB 2008-8 Amendment to IAS 39 *Financial Instruments: Recognition and Measurement* (effective 1 July 2009)
AASB 2008-8 amends AASB 139 *Financial Instruments: Recognition and Measurement* and must be applied retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges. The Group will apply the amended standard from 1 July 2009. It is not expected to have a material impact on the Group's financial statements.

x AASB Interpretation 17 *Distribution of Non-cash Assets to Owners* and AASB 2008-13 *Amendment to Australian Accounting Standards arising from AASB Interpretation 17*
AASB-I 17 applies to situations where an entity pays dividends by distributing non-cash assets to its shareholders. These distributions will need to be measured at fair value and the entity will need to recognise the difference between the fair value and the carrying amount of the distributed assets in the income statement on distribution. This is different to the Group's current policy which is to measure distributions of non-cash assets at their carrying amounts. The interpretation further clarifies when a liability for the dividend must be recognised and that it is also measured at fair value. The Group will apply the interpretation prospectively from 1 July 2009.

(ah) Presentation of comparative information

Where applicable, comparative information has been restated or repositioned to align with current year presentation.

Note 2. Financial, capital and other risk management

The ultimate goal of financial and capital risk management in the Transfield Services Group is to contribute to the creation of shareholder value. In order to achieve this goal, the Group applies the following principles in managing its capital resources and position as well as in managing its risks.

Financial risk management

The Group's activities expose it to a variety of financial risks; market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts and interest rates swaps to hedge certain risk exposures.

Financial risk is managed by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. Group Treasury provides written principles for overall risk management, endorsed by the Board, covering areas such as mitigating foreign exchange, interest rate and credit risks, use of derivative financial instruments and investing excess liquidity.

The Group has chosen not to acquire a credit rating from an internationally accredited agency. In order to ensure good credit quality the Group monitors and estimates its financial position with measurements such as equity ratio, gearing and their various components.

(a) Market risk

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

Forward contracts, transacted with Group Treasury, are used to manage foreign exchange risk. Group Treasury is responsible for managing exposures in each foreign currency by using external forward currency contracts where economically viable.

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures to the world currencies, principally United States dollars, New Zealand dollars, Chilean peso and Canadian dollars. Foreign exchange risk on borrowings not denominated in Australian dollars are principally managed through "natural hedges" as borrowings are drawn in the currency of foreign operating subsidiaries.

(b) Credit risk

Credit risk arises from cash and cash equivalents, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The Group aims to develop long-term relationships with its customers and has no significant concentrations of credit risk. The Group's customers are generally large companies or government authorities with established credit histories. The Group conducts checks for credit worthiness on new customers using independent agencies and industry references. Derivative counterparties are limited to high credit quality financial institutions, predominantly banks with a minimum independent rating of 'A'. The Group limits the amount of credit exposure to any one financial institution through its use of a consortium of banks.

(c) Liquidity risk

Liquidity risk is the risk of not being able to meet current or future financial obligations. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available for the business. At balance sheet date the Group had sufficient headroom from its banking facility to meet its obligations.

(d) Cash flow and fair value interest rate risk

The Group's interest-rate risk arises from floating rate borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk.

The Group manages its long-term cash flow interest-rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. The Group evaluates a variety of factors before entering into interest rate swaps, these include but are not limited to market conditions and forecast borrowing requirements. Under the interest-rate swaps, the Group agrees with other parties to exchange, at specified intervals (quarterly or semi-annually), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts. As at 30 June 2009 the Group had one interest rate swap in place (refer note 23).

Capital risk management

The Group's and Parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

Notes to and forming part of the financial statements for the year ended 30 June 2009

Note 2. Financial, capital and other risk management (continued)

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Capital is managed in order to maintain a strong financial position and ensure that the Group's funding needs can be optimised at all times in a cost-efficient means to support the goal of maximising shareholder wealth.

		CONSOLIDATED		PARENT ENTITY	
	NOTE	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Bank overdraft, cash advances and bridge facility	20	**443,293**	605,189	**-**	180,120
Mandatory convertible note	20	**26,551**	32,205	**-**	-
Finance leases	20	**16,826**	3,970	**-**	-
Total financial institution borrowings		**486,670**	641,364	**-**	180,120
Less: cash and cash equivalents	8	**(97,979)**	(57,826)	**(435)**	(411)
Net debt		**388,691**	583,538	**(435)**	179,709
Total equity		**777,296**	672,291	**850,444**	611,738
Total capital		**1,165,987**	1,255,829	**850,009**	791,447
Gearing ratio – net debt to total capital		**33%**	46%	**-**	23%
Gearing ratio – net debt to equity		**50%**	87%	**-**	29%
Gearing ratio – net debt to EBITDA (Earnings before interest/net finance cost, taxation, depreciation and amortisation/impairment)		**1.73x**	2.94x	**-**	7.30x

Other risks

Translation risk

The financial statements of each of the Group's foreign subsidiaries are prepared in local currency. For the purposes of preparing the Group's consolidated financial information, each foreign subsidiary's financial statements are translated into Australian dollars using the applicable foreign exchange rates as at and for the period ended on the balance sheet date. A translation risk therefore exists on translating the financial results and position of the foreign subsidiaries into Australian dollars for the purposes of presenting consolidated Group financial information. Volatility in foreign exchange rates can therefore impact the Group's net profit, net assets and the foreign currency translation reserve.

Country risk

The Group is exposed to country risk by the very nature of running a global business. Country risk is the risk that political, legal, security or economic developments in a single country could adversely impact performance. The country risk exposure is defined as the sum of the equity of all subsidiaries and associates and joint ventures in cross-jurisdictional transactions such as loans, guarantees and trading accounts. Country risk is continually monitored by the 'Risk Group' under the Chief Counsel and Company Secretary.

Sensitivity analysis

The sensitivity analysis has been prepared on the assumption that the Group's significant risk exposures are limited to foreign exchange risk on the external debt arrangements attached to overseas acquisitions as well as the impact of interest rate movements.

Foreign exchange sensitivity

Prior to December 2008 the Group and the Parent entity had significant United States dollar borrowings drawn in Australia. At 30 June 2009, the Group's foreign borrowings drawn in a currency that is not the functional currency of the borrower are limited to the US$13million facility that is drawn in Chile. No sensitivity testing has been performed as the impact is not material for the Group.

Interest rate sensitivity

The table below shows the Group's and Parent entity's sensitivity to interest rates on its floating rate Australian dollar, United States dollar and New Zealand dollar borrowings, being the currencies that the Group has historically issued debt and held investments. The Group has considered volatility in interest rates during the 2009 financial year and the historic low interest rates prevailing in the United States at 30 June 2009 and consider a one per cent upward and downward movement is a reasonable benchmark for interest rate sensitivity over the next 12 months given the portion of Group debt that is drawn in the United States.

Note 2. Financial, capital and other risk management (continued)

	BASIS POINTS	2009 CONSOLIDATED NET PROFIT (AFTER TAX) $'000	2009 CONSOLIDATED EQUITY $'000	2009 PARENT ENTITY NET PROFIT (AFTER TAX) $'000	2009 PARENT ENTITY EQUITY $'000
Bank borrowings	**+100**	**(4,181)**	**(4,181)**	**-**	**-**
Bank borrowings	**-100**	**4,181**	**4,181**	**-**	**-**

	BASIS POINTS	2008 CONSOLIDATED NET PROFIT (AFTER TAX) $'000	2008 CONSOLIDATED EQUITY $'000	2008 PARENT ENTITY NET PROFIT (AFTER TAX) $'000	2008 PARENT ENTITY EQUITY $'000
Bank borrowings	**+100**	(3,573)	(3,445)	(819)	(819)
Bank borrowings	**-100**	3,573	3,445	819	819

An applicable tax rate of 37% has been adopted which approximates the weighted average marginal tax rate across all jurisdictions.

The table below shows the Group's and Parent entity's sensitivity to changes in the yield curve used in the valuation of the interest rate swap.

	BASIS POINTS	CONSOLIDATED NET PROFIT (AFTER TAX) $'000	CONSOLIDATED EQUITY $'000	PARENT ENTITY NET PROFIT (AFTER TAX) $'000	PARENT ENTITY EQUITY $'000
Interest rate hedge	**+25**	**-**	**276**	**-**	**-**
Interest rate hedge	**-25**	**-**	**(276)**	**-**	**-**

An applicable tax rate of 40 per cent has been adopted which approximates the weighted average effective tax rate for the United States.

Note 3. Critical accounting estimates and judgements

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

(a) Critical accounting estimates and assumptions

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

Estimated impairment of goodwill

The Group tests annually, whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 1(i). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to note 17 for details of these assumptions and the potential impact of changes to the assumptions.

Income taxes

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

Were the actual final outcome on the judgement areas and uncertainties in relation to the tax liabilities of acquisitions and disposals made during the year to differ by 5 per cent from management's estimates the impact to the Group would be insignificant. For acquisitions made in 2008 a 5 per cent change in management's estimates would have resulted in a need to:

- increase the income tax liability by $754,000 and make a corresponding adjustment to the deferred tax balances and income tax expense, if unfavourable, and
- decrease the income tax liability by $754,000 and make a corresponding adjustment to the deferred tax balances and income tax expense, if favourable.

Notes to and forming part of the financial statements for the year ended 30 June 2009

Note 3. Critical accounting estimates and judgements (continued)

The Group does not anticipate any material adjustments to its net future income tax liabilities or deferred tax balances from either over or underestimation of current year income tax.

Rehabilitation and 'make-good' costs

The Group recognises provisions for estimated resources required to rehabilitate and 'make-good' leasehold properties, in which it operates under contracts with third parties. The timeframe may vary between two to 30 years and the terminal liability requires management estimates of future costs based on current and future considerations, including environmental considerations. The Group records these provisions using discounted cash flows and reassesses them annually. Refer to note 24 for further details of these provisions.

(b) Critical judgements in applying the entity's accounting polices

Status of debt refinancing and going concern

The Group was scheduled to refinance Tranche A of its borrowings under its Multi-Option Facility Agreement (MOFA) on 12 July 2009. Prior to 30 June 2009, the Group renegotiated the following to cover Tranche A maturity of $63,000,000 on 12 July 2009: of the $63,000,000

- $10,000,000 has been converted to NZD12,000,000 and extended with HSBC New Zealand to July 2011,
- $28,000,000 with Bank of America has been cancelled and the United States' working capital facility has been increased by USD10,000,000 to USD20,000,000, this facility can be used for overdrafts or letters of credit and is callable with 90 days notice (as at 30th June 2009, USD 4,000,000 was drawn in letters of credit leaving USD16,000,000 available for overdrafts),
- leaving $25,000,000 to mature on 12 July 2009.

The remaining facilities under the MOFA (Tranches B & C) amount to $144,800,000 maturing in July 2010 and July 2012 respectively. There were no borrowings under these tranches at 30 June 2009. A United States Dollar facility of USD367,250,000 is also in place and had USD30,000,000 available at 30 June 2009.

Revenue recognition

The Group engages in performance-related contracts with its customers. Under the terms of these contracts the Group is entitled to receive Key Performance Indicator (KPI) income. The Group's policy is to recognise KPI income on a pro-rata basis to the extent that the Group is capable of achieving the desired outcomes under the terms of the contract and the value of the KPI revenue can be reliably estimated. Historically, KPI revenue has been found to be recognised accurately. The Directors consider that management's recognition of KPI revenue will continue to be accurate in the future and therefore, no quantifications are required.

Note 4. Revenue

	CONSOLIDATED		PARENT ENTITY	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Operating revenue				
Operations and maintenance outsourcing services	**3,376,901**	2,993,347	**-**	-
Wind farm development revenue	**9,000**	-	**-**	-
	3,385,901	2,993,347	**-**	-
Other revenue				
Interest	**3,218**	3,167	**8**	16
Dividends and distributions	**-**	-	**33,670**	25,932
Management and other fees	**2,080**	3,290	**4,223**	-
	5,298	6,457	**37,901**	25,948
Total revenue	**3,391,199**	2,999,804	**37,901**	25,948

Note 5. Other income

Success fees – Transfield Services Infrastructure Fund	**-**	9,539	**-**	-
Profit on sale of equipment and scrap	**1,216**	1,623	**-**	-
Commercial settlement and sundry gains	**2,035**	-	**-**	-
Gain on partial disposal of investment in TSI Fund	**408**	-	**-**	-
Insurance claim recovery	**2,485**	-	**-**	-
Profit on sale of joint venture investment	**-**	225	**-**	-
Realised foreign exchange gain	**3,701**	2,439	**-**	-
Unrealised foreign exchange gain	**1,160**	171	**275**	171
	11,005	13,997	**275**	171

Note 6. Expenses

	CONSOLIDATED		PARENT ENTITY	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Profit from continuing operations before income tax includes the following specific expenses:				
Depreciation:				
Plant and equipment/leasehold improvements	**44,296**	38,558	**-**	-
Amortisation:				
Intangible assets	**30,128**	23,175	**-**	-
Formation costs	**1,692**	614	**-**	-
	31,820	23,789		
Impairment of goodwill (note 17)	**171,692**	-	**-**	-
Total depreciation, amortisation and impairment	**247,808**	62,347	**-**	-
Other charges against assets				
Impairment of trade receivables	**4,862**	1,974	**-**	-
Net loss on disposal of plant and equipment	**883**	573	**-**	-
Superannuation contributions	**45,738**	43,999	**-**	-
Finance costs				
Interest paid/payable	**42,588**	42,808	**11,378**	8,926
Amortisation of establishment fees	**2,332**	-	**1,536**	585
	44,920	42,808	**12,914**	9,511
Foreign exchange losses	**9,800**	-	**2,084**	-
Rental expense relating to operating leases				
Minimum lease payments	**65,991**	54,417	**-**	-

Note 7. Income taxes

(a) Income tax (benefit) / expense attributable to continuing operations

Current tax	**21,665**	13,563	**(1,261)**	(6,189)
Deferred tax	**(27,831)**	3,802	**(97)**	188
Adjustments for current tax of prior periods	**(3,767)**	(2,752)	**(4,579)**	(1,978)
	(9,933)	14,613	**(5,937)**	(7,979)

(b) Movements in deferred tax

Deferred income tax expense/(benefit) included in income tax expense comprises:				
Decrease/(increase) in deferred tax assets (note 16)	**(7,947)**	3,751	**(95)**	456
(Decrease)/increase in deferred tax liabilities (note 25)	**(19,884)**	51	**(2)**	(268)
	(27,831)	3,802	**(97)**	188

Notes to and forming part of the financial statements for the year ended 30 June 2009

Note 7. Income taxes (continued)

	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000	PARENT ENTITY 2009 $'000	PARENT ENTITY 2008 $'000
(c) Numerical reconciliation of income tax expense to prima facie tax				
(Loss) / profit from continuing operations before income tax expense	**(64,423)**	96,989	**23,770**	15,131
Income tax calculated at 30% (2008: 30%)	**(19,327)**	29,097	**7,131**	4,539
Tax effects of amounts which are not taxable /deductible in calculating taxable income				
Non-taxable income	**(310)**	(688)	**-**	-
Non-deductible interest	**2,700**	341	**2,700**	-
Non-deductible impairment write-down	**57,409**	-	**-**	-
Share of net profits of associates and joint venture entities and partnerships	**(14,892)**	(3,435)	**-**	-
Rebateable dividends	**-**	-	**(10,100)**	(7,780)
Taxable trust distributions net of tax deferrals	**2,351**	-	**-**	-
Equity raising costs	**(1,085)**	-	**(1,085)**	-
Sundry items	**(439)**	(979)	**(4)**	(2,760)
	26,407	24,336	**(1,358)**	(6,001)
Income tax expense adjusted for other non taxable items:				
Effect of higher tax rate and treatment on overseas income and expenses	**(32,573)**	(6,971)	**-**	-
Over provision in previous year	**(3,767)**	(2,752)	**(4,579)**	(1,978)
Income tax (benefit) / expense	**(9,933)**	14,613	**(5,937)**	(7,979)

(d) Unrecognised temporary differences

A deferred tax liability has not been recognised in respect of temporary differences arising as a result of the translation of the financial statements of the consolidated entity's subsidiaries. The deferred tax liability will only arise in the event of disposal of the subsidiary, and no such disposal is expected in the foreseeable future.

(e) Tax consolidation legislation

Transfield Services Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003. The accounting policy in relation to this legislation is set out in note 1(f).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement, which, in the opinion of the Directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Transfield Services Limited.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Transfield Services Limited for any current tax payable assumed and are compensated by Transfield Services Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Transfield Services Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of the financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables (refer notes 9, 20 and 30).

A similar regime operates in the United States. The Group's United States domiciled wholly-owned subsidiaries have adopted the equivalent arrangement in that jurisdiction.

Note 8. Current assets – Cash and cash equivalents

	CONSOLIDATED		PARENT ENTITY	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Cash at bank and on hand	**95,873**	57,826	**435**	411
Cash on deposit – at call	**2,106**	-	**-**	-
Balance per statement of cashflows	**97,979**	57,826	**435**	411

Deposits at call

The deposits bear floating interest rates ranging from 0.05 per cent in the United States to 8.2 per cent in New Zealand (2008: 1.84 per cent and 7.20 per cent) per annum.

Cash at bank

Cash at bank bears floating interest rates ranging from 0.0 per cent in the United States to 7.75 per cent in New Zealand (2008: 0.00 per cent and 7.75 per cent) per annum.

Foreign exchange risk

Most Group cash is denominated in the same currency as the functional currency of the particular country where it is held , this means that the Group's exposure to foreign exchange risk in respect of cash at 30 June was limited to:-

	2009		2008	
	CASH AT BANK $'000	CASH ON DEPOSIT $'000	CASH AT BANK $'000	CASH ON DEPOSIT $'000
United States dollars	**2,814**	**-**	-	-
Singapore dollars	**701**	**-**	-	-
United Arab Emirates dirham	**263**	**-**	-	-
Canadian dollars	**33**	**-**	-	-
New Zealand dollars	**4**	**-**	194	-
	3,815	**-**	194	-

The Parent entity's exposure to foreign exchange risk in respect of cash at 30 June was:-

	2009		2008	
	CASH AT BANK $'000	CASH ON DEPOSIT $'000	CASH AT BANK $'000	CASH ON DEPOSIT $'000
United States dollars	**88**	**-**	-	-
Canadian dollars	**33**	**-**	-	-
New Zealand dollars	**4**	**-**	-	-
	125	**-**	-	-

Notes to and forming part of the financial statements for the year ended 30 June 2009

Note 9. Current assets – Trade and other receivables

	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000	PARENT ENTITY 2009 $'000	PARENT ENTITY 2008 $'000
Trade and other receivables	**503,506**	486,082	**998**	377
Less: Provision for impairment of receivables	**(4,747)**	(3,718)	**-**	-
	498,759	482,364	**998**	377
Loans to associates and joint ventures and sundry loans	**11,343**	10,719	**1,694**	697
Loans to controlled entities *	**-**	-	**571,535**	554,756
Derivative financial instruments**	**-**	171	**-**	171
Loans to employees	**847**	169	**-**	-
	510,949	493,423	**574,227**	556,001

* The terms of these loans are set out in note 30 (i).

** These derivatives represent forward exchange contracts. Hedge accounting is not applied to these financial instruments.

Impaired trade and other receivables

The Group has recognised a loss of $4,862,000 (2008: $1,974,000) in respect of impaired trade receivables during the year ended 30 June 2009. The loss has been included in 'other expenses' in the income statement.

All credit and recovery risk associated with trade receivables has been provided for in the balance sheet. Management analyses each debt on a case by case basis in assessing impairment of the receivable.

	2009			2008		
CONSOLIDATED	IMPAIRED / PROVIDED $'000	PAST DUE BUT NOT IMPAIRED $'000	TOTAL (BEFORE PROVISION FOR IMPAIRMENT) $'000	IMPAIRED / PROVIDED $'000	PAST DUE BUT NOT IMPAIRED $'000	TOTAL (BEFORE PROVISION FOR IMPAIRMENT) $'000
Not due	-	-	315,484	-	-	361,220
1-30 days overdue	-	141,973	141,973	-	82,924	82,924
31-60 days overdue	-	22,720	22,720	-	24,451	24,451
61-90 days overdue	210	9,645	9,855	-	11,325	11,325
91-120 days overdue	1,033	6,726	7,759	1,619	9,007	10,626
> 121 days overdue	3,504	14,401	17,905	2,099	4,496	6,595
Total	4,747	195,465	515,696	3,718	132,203	497,141
PARENT ENTITY						
Not due	-	-	574,227	-	-	556,001
1-30 days overdue	-	-	-	-	-	-
31-60 days overdue	-	-	-	-	-	-
61-90 days overdue	-	-	-	-	-	-
91-120 days overdue	-	-	-	-	-	-
> 121 days overdue	-	-	-	-	-	-
Total	-	-	574,227	-	-	556,001

Trade receivables have been aged according to their original due date in the above ageing analysis, including where certain long outstanding trade receivables have been renegotiated as a result of the extended nature of some of the Group's service provision. No collateral has been obtained for any amounts that have been identified as impaired or overdue but not impaired.

Note 9. Current assets – Trade and other receivables (continued)

Movements in the provision for impaired receivables are as follows:-

CONSOLIDATED 2009	TRADE DEBTORS PROVISION $'000	OTHER CURRENT RECEIVABLES PROVISION $'000	TOTAL $'000
At 1 July 2008	3,718	-	3,718
Other increase in provision*	4,319	-	4,319
Reduction in provision through cash recovery*	(112)	-	(112)
Provision utilised to write-off debts	(3,902)	-	(3,902)
Foreign currency exchange differences	724	-	724
At 30 June 2009	4,747	-	4,747
CONSOLIDATED 2008			
At 1 July 2007	3,456	-	3,456
Acquired through business combinations	1,287	-	1,287
Other increase in provision*	1,974	-	1,974
Reduction in provision through cash recovery*	(571)	-	(571)
Provision utilised to write-off debts	(2,003)	-	(2,003)
Foreign currency exchange differences	(425)	-	(425)
At 30 June 2008	3,718	-	3,718

* these items are included in "Other expenses" in the income statements.

The majority of the Group's receivables are in the form of contracted and estimable agreements with customers. Most significant customers are government bodies, multinational corporations and large domestic businesses who are perceived as low risk. In general, the terms and conditions of these contracts require settlement of invoices between 14 and 60 days from invoice date. On occasion, the terms and conditions may differ as a result of the varied nature and timing of some of our operations and maintenance services. Impairment losses are mainly attributed to dispute resolutions as opposed to default of payments.

(a) Risk management

Information on financial risk management policies is included in note 2.

(b) Foreign exchange risk

Most Group receivables are denominated in the same currency as the functional currency of the particular country in which they are raised. The Group's exposure to foreign exchange risk in respect of receivables at 30 June was:-

	2009		2008	
	TRADE AND OTHER RECEIVABLES $'000	DERIVATIVES $'000	TRADE AND OTHER RECEIVABLES $'000	DERIVATIVES $'000
United States dollars	**3,084**	**-**	3,074	-
New Zealand dollars	**-**	**-**	91	-
United Arab Emirates dirham	**-**	**-**	297	171
	3,084	**-**	3,462	171

Notes to and forming part of the financial statements for the year ended 30 June 2009

Note 9. Current assets – Trade and other receivables (continued)

(b) Foreign exchange risk (continued)

The Parent entity's exposure to foreign exchange risk in respect of receivables at 30 June was:-

	2009		2008	
	LOANS TO CONTROLLED ENTITIES $'000	TRADE AND OTHER RECEIVABLES $'000	LOANS TO CONTROLLED ENTITIES $'000	DERIVATIVES $'000
United States dollars	**12,857**	**-**	150,120	-
Canadian dollars	**1,807**	**-**	-	-
	14,664	**-**	150,120	-

Most Parent entity receivables are denominated in Australian dollars.

(c) Credit risk

The maximum exposure to credit risk at the reporting date is the carrying value.

(d) Interest rates and collateral

Trade and other receivables are generally free of interest and collateral is not normally obtained.

(e) Fair value

Due to the short term nature of current trade and other receivables, the fair value is considered to be the same as the carrying value.

(f) Other receivables

Other receivables generally comprise security deposits and loans to associates, partnerships and joint ventures. Management considers that all such receivables are recoverable.

The maximum exposure to credit risk of other receivables and financial assets is equal to the carrying value of those instruments.

Credit risk may also arise from guarantee commitments if the guarantee party does not fully meet the underlying obligations.

For more information on guarantees and other financial commitments and the respective maximum exposure to credit risk, refer to notes 2 and 40.

Note 10. Current assets – Inventories

	CONSOLIDATED		PARENT ENTITY	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Raw materials and stores – at cost	**5,295**	7,046	**-**	-
Work in progress – at cost or on a % of completion basis	**65,683**	40,219	**-**	-
	70,978	47,265	**-**	-

Inventories recognised as an expense during the year ended 30 June 2009 amounted to $303,032,000 (2008: $321,161,000).

Note 11. Current assets – Prepayments and other current assets

	CONSOLIDATED		PARENT ENTITY	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Insurance and other prepayments	**12,550**	8,783	**-**	-
Establishment fees	**1,734**	1,501	**413**	1,501
Tender and security deposits	**2,083**	1,773	**-**	-
Unamortised formation expenses	**-**	644	**-**	-
	16,367	12,701	**413**	1,501

Note 12. Non -Current assets – Trade and other receivables

Security margins and supplier deposits	**1,556**	-	**-**	-

(a) Impaired trade and other receivables

At 30 June 2009 no amounts of non-current receivables were impaired or past due but not impaired (2008: $Nil).

(b) Risk management

Information on financial risk management policies is included in note 2.

(c) Foreign exchange risk

The Group and Parent entity have no exposure to foreign exchange risk in respect of non-current receivables at 30 June 2009 (2008: $Nil)

(d) Credit risk

The maximum exposure to credit risk at the reporting date is the carrying value.

(e) Interest rates and collateral

Trade and other receivables are generally free of interest and collateral is not normally obtained.

(f) Fair value

The fair value of non-current receivables is taken as approximating the carrying value as the overall value of non-current receivables is not material.

Note 13. Non-current assets – Investments accounted for using the equity method

		CONSOLIDATED		PARENT ENTITY	
	NOTE	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Investments in associates	34	**164,819**	196,542	**-**	-
Equity interest in joint ventures and partnerships	35	**86,498**	76,230	**-**	-
		251,317	272,772	**-**	-

Notes to and forming part of the financial statements for the year ended 30 June 2009

Note 14. Non-current assets – Other financial assets at cost

		CONSOLIDATED		PARENT ENTITY	
	NOTE	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Investments in controlled entities	33	**-**	-	**11,739**	8,528
Investment in associate	34	**-**	-	**235,810**	235,810
Interest in joint ventures	35	**-**	-	**12,107**	12,107
		-	-	**259,656**	256,445

Note 15. Non-current assets – Property, plant and equipment

CONSOLIDATED	LAND AND LEASEHOLD IMPROVEMENTS $'000	PLANT AND EQUIPMENT $'000	LEASED PLANT & EQUIPMENT $'000	CAPITAL WORK IN PROGRESS $'000	TOTAL $'000
At 1 July 2007					
Cost	9,538	194,209	4,820	28,253	236,820
Accumulated depreciation	(2,064)	(92,240)	(1,098)	(892)	(96,294)
Net book amount	7,474	101,969	3,722	27,361	140,526
Year ended 30 June 2008					
Opening net book amount	7,474	101,969	3,722	27,361	140,526
Exchange differences	(793)	(7,838)	(32)	(202)	(8,865)
Additions	5,872	66,196	-	7,575	79,643
Additions through business combinations	1,641	25,643	-	465	27,749
Disposals, write offs and transfers	979	(7,981)	88	(12,819)	(19,733)
Depreciation	(1,517)	(35,649)	(524)	(868)	(38,558)
Closing net book amount	13,656	142,340	3,254	21,512	180,762
At 30 June 2008					
Cost	18,277	264,726	5,305	21,512	309,820
Accumulated depreciation	(4,621)	(122,386)	(2,051)	-	(129,058)
Net book amount	13,656	142,340	3,254	21,512	180,762
Year ended 30 June 2009					
Opening net book amount	13,656	142,340	3,254	21,512	180,762
Exchange differences	308	3,379	297	(1,062)	2,922
Additions	2,333	32,414	14,163	16,665	65,575
Transfers in/(out)	5,708	(488)	4,577	(9,797)	-
Additions through business combinations	-	88	-	-	88
Disposals and write-offs	(248)	(16,206)	(12)	(1,375)	(17,841)
Depreciation	(2,265)	(41,053)	(978)	-	(44,296)
Closing net book amount	19,492	120,474	21,301	25,943	187,210
At 30 June 2009					
Cost	26,519	273,178	24,391	25,943	350,031
Accumulated depreciation	(7,027)	(152,704)	(3,090)	-	(162,821)
Net book amount	19,492	120,474	21,301	25,943	187,210

At 30 June 2009, there are no secured items of property, plant and equipment other than items under finance lease and no borrowing costs had been capitalised (2008: $Nil)

Note 16. Non-current assets – Deferred tax assets

	CONSOLIDATED		PARENT ENTITY	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Gross deferred tax assets	**84,302**	67,964	**4,554**	749
Set off deferred tax liabilities within common jurisdictions	**(28,648)**	(44,175)	**-**	(2)
Net deferred tax assets	**55,654**	23,789	**4,554**	747
Gross deferred tax assets comprises temporary differences attributable to:				
Doubtful debts	**1,588**	1,327	**-**	-
Employee benefits	**31,988**	26,218	**-**	-
Rental obligations	**1,288**	1,044	**-**	-
Creditors and accruals	**13,506**	14,118	**-**	-
Share-based payments	**5,089**	3,319	**678**	678
Tax losses*	**17,929**	16,042	**-**	-
Receipts in advance/Deferred income	**-**	3,144	**-**	-
Other	**8,231**	2,752	**166**	71
	79,619	67,964	**844**	749
Amounts recognised directly in equity				
Capital raising costs	**3,710**	-	**3,710**	-
Revaluation of cash flow hedges	**973**	-	**-**	-
	84,302	67,964	**4,554**	749
Gross deferred tax assets to be recovered after more than 12 months	**28,633**	18,823	**2,390**	452
Gross deferred tax assets to be recovered within 12 months	**55,669**	49,141	**2,164**	297
	84,302	67,964	**4,554**	749

* The deferred tax asset attributable to tax losses does not exceed taxable amounts arising from the reversal of existing assessable temporary differences.

Notes to and forming part of the financial statements for the year ended 30 June 2009

Note 16. Non-current assets – Deferred tax assets (continued)

CONSOLIDATED	DOUBTFUL DEBTS $'000	EMPLOYEE BENEFITS $'000	RENTAL OBLIG-ATIONS $'000	CREDITORS/ DEFERRED INCOME $'000	CAPITAL RAISING COSTS $'000	DERIV-ATIVES $'000	SHARE BASED PAYMENTS $'000	CAPIT-ALISED FEES $'000	TAX LOSSES $'000	OTHER $'000	TOTAL $'000
Movements in gross deferred tax assets											
At 1 July 2007	904	25,040	1,067	10,715	-	-	1,714	-	1,910	860	42,210
(Charged)/credited to the income statement	(122)	1,582	(12)	(3,302)	-	-	1,591	-	(1,265)	(2,223)	(3,751)
Fair value and other opening adjustments	308	(446)	-	7,696	-	-	77	-	16,431	2,013	26,079
Acquisition of subsidiary	340	688	54	3,028	-	-	-	-	261	249	4,620
Effect of changes in foreign exchange rates	(103)	(646)	(65)	(875)	-	-	(63)	-	(1,295)	1,853	(1,194)
At 30 June 2008	1,327	26,218	1,044	17,262	-	-	3,319	-	16,042	2,752	67,964
(Charged)/credited to the income statement	2	7,189	271	(2,778)	-	-	1,730	-	(1,241)	2,774	7,947
Fair value and other opening adjustments	-	(2,691)	-	-	-	1,092	-	-	-	-	(1,599)
Acquisition of subsidiary	-	29	-	-	-	-	-	-	-	-	29
Capital raising costs	-	-	-	-	3,710	-	-	-	-	-	3,710
Effect of changes in foreign exchange rates	259	1,243	(27)	(978)	-	(119)	40	-	3,128	2,705	6,251
Closing balance At 30 June 2009	1,588	31,988	1,288	13,506	3,710	973	5,089	-	17,929	8,231	84,302
PARENT ENTITY											
Movements in gross deferred tax assets											
At 1 July 2007	-	-	-	-	-	-	1,205	-	-	-	1,205
Charged to the income statement	-	-	-	-	-	-	(527)	-	-	71	(456)
At 30 June 2008	-	-	-	-	-	-	678	-	-	71	749
Charged/(credited) to the income statement	-	-	-	-	-	-	-	-	-	95	95
Charged/(credited) to equity	-	-	-	-	-	-	-	3,710	-	-	3,710
Closing balance At 30 June 2009	-	-	-	-	-	-	678	3,710	-	166	4,554

Note 17. Non-current assets – Intangible assets

CONSOLIDATED	GOODWILL $'000	CONTRACT INTANGIBLES $'000	TRADEMARKS AND BRANDS $'000	CUSTOMER RELATION-SHIPS $'000	CUSTOMER/ SUPPLIER DATABASES $'000	DEVELOPED TECHNOLOGY^ AND DEVELOPMENT RIGHTS $'000	TOTAL $'000
At 30 June 2008							
Cost	557,892	39,825	31,998	179,259	36,278	5,621	850,873
Accumulated amortisation and impairment	-	(14,505)	(2,713)	(19,365)	(5,006)	(1,022)	(42,611)
Net book amount	557,892	25,320	29,285	159,894	31,272	4,599	808,262
Year ended 30 June 2008							
Opening net book amount	476,974	26,294	34,562	134,207	24,670	1,643	698,350
Exchange differences	(47,883)	(3,164)	(4,205)	(20,859)	(3,550)	(327)	(79,988)
Additions	130,788	7,525	605	59,031	13,124	3,989	215,062
Disposals and transfers	(75)	-	-	-	-	-	(75)
Fair value adjustments to prior period acquisitions	(1,912)	-	-	-	-	-	(1,912)
Amortisation charge	-	(5,335)	(1,677)	(12,485)	(2,972)	(706)	(23,175)
Closing net book amount	557,892	25,320	29,285	159,894	31,272	4,599	808,262
At 30 June 2009							
Cost	621,009	41,455	37,081	210,510	42,924	4,995	957,974
Accumulated amortisation and impairment	(171,692)	(19,653)	(4,932)	(37,069)	(9,419)	(3,404)	(246,169)
Net book amount	449,317	21,802	32,149	173,441	33,505	1,591	711,805
Year ended 30 June 2009							
Opening net book amount	557,892	25,320	29,285	159,894	31,272	4,599	808,262
Exchange differences	68,941	1,555	4,872	29,199	6,152	429	111,148
Additions	1,686	-	-	813	-	-	2,499
Disposals and transfers	-	-	-	-	-	(774)	(774)
Fair value adjustments and reversal of earn-out amounts on prior period acquisitions	(7,510)	-	-	-	-	-	(7,510)
Amortisation charge	-	(5,073)	(2,008)	(16,465)	(3,919)	(2,663)	(30,128)
Impairment loss	(171,692)	-	-	-	-	-	(171,692)
Closing net book amount	449,317	21,802	32,149	173,441	33,505	1,591	711,805

^ Developed technology represents the fair value of acquired technology through business combinations.

Amortisation expenses of $30,128,000 (2008: $23,175,000) and an impairment charge of $171,692,000 (post-tax $148,443,000) (2008: $Nil) over intangible assets are included in depreciation, amortisation and impairment expenses in the income statement.

Notes to and forming part of the financial statements for the year ended 30 June 2009

Note 17. Non-current assets – Intangible assets (continued)

Impairment testing for cash generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating business units and country of operation which represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each unit(s) are as follows:

	CONSOLIDATED		PARENT ENTITY	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Australia[1]	**74,764**	73,078	**-**	-
North America				
United States facilities management	**350,556**	307,651	**-**	-
United States other[2]	**88,961**	72,891	**-**	-
	439,517	380,542	**-**	-
New Zealand	**101,374**	98,918	**-**	-
Other[3]	**5,354**	5,354	**-**	-
Gross carrying value	**621,009**	557,892	**-**	-
Impairment write-down	**(171,692)**	-	**-**	-
Net carrying value	**449,317**	557,892	**-**	-

1 Australian CGUs consisting of facilities management, resources and industrial, project management and consultancy, infrastructure services and power and telecommunications have been aggregated as goodwill is individually insignificant in proportion to the Group's total goodwill.

2 Consists of United States resources and industrial and transportation infrastructure services whose goodwill is individually insignificant in proportion to the Group's total goodwill.

3 Consists of Hofincons, Transfield Emdad Services and Intergulf whose goodwill is individually insignificant in proportion to the Group's total goodwill.

The recoverable amounts of all the cash generating units (CGUs) were based on value in use and were determined with the assistance of independent valuers. The carrying amount of the United States facilities management (USM) CGU was determined to be higher than its recoverable amount and an impairment loss of $171,692,000 (post-tax $148,443,000) (2008: $Nil) was recognised.

Key assumptions used for value in use calculations

Cash flows were projected based on actual operating results and the two-year budget/forecast period. Cash flows for a further eight-year period were extrapolated using a declining growth rate such that the long term average growth rate was determined at 3 per cent, which does not exceed the long term average growth rate for the industry and economy. Management believes that this forecast period was justified as the businesses of Transfield Services are still at a high growth rate phase in their life cycle. A 10 year forecast period correctly reflects the growth structure to maturity.

The assumptions below have been used for the analysis of each CGU within the business. Management determined budgeted gross margin based on past performance and its expectations for the future. The discount rates used reflect specific risks relating to the relevant CGUs and countries in which they operate.

Note 17. Non-current assets – Intangible assets (continued)

Key assumptions used for value in use calculations (continued)

Value in use was determined by discounting the future cash flows generated from the continuing use of the units and was based on the following key assumptions:

CASH GENERATING UNIT	GROWTH RATE[1]		DISCOUNT RATE[2] PRE-TAX		DISCOUNT RATE POST- TAX	
	2009 %	2008 %	2009 %	2008 %	2009 %	2008 %
Australia	**2.0-4.2**	3.4	**13.4-14.6**	13.3-17.7	**10.5**	12.02
United States facilities management	**4.2**	2.5	**16.1**	9.36	**11.6**	7.33
United States other	**3.6-4.0**	2.5	**18.1-18.8**	8.61-9.38	**12.3**	7.32
New Zealand	**3.4**	3.4	**15.5**	14.6	**11.7**	11.9
Other	**4.0**	5.0	**17.2**	16.9	**15.3**	15.02

1 The average growth rate represents the average rate used to extrapolate cash flows beyond the one-year budget period and the four-year explicit forecast period that were approved by the Board and management respectively.

2 In calculating the value in use for each CGU, the Group has applied post- tax discount rates to discount the forecast future attributable post-tax cash flows. The movements in discount rates are indicative of the deteriorating market conditions in 2009.

Impact of possible changes in key assumptions

- If the pre- tax discount rate applied to the cash flow projections of TIMEC is increased to 19.8 per cent, an impairment of $2,614,000 will be recognised. If revenue is decreased by one per cent (with no other underlying changes), an impairment of $22,633,000 would be recognised. Should the pre-tax discount rate increase by 0.7 per cent, the carrying value of the CGU would equal its recoverable amount. Management believes that the budgeted cash flows in TIMEC will be achieved and that no impairment is required to be recognised. Management does not consider a change in any of the other key assumptions to be reasonably possible.

The impairment loss was recorded as a result of the USM business not achieving the growth and cashflow targets anticipated in the acquisition pricing models. Management has plans in place to reduce overheads across all locations with particular emphasis on the North American region. These plans have not been factored into the cashflow forecasts used for impairment testing as they had not been finalised prior to 30 June 2009; however they provide further support to the maintenance of expected future cashflows.

Notes to and forming part of the financial statements for the year ended 30 June 2009

Note 18. Non-current assets – Prepayments and other non-current assets

	CONSOLIDATED		PARENT ENTITY	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Insurance and other prepayments	**2,423**	-	**-**	-
Establishment fees	**2,633**	-	**905**	-
Capitalised development costs	**-**	191	**-**	-
	5,056	191	**905**	-

Note 19. Current liabilities – Trade and other payables

Trade payables	**326,235**	294,252	**128**	-
Other payables	**173,537**	142,170	**250**	928
	499,772	436,422	**378**	928

Risk management

Information on financial risk management policies is included in note 2.

Foreign exchange risk

The Group and Parent entity have no material exposure to foreign exchange risk in respective of trade and other payables at 30 June 2009. Most Group payables are denominated in the same currency as the functional currency of the particular country where the liability is incurred.

Interest rates and maturities

For both the Group and the Parent entity, trade and other payables are generally free of interest and are expected to mature within one year

Fair value and exposure

Due to the short term nature of current trade and other payables, the fair value is considered to be the same as the carrying value. The Group's maximum exposure is the carrying value of these payables.

Note 20. Current and non-current liabilities - Borrowings

	2009		2008	
CONSOLIDATED	CURRENT $'000	NON-CURRENT $'000	CURRENT $'000	NON-CURRENT $'000
Unsecured				
Bank overdraft, cash advances and bridge facility	**15,659**	**427,634**	18,293	586,896
Mandatory convertible note	**6,782**	**19,769**	6,485	25,720
Sundry loans	**959**	**-**	2,272	-
Secured				
Lease liabilities	**3,989**	**12,837**	872	3,098
	27,389	**460,240**	27,922	615,714
PARENT ENTITY				
Unsecured				
Loans from controlled entities*	**1,413**	**-**	25,064	-
Loan from associate	**-**	**-**	626	-
Bank overdraft, cash advances and bridge facility	**-**	**-**	-	180,120
	1,413	**-**	25,690	180,120

* The terms of these loans are disclosed in note 30 (i).

Note 20. Current and non-current liabilities - Borrowings (continued)

	CONSOLIDATED		PARENT ENTITY	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Terms of the facilities				
Unrestricted access was available at balance sheet date to the following:				
Bank overdrafts and loan facilities				
Used	**469,844**	637,394	**-**	586,723
Unused	**247,510**	186,007	**169,800**	163,277
Total facility	**717,354**	823,401	**169,800**	750,000[1]

1 Amounts disclosed for the Parent entity represent total facilities available and drawn by all borrowers under the $169,800,00 (2008:$750,000,000) multi-currency corporate debt facility (the balance of the facility is for the exclusive use of Transfield Services (New Zealand) Limited). The Parent entity is a listed borrower under the facility and has access to the total unused facilities.

Bank overdrafts, cash advances and guarantees

Multi-currency corporate debt facility

As at 30 June 2009, the Group has a $180,000,000 multi-currency corporate debt facility with ANZ Banking Group (ANZ), Westpac Banking Corporation (Westpac), HSBC, Calyon, Mizuho and WestLB. During the year the Group renegotiated the following to cover the Tranche A maturity of $63,000,000 on 12th July 2009: $10,000,000 has been converted to NZD 12,000,000 and extended with HSBC New Zealand to July 2011; $28,000,000 with Bank of America has been cancelled and the United States' working capital facility has been increased by USD 10,000,000 to USD 20,000,000. This facility can be used for overdrafts of letters of credit and is callable with 90 days notice (as at 30th June 2009, USD 4,000,000 was drawn in letters of credit leaving USD 16,000,000 available for overdrafts); the remaining $25,000,000 matured on 12 July 2009. The Tranche B for $60,000,000 and Tranche C for $85,000,000 mature in 2010 and 2012 respectively

USD corporate debt facility

As at 30 June 2009, the Group has a USD 367,000,000 corporate debt facility with ANZ Banking Group (ANZ), Westpac Banking Corporation (Westpac), HSBC, Calyon, Mizuho and Royal Bank of Scotland. This facility matures in January 2012.

Bank overdraft and money market lines

These facilities total $20,000,000 for the Australia and New Zealand and USD 16,000,000 for United States are used for the day-to-day working capital requirements of the business.

Chilean Peso revolving facility agreement

This facility is for the Chilean peso equivalent of USD13,000,000 with HSBC on a floating rate basis.

Mandatory Convertible Note (MCN)

Transfield Services (New Zealand) Limited (TSNZ) issued a MCN to ANZ Bank New Zealand (ANZ) for NZ$ 160,000,000. The term of the MCN is seven years, commencing September 2005, with fixed-interest coupons of 6.97 per cent payable by TSNZ semi-annually in arrears. This is an amortising instrument, the net effect of which is reflected in the balance sheet.

Risk Management

Information on financial risk management policies is included in note 2.

Foreign exchange risk

The Group's and Parent entity's exposure to foreign exchange risk in respect of borrowings at 30 June were:-

	CONSOLIDATED		PARENT ENTITY	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
United States dollars	**15,659**	150,120	**-**	150,120

Most Group borrowings are denominated in the same currency as the functional currency of the particular country where the debt is drawn down limiting the exposure to financial risk.

Notes to and forming part of the financial statements for the year ended 30 June 2009

Note 20. Current and non-current liabilities - Borrowings (continued)

Liquidity risk , maturities, weighted average interest rate, contractual cashflows and fair values

CONSOLIDATED 2009	INTEREST RATE %	1 YEAR OR LESS $'000	1 YEAR TO 5 YEARS $'000	MORE THAN 5 YEARS $'000	TOTAL CONTRACTUAL CASHFLOW* $'000	FAIR VALUE $'000
Financial liabilities						
Bank overdraft, cash advances and bridge facility**	**3.22**	**15,659**	**427,634**	**-**	**443,293**	**443,293**
Mandatory convertible note	**8.38**	**8,983**	**22,569**	**-**	**31,552**	**26,551**
Finance lease liabilities	**8.11**	**4,703**	**13,907**	**972**	**19,582**	**16,826**
Sundry loans	**-**	**959**	**-**	**-**	**959**	**959**
		30,304	**464,110**	**972**	**495,386**	**487,629**
CONSOLIDATED 2008						
Financial liabilities						
Bank overdraft, cash advances and bridge facility**	4.1	18,293	586,896	-	605,189	605,189
Mandatory convertible note	8.38	8,802	31,001	-	39,803	32,205
Finance lease liabilities	9.4	1,085	3,450	164	4,699	3,970
Loans from associates	-	2,272	-	-	2,272	2,272
		30,452	621,347	164	651,963	643,636
PARENT ENTITY 2009						
Financial liabilities						
Loans from controlled entities		**1,413**	**-**	**-**	**1,413**	**1,413**
PARENT ENTITY 2008						
Financial liabilities						
Bank overdraft and bridge facility	4.1	-	180,120	-	180,120	180,120
Loans from controlled entities	-	25,064	-	-	25,064	25,064
Loans from associates	-	626	-	-	626	626
		25,690	180,120	-	205,810	205,810

* Total contractual cashflows are undiscounted and include contractual interest payments. Carrying values exclude interest obligations

** Where interest rates are variable and /or there are no fixed repayments contractual cashflows and fair values are the same as the carrying value

SECURITY	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000	PARENT ENTITY 2009 $'000	PARENT ENTITY 2008 $'000
Total secured liabilities (current and non-current) are:				
Lease liabilities	**16,826**	3,970	**-**	-

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

Note 21. Current and non-current liabilities – Provision for employee benefits

CONSOLIDATED	2009 CURRENT $'000	2009 NON-CURRENT $'000	2008 CURRENT $'000	2008 NON-CURRENT $'000
Annual leave	**44,968**	**8,610**	44,844	10,193
Long service leave	**16,469**	**12,706**	9,442	15,328
Other	**11,125**	**671**	4,455	1,052
	72,562	**21,987**	58,741	26,573

There are no amounts for provision for employee benefits in the Parent entity.

Note 22. Current and non-current liabilities – Deferred purchase consideration

CONSOLIDATED	2009 CURRENT $'000	2009 NON-CURRENT $'000	2008 CURRENT $'000	2008 NON-CURRENT $'000
TPG	**564**	**-**	-	-
USM	**2,542**	**-**	1,561	9,116
HRI	**556**	**-**	-	936
INSER	**-**	**-**	372	-
RDC	**-**	**-**	225	-
	3,662	**-**	2,158	10,052

There are no amounts for deferred consideration in the Parent entity.

Risk Management

Information on financial risk management policies is included in note 2.

Foreign exchange risk

The Group's exposure to foreign exchange risk in respective of deferred purchase consideration at 30 June was:-

	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000
Chilean Peso	**-**	372

Liquidity risk / maturities, weighted average interest rate, contractual cashflows and fair values

CONSOLIDATED 2009	NON-INTEREST BEARING $'000	TOTAL CONTRACTUAL CASHFLOW* $'000	FAIR VALUE $'000
TPG	564	564	564
USM	2,542	2,542	2542
HRI	556	556	556
	3,662	3,662	3,662

Notes to and forming part of the financial statements for the year ended 30 June 2009

Note 22. Current and non-current liabilities – Deferred purchase consideration (continued)

Liquidity risk / maturities, weighted average interest rate, contractual cash flows and fair values (continued)

CONSOLIDATED 2008	NON-INTEREST BEARING $'000	TOTAL CONTRACTUAL CASHFLOW* $'000	FAIR VALUE $'000
USM (payable in 1-2 years)	10,677	12,373	10,677
HRI (payable in 1-2 years)	936	1,052	936
RDC (payable in less than 1 year)	225	225	225
INSER (payable in less than 1 year)	372	372	372
	12,210	14,022	12,210

* Total contractual cash flows are undiscounted. Carrying values are discounted using a current lending rate of Nil% (2008: 6.25%).

Note 23. Current and non-current liabilities – Derivative financial instruments

	2009		2008	
	CURRENT $'000	NON-CURRENT $'000	CURRENT $'000	NON-CURRENT $'000
Interest rate swap contracts	**2,533**	**29**	-	-
Forward exchange contracts*	**540**	**-**	159	-
	3,073	**29**	159	-

* Hedge accounting is not applied to these financial instruments.

There are no amounts for derivative financial instruments in the Parent entity.

a) Instruments used by the Group and fair values

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to interest rates in accordance with the Group's financial risk management policies (refer to note 2).

(i) *Interest rate swap contracts – cash flow hedges*

It is policy to protect the Group's loans from exposure to increasing interest rates. Accordingly, the Group has entered into interest rate swap contracts under which it receives interest at variable rates to pay interest at fixed rates. The contracts are settled on a net basis and the net amount receivable or payable at the reporting date is separately disclosed on the face of the balance sheet.

The contracts require settlement of net interest receivable or payable every three months. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

Note 23. Current and non-current liabilities – Derivative financial instruments (continued)

As at 30 June 2009, there was one interest rate swap in place at 2.15 per cent with USD100,000,000 maturing in December 2009 and USD100,000,000 maturing in December 2010. The average contracted fixed interest swap rate is 2.15 per cent per annum (2008: no hedges). The variable rate is USD LIBOR based on 90 day rollovers. As at balance sheet date the average variable rate was 0.65 per cent per annum (2008: no hedges).

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:

OUTSTANDING FLOATING FOR FIXED CONTRACTS	AVERAGE CONTRACTED FIXED INTEREST RATE		NOTIONAL PRINCIPAL AMOUNT		FAIR VALUE	
CONSOLIDATED	2009 %	2008 %	2009 $000	2008 $000	2009 $000	2008 $000
Less than 1 year	2.15%	-	123,916	-	2,533	-
1 to 5 years	2.15%	-	123,816	-	28	-
5 years +	2.15%	-	-	-	-	-

The gain or loss from re-measuring the hedging instruments at fair value is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and re-classified into profit and loss when the hedging interest expense or income is recognised. The ineffective portion is recognised in the income statement immediately. In the year ended 30 June 2009 there was no impact to profit or loss.

Note 24. Current and non-current liabilities – Other provisions

	2009		2008	
CONSOLIDATED	CURRENT $'000	NON-CURRENT $'000	CURRENT $'000	NON-CURRENT $'000
Lease "make-good" provision	**137**	**3,782**	535	2,900
Provision for onerous contract	**1,926**	**-**	2,932	-
Warranty provision	**1,309**	**-**	1,148	-
	3,372	**3,782**	4,615	2,900

Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

CONSOLIDATED – 2009	WARRANTY $'000	ONEROUS CONTRACT $'000	LEASE 'MAKE-GOOD' $'000	TOTAL $'000
1 July 2008	**1,148**	**2,932**	**3,435**	**7,515**
Effects of changes in exchange rates	**225**	**1,167**	**-**	**1,392**
Provision incurred and finance costs	**980**	**-**	**954**	**1,934**
Provision acquired in business combinations	**-**	**-**	**138**	**138**
Provision utilised	**(1,044)**	**(2,173)**	**(608)**	**(3,825)**
30 June 2009	**1,309**	**1,926**	**3,919**	**7,154**

Notes to and forming part of the financial statements for the year ended 30 June 2009

Note 24. Current and non-current liabilities – Other provisions (continued)

Movements in provisions (continued)

CONSOLIDATED – 2008	WARRANTY $'000	ONEROUS CONTRACT $'000	LEASE 'MAKE-GOOD' $'000	TOTAL $'000
1 July 2007	-	-	3,403	3,403
Effects of changes in exchange rates	(92)	(215)	(228)	(535)
Provision incurred	120	3,147	354	3,621
Finance cost	-	-	215	215
Unused amounts reversed	-	-	(309)	(309)
Acquired through business combinations	1,120	-	-	1,120
30 June 2008	1,148	2,932	3,435	7,515

Make-good

Provision is made for estimated 'make-good' expenses for the Group's operating leases, namely lease premises and motor vehicles. Reasonable estimates based on historical data have been used to calculate terminal value, which has been subjected to discounted cash flows. Management reassesses this provision semi-annually. Payments are expected to be made at the end of the remaining lease term typically between one and 10 years.

Warranty

Provision is made for estimated warranty claims against the Group for claims incurred but not received principally for insurance and workers' compensation. Management estimates the provision based on historical claims and recent trends.

Onerous contracts

Provision is made for onerous contracts where the expected benefits to be derived from the contract are less than the unavoidable costs of meeting the obligations under that contract. The above provision relates to a loss making contract in Waco, Texas that was identified at acquisition of Transfield Services North America Transportation Infrastructure (formerly known as VMS Inc), this provision is released as services continue to be performed under the contract.

There are no amounts for other provisions in the Parent entity.

Note 25. Non-current liabilities – Deferred tax liabilities

	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000	PARENT ENTITY 2009 $'000	PARENT ENTITY 2008 $'000
Gross deferred tax liabilities	**82,773**	88,188	**-**	2
Set off deferred tax assets within common jurisdictions	**(28,648)**	(44,175)	**-**	(2)
Net deferred tax liabilities	**54,125**	44,013	**-**	-
Gross deferred tax liabilities comprise temporary differences attributable to:				
Inventories and work in progress	**20,492**	10,943	**-**	-
Depreciation differences on plant and equipment	**9,601**	1,688	**-**	-
Receivables	**1,167**	1,123	**-**	-
Intangible assets	**54,765**	68,814	**-**	-
Timing difference on partnership taxable income	**-**	3,722	**-**	-
Other	**(3,252)**	1,898	**-**	2
Gross deferred tax liabilities	**82,773**	88,188	**-**	2
Gross deferred tax liabilities to be settled after more than 12 months	**59,802**	64,767	**-**	-
Gross deferred tax liabilities to be settled within 12 months	**22,971**	23,421	**-**	2
	82,773	88,188	**-**	2

Note 25. Non-current liabilities – Deferred tax liabilities (continued)

MOVEMENTS – CONSOLIDATED	INVENTORY AND WIP $'000	PLANT AND EQUIPMENT $'000	RECEIVABLES $'000	INTANGIBLE ASSETS $'000	PARTNERSHIP INCOME / OTHER $'000	TOTAL $'000
At July 2007	10,980	672	319	39,724	2,013	53,708
Charged/(credited) to the income statement	(1,458)	(765)	(207)	(1,715)	4,196	51
Acquisition/(disposal) of subsidiary	1,918	1,892	1,109	18,244	169	23,332
Fair value adjustment	-	-	-	21,979	-	21,979
Effect of changes in foreign exchange rates	(497)	(111)	(98)	(9,418)	(758)	(10,882)
At 30 June 2008	10,943	1,688	1,123	68,814	5,620	88,188
Charged/(credited) to the income statement	9,044	8,204	(3)	(27,785)	(9,344)	(19,884)
Effect of changes in foreign exchange rates	505	(291)	47	13,736	472	14,469
At 30 June 2009	20,492	9,601	1,167	54,765	(3,252)	82,773
MOVEMENTS – PARENT ENTITY						
At 30 June 2007	-	-	-	-	270	270
Charged/(credited) to the income statement	-	-	-	-	(268)	(268)
At 30 June 2008	-	-	-	-	2	2
Charged/(credited) to the income statement	-	-	-	-	(2)	(2)
At 30 June 2009	-	-	-	-	-	-

Notes to and forming part of the financial statements for the year ended 30 June 2009

Note 26. Contributed equity

	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000	PARENT ENTITY 2009 $'000	PARENT ENTITY 2008 $'000
Ordinary shares – fully paid	**803,095**	540,338	**803,095**	540,338
Shares held by equity compensation plans (Treasury shares)	**(604)**	-	**-**	-
	802,491	540,338	**803,095**	540,338

Movements in ordinary share capital:

DATE	DETAILS	NUMBER OF SHARES ISSUED	NUMBER OF SHARES ACQUIRED ON MARKET	EXERCISE PRICE $	$'000
30 June 2007	Balance	198,063,552	1,256,754	-	547,257
September 2007	Acquisition of shares on-market	-	370,238	12.97	(4,804)
September 2007	Proceeds from exercise of options (November 2002)	-	-	2.62	114
November 2007	Acquisition of shares on-market	-	133,400	15.26	(2,035)
March 2008	Proceeds from exercise of options (November 2002)	-	-	2.62	41
March 2008	Acquisition of shares on-market	-	146,361	10.87	(1,591)
June 2008	Adjustment for difference between fair value of Awards expensed and exercise price of Awards	-	-	-	1,356
30 June 2008	Balance	**198,063,552**	**1,906,753**	**-**	**540,338**
8 December 2008	Institutional placement and entitlement offer	**163,460,816**	**-**	**1.25**	**204,326**
31 December 2008	Retail entitlement offer	**50,425,721**	**-**	**1.25**	**63,032**
December 2008	Transaction costs (net of taxation)	**-**	**-**	**-**	**(8,717)**
8 April 2009	Shares issued on dividend reinvestment plan	**1,331,294**	**-**	**-**	**2,517**
	Proceeds from exercise of options (November 2002)	**-**	**15,000**	**2.62**	**39**
September & December 2008 and March 2009	Acquisition of shares on market	**-**	**33,575**	**-**	**(190)**
June 2009	Adjustment for difference between fair value of Awards expensed and exercise price of Awards	**-**	**-**	**-**	**1,750**
		413,281,383	**1,955,328**	**-**	**803,095**

Ordinary shares

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

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

Equity raising

During November and December 2008 the Group invited institutional investors to participate in a placement, and its existing institutional and private shareholders to participate in a 1:1 rights issue at an issue price of $1.25 per share. The maximum number of shares on offer was 245,200,000.

Employee share plans and schemes

Information relating to the company's employee share plans and schemes are set out in note 42.

Note 26. Contributed equity (continued)

Acquisition of shares on market

It is the Company's intention to settle the vesting of employee Options and Performance Awards by way of on-market acquisition of the requisite number of shares. Consequently, at the date of granting of Performance Awards a corresponding deferred tax asset is recognised which represents the temporary difference, which will crystallise when the underlying shares are acquired on market. Following the introduction during the year of the TranShare Plan Trust, the Company has the ability to purchase shares in advance of vesting.

Dividend Reinvestment Plan (DRP)

Transfield Services Limited has introduced a DRP effective from the interim dividend for the year ending 30 June 2009. The DRP shares will be issued at the Average Market Price which is the average of the daily volume weighted average sale price per share of shares sold on the ASX during the 10 day trading period that commences on the second trading day after the record date for the relevant dividend, minus any discount the Board may declare.

The DRP has a potential dilutive effect on the weighted average number of shares used for calculating the diluted earnings per share as disclosed in note 37. No adjustment has been made to the diluted earnings per share for the impact of the DRP as the number of shares resulting from the DRP is dependant on the participation rate which is at the discretion of shareholders and the number of shares resulting from the DRP is also dependant on future market prices of shares.

Shares held by equity compensation plans (Treasury shares)

Treasury shares are shares in Transfield Services Limited held by TranShare Plan Trust for the purpose of awarding shares under the TranShare deferred retention incentive scheme and to facilitate the TranShare Plan Employee Share Scheme (refer note 42).

Movements in Treasury Shares:

DATE	DETAILS	NUMBER OF SHARES ACQUIRED	$'000
16 October 2008	Acquisition of shares on market	52,000	262,600
15 December 2008	Acquisition of shares on market	19,828	31,923
22 May 2009	Acquisition of shares from Peter Watson*	117,905	309,968
		189,733	604,491

* Peter Watson had been awarded shares under the ST-DRI plan and these shares were held in his name, on termination of his contract with the Company, the Board elected to pay Peter Watson the market value of his ST-DRI shares. The shares were consequently released to Peter Watson, re-acquired by the TranShare Plan Trust and allocated to different participants in the ST-DRI plan.

Notes to and forming part of the financial statements for the year ended 30 June 2009

Note 27. Reserves and retained profits

	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000	PARENT ENTITY 2009 $'000	PARENT ENTITY 2008 $'000
(a) Reserves				
Share based payments reserve	**10,823**	9,362	**10,823**	9,362
Foreign currency translation reserve	**(71,194)**	(49,089)	**-**	-
Hedging reserve – cash flow hedges	**(14,332)**	13,027	**-**	-
Share capital contribution reserve	**108**	108	**-**	-
Deferred retention incentive reserve	**-**	(671)	**-**	-
Statutory reserve	**153**	36	**-**	-
	(74,442)	(27,227)	**10,823**	9,362
Movements:				
Share-based payments reserve				
Balance at 1 July	**9,362**	4,018	**9,362**	4,018
Value of Performance Awards granted	**3,211**	6,700	**3,211**	6,700
Transfer to share capital / Options exercised	**(1,750)**	(1,356)	**(1,750)**	(1,356)
Balance at 30 June	**10,823**	9,362	**10,823**	9,362
Foreign currency translation reserve				
Balance at 1 July	**(49,089)**	(17,525)	**-**	-
Net exchange differences on translation of foreign controlled entities	**(22,849)**	(31,564)	**-**	-
Balance at 30 June	**(71,938)**	(49,089)	**-**	-
Hedging reserve - cash flow hedges				
Balance at 1 July	**13,027**	7,063	**-**	-
Revaluation (gross)	**(39,377)**	8,520	**-**	-
Deferred tax at 30%	**12,018**	(2,556)	**-**	-
Balance at 30 June	**(14,332)**	13,027	**-**	-
Share capital contribution reserve				
Balance at 1 July	**108**	108	**-**	-
Movement for the year	**-**	-	**-**	-
Balance at 30 June	**108**	108	**-**	-
Statutory Reserve				
Balance at 1 July	**36**	79	**-**	-
Transfer from retained income (2008: net profit)	**117**	(43)	**-**	-
Balance at 30 June	**153**	36	**-**	-
Deferred retention incentive reserve				
Balance at 1 July	**(671)**	-	**-**	-
Movement for the year[1]	**671**	(671)	**-**	-
Balance at 30 June	**-**	(671)	**-**	-

1 This reserve is no longer required following the introduction of the TranShare Plan Trust.

Note 27. Reserves and retained profits (continued)

	CONSOLIDATED		PARENT ENTITY	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
(b) Retained profits				
Retained profits at the beginning of the financial year	**158,846**	147,950	**62,038**	110,205
Net (loss) /profit attributable to members of Transfield Services Limited	**(55,010)**	82,173	**29,707**	23,110
Less: Dividends paid	**(55,219)**	(71,277)	**(55,219)**	(71,277)
Less: Transfer to statutory reserve	**(117)**	-	**-**	-
Retained profits at the end of the financial year	**48,500**	158,846	**36,526**	62,038

Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of Options and Performance Awards granted but not exercised. The share-based payments reserve is tax-effected as a result of the intention to acquire shares to fulfil vested Awards on market (refer to note 42).

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in note 1(d). The reserve is recognised in profit and loss when the net investment is disposed of.

Hedging reserve – cash flow hedges (interest rate swaps)

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in note 1(p). Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.

Share capital contribution reserve

The share capital contribution reserve is used to recognise the post-acquisition capital contributions by the vendors to equity of subsidiaries.

Statutory reserve

The statutory reserve is a requirement of Abu Dhabi law to maintain a percentage of profits in reserves.

Deferred retention incentive reserve

This reserve is for the fair value of benefits (shares to be awarded) under the short-term incentive deferred retention incentive plan (refer note 42).

Note 28. Minority interest

	CONSOLIDATED		PARENT ENTITY	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Balance at 1 July 2008	**334**	131	**-**	-
Buy-out of minority interest holders	**(107)**	-	**-**	-
Profit/(loss) attributable to minority shareholders	**520**	203	**-**	-
Balance at 30 June 2009	**747**	334	**-**	-

Note 29. Dividends

	CONSOLIDATED		PARENT ENTITY	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Ordinary shares – fully franked at 30%				
2008 final dividend of 18c per fully paid share (2007: 18c)	**35,631**	35,646	**35,631**	35,646
2009 interim dividend of 4.75c per fully paid share (2008: 18c)	**19,588**	35,631	**19,588**	35,631
Total dividends provided for or paid	**55,219**	71,277	**55,219**	71,277

Since the end of the financial year the Directors have resolved to pay a final dividend of 7.25 cents per fully paid ordinary share, fully-franked based on tax paid at 30 per cent. The dividend will be paid on 12 October 2009. The aggregate amount of the proposed dividend expected to be paid out of retained earnings at 30 June 2009, but not recognised as a liability is $29,963,000 (2008: $35,651,000).

Franking credits

Franking credits available for subsequent financial years based on a tax rate of 30 per cent (2008: 30 per cent)	**48,346**	43,098	**48,346**	43,098

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits/debits that will arise from the payment/refund of current tax liabilities
- franking debits that will arise from payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date, and
- franking credits that may be prevented from being distributed in subsequent financial years.

The consolidated amounts include franking credits that would be available to the Parent entity if distributable profits of controlled entities were paid as dividends. The impact on the franking account of the dividend recommended by the Directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of $12,841,000 (2008: $15,287,000).

Note 30. Related party transactions

(a) Parent entity

The Parent entity within the Group is Transfield Services Limited.

(b) Controlled entities

Interests in controlled entities are set out in note 33.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 31.

(d) Remuneration and retirement benefits

Disclosures relating to remuneration and retirement benefits are set out in the Remuneration Report on pages 43-61.

Note 30. Related party transactions (continued)

(e) Directors and Director related entities

The following were Directors and shareholders of Transfield Holdings Pty Limited and Transfield (TSL) Pty Limited, a related party and beneficial owners of the shareholding in Transfield Services Limited.

- Guido Belgiorno-Nettis AM, and
- Luca Belgiorno-Nettis AM

Guido Belgiorno-Nettis AM and Luca Belgiorno-Nettis AM each beneficially hold 42.9 per cent (2008: 42.9%) in Transfield (TSL) Pty Limited which itself owns 14.0 per cent (2008: 25.85 per cent) of the share capital of Transfield Services Limited. They are also joint Managing Directors of Transfield Holdings Pty Limited. This means they each indirectly control 57,845,095 (2008: 51,198,136) shares in Transfield Services Limited.

The following agreements were in existence during the year:

Continuation of an agreement for Corporate and IT Services dated 14 February 2001 on normal commercial terms and conditions whereby Transfield Holdings Pty Limited group companies, of which Guido Belgiorno-Nettis AM and Luca Belgiorno-Nettis AM are shareholders, acquire information technology services from Transfield Services (Australia) Pty Limited.

The following were Directors and security holders of Transfield Services Infrastructure Fund (TSI Fund), an equity accounted associate of Transfield Services Limited:

Anthony Shepherd,

Peter Watson (resigned 30 March 2009) and

Dr Peter Goode (appointed 1 April 2009)

Transfield Services pays Anthony Shepherd an annual fee to sit on the Board of TSI Fund. This fee is reset on 1 January of each year and is currently $88,000 per annum. Neither Peter Watson nor Dr Peter Goode was or is paid for serving on the Board of TSI Fund.

TSI Fund is managed under a Management Services Agreement (MSA) with Transfield Services (Australia) Pty Limited, a subsidiary of Transfield Services Limited. The wholly owned power stations within TSI Fund are also operated and maintained by Transfield Services (Australia) Pty Limited under a separate agreement on normal commercial terms.

(f) Loans to executives and executive-related entities

Loans to executives are disclosed in note 31.

Notes to and forming part of the financial statements for the year ended 30 June 2009

Note 30. Related party transactions (continued)

(g) Transactions of Directors and Director-related entities concerning shares or Performance Awards

Aggregate numbers of shares, share Options and Performance Awards of Transfield Services Limited acquired or disposed of by the Directors or their Director-related entities from the Company:

	CONSOLIDATED AND PARENT ENTITY 2009 NUMBER	2008 NUMBER
Acquisitions		
Ordinary shares	**2,094,505**	155,115
Aggregate acquisition of ordinary shares includes:		
Acquired as part of the Directors' remuneration arrangements	**31,163**	79,400
Acquired through 1:1 pro rata capital raising offer December 2008	**1,042,786**	-
Acquired by normal on-market means	**150,000**	75,715
Acquired through off-market transactions	**870,556**	-
	2,094,505	155,115
Disposals		
Ordinary shares	**11,093,918**	-
Aggregate disposal of ordinary shares includes:		
Disposal through off-market transactions	**1,546,959**	-
Disposed indirectly by Guido Belgiorno-Nettis AM and Luca Belgiorno-Nettis AM Directors of Transfield (TSL) Pty Ltd by way of participation through 1:1 pro rata capital raising offer December 2008	**9,546,959**	-
	11,093,918	-
Aggregate numbers of shares and Performance Awards of Transfield Services Limited held directly, indirectly or beneficially by Directors of the Company or the consolidated entity or their Director-related entities at balance date:		
Ordinary shares	115,690,019	47,990,190
Performance Awards over ordinary shares	-*	709,000

* Peter Watson has retained 300,000 Performance Awards

(h) Transactions with Directors and Director-related entities

Aggregate amounts of transactions with Directors and their Director-related entities recognised as income or (expenses):

	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	PARENT ENTITY 2009 $	PARENT ENTITY 2008 $
Director related entities of Anthony Shepherd, Dr Peter Goode and Peter Watson (TSI Fund)				
Management services fee	**8,085,581**	9,539,026	**-**	-
Operations and maintenance services fee	**46,208,875**	24,406,187	**-**	-
Success, development and major works fees	**185,703**	9,339,000	**-**	-
Cash distribution received	**18,285,086**	12,407,737	**18,285,086**	12,407,737
Director related entities of Peter Watson				
Commercial rent paid to a relative of the former Managing Director and Chief Executive Officer for the use of an apartment whist undertaking business related activities in Sydney	**(66,252)**	(60,379)	**-**	-

Note 30. Related party transactions (continued)

(h) Transactions with Directors and Director-related entities (continued)

	CONSOLIDATED		PARENT ENTITY	
	2009 $	2008 $	2009 $	2008 $
Director related entities of Guido and Luca Belgiorno-Nettis				
Corporate services provided by Transfield Corporate Pty Limited	**(604,624)***	(396,251)	**-**	-
Information technology services provided to Transfield Corporate Pty Limited	**193,944**	180,584	**-**	-
Recharge of shared services provided to Transfield Corporate Pty Limited	**-**	26,189	**-**	-
Transactions with Anthony Shepherd				
Short-term loan receivable from Anthony Shepherd	**-**	87,066**	**-**	-
Consulting fee for representing Transfield Services Limited on the Board of Transfield Services Infrastructure Fund	**(88,000)**	(84,000)	**-**	-
Transactions with Professor Stephen Burdon				
Consulting fee for ad-hoc services as requested by the Board	**-**	42,000 [1]	**-**	-
The unpaid amounts at 30 June 2009 owing by / (to) Director related entities are:				
Transfield Services Infrastructure Fund	**5,796,803**	6,352,974	**-**	-
Transfield Services Infrastructure Fund	**(64,598)**	(658,000)	**-**	(658,000)
Transfield Corporate Pty Limited	**175,010**	264,614	**-**	-
	5,907,215	5,959,588	**-**	(658,000)

Directors and director related entities that are shareholders have received dividends and had the right to participate in the rights offer on the same terms and conditions that apply to other shareholders.

Dividends	**14,364,792**	17,245,032	**14,364,792**	17,245,032

1 Included in Directors' remuneration in the remuneration report

* Inclusive of Directors' Fees for Guido and Luca Belgiorno-Nettis

** This receivable arose as a result of Anthony Shepherd receiving duplicate payments of cash and share purchases in error

In addition the Group provides car parking and secretarial facilities and services to Anthony Shepherd as required to perform his duties. The estimated value of these benefits is $130,000 (2008: $115,000).

(i) Wholly owned group

The wholly owned group consists of Transfield Services Limited and its wholly owned controlled entities which are set out in note 33.

Transactions between Transfield Services Limited and other entities in the wholly owned group during the years ended 30 June 2009 and 2008 consisted of:

(a) loans advanced by Transfield Services Limited;

(b) loans repaid to Transfield Services Limited; and

(c) transactions between Transfield Services Limited and its wholly owned Australian controlled entities under the tax sharing and tax funding agreement.

Notes to and forming part of the financial statements for the year ended 30 June 2009

Note 30. Related party transactions (continued)

(i) Wholly owned group (continued)

With the exception of the loans advanced to United States domiciled entities through Transfield Services Holdings (Delaware) Pty Limited LLC which bear interest at 25 basis points above the applicable borrowing rate, loans advanced to and by Transfield Services Limited to its controlled entities are interest free and repayable within 12 months.

	NOTE	PARENT ENTITY 2009 $'000	PARENT ENTITY 2008 $'000
Aggregate amounts included in the determination of operating profit before income tax that resulted from transactions with entities in the wholly owned group		-	-
Aggregate amounts receivable from entities in the wholly owned group at balance sheet date:			
Current receivables (loans)	9	**571,535**	554,756
Aggregate amounts payable to entities in the wholly owned group at balance sheet date:			
Current payables (loans)	20	**1,413**	25,064
Tax consolidation legislation			
Current tax payable assumed from wholly owned tax consolidated entities (less amount assumed from disposal group)		**19,405**	17,052
Gross tax losses assumed from wholly owned tax consolidated entities		**(9,371)**	(5,767)

The terms of the tax sharing and tax funding agreements are set out in note 7(e). Amounts owing to/from the Parent entity to/from members of the tax-consolidated group are included in current loans receivable/payable respectively.

(j) Other related parties

Aggregate amounts included in the determination of operating profit before income tax that resulted from transactions with each class of other related parties:

	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000	PARENT ENTITY 2009 $'000	PARENT ENTITY 2008 $'000
Dividend revenue and cash distributions	**-**	-	**33,670**	25,932

Transactions relating to dividends were on the same terms and conditions that applied to other shareholders. Other transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of loans between the parties.

	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000	PARENT ENTITY 2009 $'000	PARENT ENTITY 2008 $'000
Conversion of loan to joint ventures and partnerships to /(from) equity investment.	**1,758**	(1,679)	**-**	-
Proceeds from/(repayments of) borrowings – joint ventures and partnerships	**(2,275)**	2,117	**(626)**	626
Loans (to)/from associates and joint ventures and partnerships	**(2,382)**	4,408	**997**	-
Loan transferred (to) / from equity investment	**1,758**	(1,679)	**-**	-

Note 30. Related party transactions (continued)

(j) Other related parties (continued)

Aggregate amounts receivable from, and payable to, each class of other related parties at balance sheet date:

	NOTE	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000	PARENT ENTITY 2009 $'000	PARENT ENTITY 2008 $'000
Current receivables					
Associates and joint venture entities and partnerships (loans)	9	**11,343**	10,719	**1,694**	679
Current payables					
Associates and joint venture entities and partnerships (loans)	20	**-**	2,272	**-**	626

No provision for impaired receivables has been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

Reconciliation of loans to/from related parties

		CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000	PARENT ENTITY 2009 $'000	PARENT ENTITY 2008 $'000
Loans to subsidiaries/controlled entities					
Beginning of the year		**-**	-	**554,756**	516,142
Loans advanced/(repaid) (net)		**-**	-	**16,779**	38,614
End of year	9	**-**	-	**571,535**	554,756
Loans from subsidiaries/controlled entities					
Beginning of the year		**-**	-	**25,064**	23,970
Loans received/(repaid) (net)		**-**	-	**(23,651)**	1,094
End of year	20	**-**	-	**1,413**	25,064
Loans from joint ventures					
Beginning of the year		**2,275**	155	**626**	-
Loans received		**-**	2,117	**-**	626
Loan (repayments) made		**(2,275)**	-	**(626)**	-
End of year	20	**-**	2,272	**-**	626
Loans to joint ventures					
Beginning of the year		**10,719**	4,632	**697**	697
Loans advanced		**2,382**	4,645	**997**	-
Loan transferred (to) / from equity investment		**(1,758)**	1,679	**-**	-
Loan (repayments) received		**-**	(237)	**-**	-
End of year	9	**11,343**	10,719	**1,694**	697

No provisions for impairment losses have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

Notes to and forming part of the financial statements for the year ended 30 June 2009

Note 30. Related party transactions (continued)

(k) Guarantees

The Parent entity provides performance guarantees from time to time on behalf of wholly owned subsidiaries, associates, related parties and joint venture entities and partnerships. These guarantees will only crystallise if the respective parties fail to meet their financial obligations.

There are also cross guarantees given by Transfield Services Limited, Transfield Services (Australia) Pty Limited, APP Corporation Pty Limited, Broadspectrum Australia Pty Limited, Broadspectrum (WA) Australia Pty Limited, Broadspectrum (Qld) Australia Pty Limited and Transfield Services Engineering Group Pty Limited as described in note 44. No deficiencies of assets exist in any of these companies. No liability has been recognised by the Parent entity or the Group in relation to these guarantees, as the fair value of the guarantee is immaterial.

(l) Ownership interests in related parties

Interest held in the following classes of related parties are set out in the follow notes:

	NOTE
(a) controlled entities	33
(b) associates	34
(c) joint venture entities and partnerships	35

Note 31. Key management and top five remunerated personnel

(a) Key management personnel and top 5 remunerated personnel

	CONSOLIDATED		PARENT ENTITY	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Short-term employee benefits (cash salary & fees, cash bonuses and non-monetary benefits)	**10,532**	9,664	**-**	-
Long-term employee benefits	**91**	784	**-**	-
Post-employment benefits	**253**	410	**-**	-
Share-based payments	**318**	4,073	**-**	-
Termination benefits	**2,413**	-	**-**	-
	13,607	14,931	**-**	-

Detailed remuneration disclosures in respect of key management personnel can be found in the Remuneration Report on pages 43-61.

(b) Equity instrument disclosures relating to key management and top five remunerated personnel and Performance Awards

Options and Performance Awards provided as remuneration and shares issued on exercise of such Options and Performance Awards.

Details of Options and Performance Awards provided as remuneration and shares issued on the exercise of such Options and Performance Awards, together with terms and conditions of the Options and Performance Awards, can be found in the Remuneration Report on pages 43-61.

Note 31. Key management and top five remunerated personnel (continued)

(b) Equity instrument disclosures relating to key management and top five remunerated personnel and Performance Awards (continued)

Options and Performance Awards holdings

The number of Options and Performance Awards over ordinary shares in the Company held during the financial year by each Director of Transfield Services Limited and other key management personnel of the Group, including their personally related parties, are set out below. No Options or Performance Awards are vested and unexercised at the end of the year.

2009

NAME	BALANCE AT THE START OF THE YEAR	GRANTED AS COMPEN-SATION	EXERCISED DURING THE YEAR	FORFEITED	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE	UNVESTED
Directors							
Dr Peter Goode	-	-	-	-	-	-	-
Peter Watson	709,000	-	-	(409,000)	300,000	-	300,000
Other key management and top five remunerated personnel of the Group							
Lee de Vryer	24,000	35,600	-	-	59,600	-	59,600
Elizabeth Hunter	11,600	17,900	-	-	29,500	-	29,500
Matthew Irwin	75,700	51,300	-	(427)	126,573	(6,572)	120,001
Bruce James	97,400	93,200	-	-	190,600	-	190,600
Steve MacDonald	121,000	-	-	-	121,000	-	121,000
Paul McCarthy	54,300	38,900	-	(363)	92,837	(5,586)	87,251
Kate Munnings	32,500	23,300	-	(241)	55,559	(3,709)	51,850
Joseph Sadatmehr	346,300	-	-	-	346,300	-	346,300
Graeme Sumner	55,400	29,600	-	(52,039)	32,961	(6,624)	26,337
	818,200	289,800	-	(53,070)	1,054,930	(22,491)	1,032,439

2008

NAME	BALANCE AT THE START OF THE YEAR	GRANTED AS COMPEN-SATION	EXERCISED DURING THE YEAR	OTHER CHANGES	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE	UNVESTED
Directors							
Peter Watson	809,000	-	(100,000)	-	709,000	-	709,000
Other key management and top five remunerated personnel of the Group							
Lee de Vryer	-	24,000	-	-	24,000	-	24,000
Elizabeth Hunter	-	11,600	-	-	11,600	-	11,600
Matthew Irwin	61,900	33,800	(20,000)	-	75,700	-	75,700
Bruce James	56,000	41,400	-	-	97,400	-	97,400
Steve MacDonald	163,492	-	(42,492)	-	121,000	-	121,000
Paul McCarthy	42,793	26,200	(14,693)	-	54,300	-	54,300
Joseph Sadatmehr	202,531	250,000	(106,231)	-	346,300	-	346,300
Kate Munnings	18,100	14,400	-	-	32,500	-	32,500
Graeme Sumner	31,400	24,000	-	-	55,400	-	55,400
	576,216	425,400	(183,416)	-	818,200	-	818,200

Notes to and forming part of the financial statements for the year ended 30 June 2009

Note 31. Key management and top five remunerated personnel (continued)

(b) Equity instrument disclosures relating to key management and top five remunerated personnel and Performance Awards (continued)

Shareholdings

The number of shares in the Company held during the financial year by each Director of Transfield Services Limited and other key management personnel of the Group, including their personally related parties, are set out below. The Directors' compensation includes semi-annual on-market share acquisition in lieu of cash remuneration.

	BALANCE AT THE START OF THE YEAR	RECEIVED DURING THE YEAR ON THE EXERCISE OF OPTIONS / AWARDS	OTHER CHANGES DURING THE YEAR ACQUISITIONS/ (DISPOSALS)	BALANCE AT THE END OF THE YEAR
2009				
Ordinary shares				
Directors				
Anthony Shepherd	**1,546,959**	**-**	**(1,446,959)**	**100,000**
Dr Peter Goode	**-**		**-**	**-**
Peter Watson	**1,862,843**	**-**	**53,925**	**1,916,768**
Guido Belgiorno-Nettis AM*	**22,105,448**	**-**	**36,053,099**	**58,158,547**
Luca Belgiorno-Nettis AM*	**22,281,686**	**-**	**37,398,783**	**59,680,469**
Professor Stephen Burdon	**63,651**	**-**	**124,858**	**188,509**
Steven Crane	**40,000**	**-**	**51,207**	**91,207**
David Sutherland	**25,000**	**-**	**-**	**25,000**
Mel Ward AO	**64,603**	**-**	**78,888**	**143,491**
Other key management and top five remunerated personnel of the Group				
Lee de Vryer	**-**	**-**	**-**	**-**
Elizabeth Hunter	**-**	**-**	**-**	**-**
Matthew Irwin	**32,485**	**-**	**42,326**	**74,811**
Bruce James	**16,010**		**16,010**	**32,020**
Steve MacDonald	**901,315**	**-**	**(633,384)**	**267,931**
Paul McCarthy	**14,693**		**14,446**	**29,139**
Joseph Sadatmehr	**1,148,853**		**(19,215)**	**1,129,638**
Kate Munnings	**-**	**-**	**-**	**-**
Graeme Sumner	**-**	**-**	**-**	**-**
	50,103,546		**71,733,984**	**121,837,530**
2008				
Directors				
Anthony Shepherd	1,684,222	-	(137,263)	1,546,959
Mel Ward AO	52,423	-	12,180	64,603
Peter Watson	1,606,789	162,917	93,137	1,862,843
Guido Belgiorno-Nettis AM*	22,067,448	-	38,000	22,105,448
Luca Belgiorno-Nettis*	22,281,686	-	-	22,281,686
Professor Stephen Burdon	52,107	-	11,544	63,651
Steven Crane	-	-	40,000	40,000
David Sutherland	-	-	25,000	25,000
Other key management and top five remunerated personnel of the Group				
Darce Corsie	197,500	-	-	197,500
Lee de Vryer	-	-	-	-
Elizabeth Hunter	-	-	-	-
Matthew Irwin	12,485	20,000	-	32,485
Bruce James	16,010	-	-	16,010
Steve MacDonald	973,823	42,492	(115,000)	901,315
Paul McCarthy	-	14,693	-	14,693
Joseph Sadatmehr	890,980	106,231	151,642	1,148,853
Kate Munnings	-	-	-	-
Graeme Sumner	-	-	-	-
	49,835,473	346,333	119,240	50,301,046

* refer to note 30 (e), 29,234,136 shares included in the changes during the year for each of Guido and Luca Belgiorno-Nettis reflects a change in presentation to include shares under their control by virtue of being Co-Managing Direcotrs of Transfield Holdings Limited.

Note 31. Key management and top five remunerated personnel (continued)

(c) Other transactions with Directors and key management and top five remunerated personnel

Dividends received by Directors and key management and the top five remunerated personnel during the year ended 30 June 2009 amounted to $14,818,040 (2008: $18,046,045).

Loans to executives

The executives listed below have commercial loan arrangements with the Group as set out below:

Steve MacDonald:

Effective date	20 October 2008
Amount	$470,000
Term	Earlier of 30 September 2009 or ceasing to be an employee
Interest rate	9.0% from inception to 31 March 2009 5.83% from 1 April 2009 to 30 September 2009, plus 1% margin
Interest payments	Interest is payable together with principal at end of loan term

There have been no principal or interest repayments made between the date of inception and 30 June 2009.

Paul McCarthy:

Effective date	26 November 2008
Amount	$108,430
Term	Earlier of 30 June 2011 or ceasing to be an employee
Interest rate	9.0% from inception to 31 March 2009 5.83% from 1 April to 30 June 2011, plus 1% margin
Interest payments	Interest is payable together with principal at end of loan term

There have been no principal or interest repayments made between the date of inception and 30 June 2009.

Joseph Sadatmehr:

Effective date	6 February 2009
Amount	US$ 160,746
Term	Earlier of 30 June 2010 or ceasing to be an employee
Interest rate	9.0% from inception to 31 March 2009 5.83% from 1 April to 30 June 2010, plus 1% margin
Interest payments	Interest is payable together with principal at end of loan term

There have been no principal or interest repayments made between the date of inception and 30 June 2009.

On 24 August 2009 the Board resolved that the Company prohibit the granting of loans to executives with effect from that date.

Notes to and forming part of the financial statements for the year ended 30 June 2009

Note 32. Business combinations

On 9 July 2008, the Group acquired the assets and liabilities of The Planning Group (TPG). TPG is involved in town planning consultancy business in Victoria. The cash consideration was $892,000, the undiscounted earn-out amount is $1,251,000 and there were direct costs of $35,000 giving a total purchase consideration of $2,178,000. The carrying amounts and fair values of the assets and liabilities acquired were:

	2009 $'000
Property, plant and equipment	88
Receivables	407
Work in progress	65
Deferred tax asset	29
Employee entitlements	(95)
Fair value of net identifiable assets	494

Resulting in goodwill recognised of $1,685,000.

Goodwill is attributable to the expected contribution from the key personnel of the TPG business in further developing the Groups' project management and consultancy business.

The acquired business contributed revenues of $2,173,000 and net profit of $305,000 to the Group for the period 9 July 2008 to 30 June 2009. If the acquisition had occurred on 1 July 2008, the contribution to consolidated revenue and profit for the year ended 30 June 2009 would not have significantly changed as compared to the reported results.

Changes to provisional fair values

	VMS $'000	HORIZON $'000	WHELAN $'000	MCBREEN $'000	HRI $'000
Goodwill provisionally recognised at 30 June 2008	23,360	59,375	42,118	1,144	4,791
Reduction in purchase price- working capital adjustment	-	-	(916)	-	-
Additional transaction costs	36	31	-	-	-
Adjustment to fair values:					
Trade and other receivables (net of provision for impairment)	-	-	-	(43)	305
Inventory and work in progress	-	-	-	887	-
Trade payables	-	-	7	(77)	7
Final goodwill balance	23,396	59,406	41,209	1,911	5,103

Note 32. Business combinations (continued)

Summary of acquisitions – 2008

Details of the final fair value of the assets and liabilities acquired and goodwill are as follows:

	VMS $'000	HORIZON $'000	WHELAN $'000	WIND PROJECTS $'000	MCBREEN $'000	HRI $'000	TOTAL $'000
Purchase consideration (refer to (b) below):							
Cash paid on initial settlement	33,208	105,754	66,059	3,461	12,295	6,065	226,842
Working capital adjustment	-	-	(916)	-	-	-	(916)
Cash payable by end of earn-out period	-	-	-	-	-	1,116	1,116
Direct costs relating to the acquisition	906	1,378	195	-	1,069	5	3,553
Total purchase consideration	34,114	107,132	65,338	3,461	13,364	7,186	230,595
Fair value of net identifiable assets acquired (refer to (c) below):	(10,718)	(47,726)	(24,129)	(3,461)	(11,453)	(2,083)	(99,570)
Goodwill	23,396	59,406	41,209	-	1,911	5,103	131,025

The estimated goodwill is attributable to the high profitability and growth rate of the acquired business.

(b) Purchase consideration - 2008

	VMS $'000	HORIZON $'000	WHELAN $'000	WIND PROJECTS $'000	MCBREEN $'000	HRI $'000	TOTAL $'000
Outflow of cash to acquire subsidiary, net of cash acquired							
Cash consideration	33,208	105,754	66,059	3,461	12,295	6,065	226,842
Less:- Cash and cash equivalents acquired	(20)	(5)	-	-	(979)	(1)	(1,005)
Outflow of cash	33,188	105,749	66,059	3,461	11,316	6,064	225,837

Notes to and forming part of the financial statements for the year ended 30 June 2009

Note 32. Business combinations (continued)

(c) Assets and liabilities acquired - 2008

	VMS $'000		HORIZON $'000		WHELAN $'000		WIND PROJECTS $'000		MCBREEN $'000		HRI $'000	
	ACQUIREE'S CARRYING AMOUNT $'000	FINAL FAIR VALUE $'000	ACQUIREE'S CARRYING AMOUNT $'000	FINAL FAIR VALUE $'000	ACQUIREE'S CARRYING AMOUNT $'000	FINAL FAIR VALUE $'000	ACQUIREE'S CARRYING AMOUNT $'000	FINAL FAIR VALUE $'000	ACQUIREE'S CARRYING AMOUNT $'000	FINAL FAIR VALUE $'000	ACQUIREE'S CARRYING AMOUNT $'000	FINAL FAIR VALUE $'000
Cash	20	20	5	5	-	-	-	-	979	979	1	1
Trade and other receivables	25,464	22,867	19,838	19,969	8,971	8,971	-	-	2,762	2,805	913	608
Prepayment	3,661	7,450	30	48	270	270	-	-	-	-	40	40
Other assets	274	1,609	-	-	13	13	-	-	4,864	4,812	-	-
Property, plant and equipment	2,063	2,507	5,368	4,571	1,984	1,984	1,776	1,776	16,381	16,393	118	118
Deferred tax asset	1,959	2,779	-	-	-	821	-	-	132	1,020	-	-
Contract intangibles	-	-	-	3,964	-	2,118	1,685	1,685	-	774	-	668
Trademarks	-	-	-	-	-	-	-	-	-	-	-	605
Customer relationships	-	6,867	-	24,488	-	27,677	-	-	-	-	-	-
Customer / supplier databases	-	-	-	5,923	-	7,061	-	-	-	-	-	140
Developed technology and software	-	709	-	795	-	798	-	-	-	-	-	-
Inventory and WIP	4,798	3,879	(11,364)	(11,364)	-	-	-	-	7,163	6,179	96	96
Trade payables	(18,039)	(17,475)	-	-	(7,769)	(7,856)	-	-	(8,140)	(8,575)	(180)	(187)
Short-term borrowings and leases	(1,232)	(1,241)	(673)	(673)	(2,310)	(2,310)	-	-	(10,720)	(10,720)	-	-
Other liabilities	(12,503)	(12,838)	-	-	-	-	-	-	(149)	(121)	-	-
Employee benefits	(651)	(594)	-	-	-	-	-	-	-	-	(6)	(6)
Deferred tax liability	(2,939)	(5,821)	-	-	-	(15,418)	-	-	-	(2,093)	-	-
	2,875	10,718	13,204	47,726	1,159	24,129	3,461	3,461	13,272	11,453	982	2,083

Note 32. Business combinations (continued)

Changes in provisional fair values - 2008

	USM $'000	TIMEC $'000	RDC $'000	APP $'000	NJC $'000	ABB $'000	HOFINCONS $'000
Goodwill provisionally recognised at 30 June 2007	283,453	49,393	361	14,330	2,602	44	4,890
Additional purchase consideration - stamp duty	-	-	-	-	2,564	490	-
Adjustment to deferred consideration	(8,429)	-	(225)	520	-	-	-
Adjustment to fair values:							
Cash	-	-	-	-	-	-	(167)
Trade and other receivables (net of provision for impairment)	-	400		-	-	-	1,149
Other assets	-	-	-	-	-	-	(172)
Net deferred taxes asset/(liability)	562	(4,662)	-	-	-	-	-
Plant and equipment	-	600	-	-	-	-	23
Trade payables	-	5,290	-	-	-	-	(89)
Short term borrowings	-	-	-	-	-	-	(178)
Provision for taxation	-	2,018	-	-	-	-	(1,606)
Final goodwill balance	275,586	53,039	136	14,850	5,166	534	3,850

Details of acquisitions – 2008

i. On 31 October 2007 the Group acquired 100 per cent of the issued share capital of VMS Inc, a provider of transport infrastructure services across North America for consideration of $33.2 million (US$29.5 million).

   VMS Inc contributed revenues of $78.9 million and net profit of $1.5 million to the Group for the period from 1 November 2007 to 30 June 2008. If the acquisition has occurred on 1 July 2007, consolidated revenue and consolidated profit for the period would have increased by $118.4 million and $2.2 million respectively.

ii. On 9 October 2007, the Group acquired 100 per cent of the issued share capital of McBreen Jenkins Construction Ltd, a provider of roading and water infrastructure services throughout New Zealand for a consideration of $12.3 million (NZ$13.4 million).

   McBreen Jenkins Construction Ltd contributed revenue of $58.3 million and no net profit to the Group for the period from acquisition to 30 June 2008. If the acquisition had occurred on 1 July 2007, consolidated revenue for the period would have increased by $87.5million.

iii. On 17 October 2007, the Group acquired the business assets and liabilities of North American facilities maintenance services company Horizon National Contracting Services LLC (Horizon), for a consideration of $105.8 million (US$89.5 million).

   The business contributed revenues of $74.6million and a net profit after tax and transition costs of $4.6 million to the Group for the period from acquisition to 30 June 2008. If the acquisition had occurred on 1 July 2007, consolidated revenue and consolidated profit for the period would have increased by $111.9 million and $6.9 million.

iv. On 17 October 2007, the Group acquired 100 per cent of the issued share capital of Whelan's International Co. Inc (Whelan), a provider of facilities maintenance services across North America for a consideration for $66.1million (US$58.0 million).

   Whelan contributed revenues of $43.6 million and net profit of $2.6 million to the Group for the period from acquisition to 30 June 2008. If the acquisition had occurred on 1 July 2007, consolidated revenue and consolidated profit for the period would have increased by $65.4 million and $3.9 million respectively.

v. On 29 November 2007, the Group acquired 100 per cent of the share capital of Wind Project Developments Pty Limited, the owner of wind farm development rights across Australia for a consideration of $3.0 million.

   The transaction also includes a parcel of land for $0.5 million. The business represents a portfolio of intangible development rights and monitoring equipment which at 30 June 2008 were not yet revenue producing.

vi. On 1 May 2008, the Group acquired 100 per cent of the issued share capital of HRI Inc, a provider of specialised facilities maintenance services across North America for a consideration for $6.0 million (US$5.6 million).

   HRI contributed revenues of $1.6 million and net profit of $0.6 million to the Group for the period from acquisition to 30 June 2008. If the acquisition had occurred on 1 July 2007, consolidated revenue and consolidated profit for the period would have increased by $9.6 million and $3.6 million respectively.

Notes to and forming part of the financial statements for the year ended 30 June 2009

Note 33. Investments in controlled entities

	COUNTRY OF INCORPORATION	CLASS OF SHARES AS APPLICABLE	EQUITY HOLDING		COST OF PARENT ENTITY'S INVESTMENT	
			2009 %	2008 %	2009 $'000	2008 $'000
Transfield Services (Holdings) Pty Limited	Australia	Ordinary	**100**	100	-	-
Transfield Services (Australia) Pty Limited	Australia	Ordinary	**100**	100	7,704+	5,979+
Transfield Services (International) Pty Limited	Australia	Ordinary	**100**	100	-	-
Transfield Services (New Zealand) Limited	New Zealand	Ordinary	**100**	100	442+	434+
Transfield Metrolink Pty Limited	Australia	Ordinary	**100**	100	-	-
Transfield Services Engineering Group Pty Limited	Australia	Ordinary	**100**	100	-	-
Collinsville Operations Pty Limited	Australia	Ordinary	**100**	100	-	-
Transhare Plan Company Pty Limited	Australia	Ordinary	**100**	100	-	-
Transfield Services (Asia) Sdn Bhd	Malaysia	Ordinary	**100**	100	-	-
Transfield Services (Malaysia) Sdn Bhd	Malaysia	Ordinary	**100**	100	-	-
Transfield Services (Brisbane Ferries) Pty Limited	Australia	Ordinary	**100**	100	-	-
Broadspectrum Resources Pty Limited	Australia	Ordinary	**100**	100	-	-
Broadspectrum Australia Pty Limited	Australia	Ordinary	**100**	100	-	-
Broadspectrum Australia (WA) Pty Limited	Australia	Ordinary	**100**	100	-	-
Broadspectrum Australia (QLD) Pty Limited	Australia	Ordinary	**100**	100	-	-
Global Broadspectrum Sdn Bhd	Malaysia	Ordinary	**100**	100	-	-
Transfield Services Mauritius Limited (formerly Global Broadspectrum CCM Limited)	Mauritius	Ordinary	**100**	100	-	-
Broadspectrum Pte Limited	Singapore	Ordinary	**100**	100	-	-
Broadspectrum Asia Pacific Limited	Hong Kong	Ordinary	**100**	100	-	-
Austoil & Gas Management Services Sdn Bhd (Dissolved 30 April 2009)	Singapore	Ordinary	**-**	100	-	-
APP Corporation Pty Limited	Australia	Ordinary	**100**	100	-	-
APP Corporation (NZ) Limited	New Zealand	Ordinary	**100**	-	-	-
APP Corporation (North America) Limited	USA	Ordinary	**100**	-	-	-
Transfield Services North America Transportation Infrastructure (formerly VMS, Inc.)	USA	Ordinary	**100**	-	175+	25+
Transfield Services Canada (Holdings) Ltd	Canada	Ordinary	**100**	100	-	-
Transfield Services Canada Ltd	Canada	Ordinary	**100**	100	344+	329+
Canadian Services & Maintenance Ltd	Canada	Ordinary	**100**	-	-	-
Transfield Services Holdings (Delaware) Pty Limited LLC	Australia	Ordinary	**100**	100	-	-
Aquas Holdings Pty Limited	Australia	Ordinary	**66**	66	-	-
Australian Quality Assurance Superintendence Pty Limited	Australia	Ordinary	**66**	66	-	-
Transfield Emdad Services LLC (formerly TESPEC)**	Abu Dhabi	Ordinary	**49****	49**	-	-
Intergulf General Contracting LLC	Abu Dhabi	Ordinary	**49****	49**	-	-
USM Inc (formerly US Maintenance Inc)	USA	Ordinary	**100**	100	545+	261+

Note 33. Investments in controlled entities (continued)

	COUNTRY OF INCORPORATION	CLASS OF SHARES AS APPLICABLE	EQUITY HOLDING		COST OF PARENT ENTITY'S INVESTMENT	
			2009 %	2008 %	2009 $'000	2008 $'000
Transfield Services (Chile) Pty Limited	Australia	Ordinary	**100**	100	-	-
Transfield Services (Delaware) General Partnership	Australia	N/A	**100**	100	-	-
Transfield Services (North America) Inc (formerly USM Holdings Corp)	USA	Ordinary	**100**	100	1,878+	1,167+
Transfield Services (USM) Holdings Pty Limited	Australia	Ordinary	**100**	100	-	-
USM (Delaware) Inc	USA	Ordinary	**100**	-	-	-
TIMEC Holdings LLC.	USA	Ordinary	**100**	-	-	-
TIMEC Company Inc.	USA	Ordinary	**100**	100	651+	333+
TIMEC Operating Company, Inc	USA	Ordinary	**100**	-	-	
James TIMEC International , Inc	USA	Ordinary	**100**	100	-	-
TIMEC Specialty Services, Inc	USA	Ordinary	**100**	-	-	
Welltech National Training Systems Inc.	USA	Ordinary	**100**	100	-	-
Worldwide Welding Inc.	USA	Ordinary	**100**	100	-	-
Tianjian Broadspectrum Electrical and Mechanical Commissioning Services Limited.	China	Ordinary	**100**	100	-	-
Transfield Services (India) Pty Limited	Australia	Ordinary	**100**	100	-	-
Hofincons Infotech Industrial Services Limited	India	Ordinary	**100**	100	-	-
TSNZ Pulp and Paper Maintenance Services Limited	New Zealand	Ordinary	**100**	100	-	-
Whelan's International Co, Inc. (acquired 17 October 2007, liquidated in to USM, Inc. September 2008)	USA	Ordinary	**-**	100	-	-
Inversions Transfield Services (Chile Holdings) Limitada (incorporated 22nd November 2007)	Chile	Ordinary	**100**	100	-	-
Inversions Transfield Services (Chile) Limitada* (incorporated 22nd November 2007)	Chile	Ordinary	**100**	100	-	-
Transfield Services Wind Developments Pty Limited (formerly known as Transfield Services (Renewables) Pty Ltd)	Australia	Ordinary	**100**	100	-	-
Wind Project Developments Pty Ltd	Australia	Ordinary	**100**	100	-	-
Transfield Services Mannai Oil and Gas Services WLL	Qatar	Ordinary	**49****	-	-	-
Transfield Services Qatar LLC	Qatar	Ordinary	**49****	49	-	-
Barn Hill Wind Farm Pty Ltd ***	Australia	Ordinary	**-**	100	-	-
					11,739	8,528

** Legal ownership is 49 per cent however commercial ownership is 75 per cent-100 per cent. These entities are consolidated for Group reporting purposes

* Legal ownership is 99 per cent however commercial ownership is 100 per cent

*** Sold 17 June 2009

\+ Represents impact of share based payment expenses borne by subsidiaries, eliminated on consolidation

Notes to and forming part of the financial statements for the year ended 30 June 2009

Note 34. Investments in associates

NAME	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITY	OWNERSHIP INTEREST 2009 %	OWNERSHIP INTEREST 2008 %	CONSOLIDATED CARRYING AMOUNT 2009 $'000	CONSOLIDATED CARRYING AMOUNT 2008 $'000	PARENT ENTITY CARRYING AMOUNT 2009 $'000	PARENT ENTITY CARRYING AMOUNT 2008 $'000
Transfield Services Infrastructure Fund	Australia	Infrastructure ownership	**48.41**	48.97	**164,819[1]**	196,542	**235,810[1]**	235,810

	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000
Movements in carrying amounts of investments in associates		
Carrying amount at the beginning of the financial year	**196,542**	193,653
Share of operating profits after income tax	**11,934[2]**	9,320[2]
Share of hedging reserve (note 27 (b))	**(25,780)**	5,964
Gain on partial dilution through dividend reinvestment plan	**408**	-
Distribution received	**(18,285)**	(12,395)
Carrying amount at the end of the financial year	**164,819**	196,542
Share of profits of associates		
Operating profits before income tax [2]	**11,959**	12,644
Income tax expense	**(25)**	(3,324)
Operating profits after income tax	**11,934**	9,320
Less: Dividends received	**(18,285)**	(12,395)
	(6,351)	(3,075)
Retained profits attributable to associates at the beginning of the financial year	**(3,075)**	-
Retained profits attributable to associates at the end of the financial year	**(9,426)**	(3,075)
Share of associates' expenditure commitments		
Lease commitments	**3,782**	1,662
Other commitments	**-**	6,736
Total expenditure commitments	**3,782**	8,398

Summarised financial information of associates

	GROUP'S SHARE OF: ASSETS[3] $'000	LIABILITIES $'000	REVENUES $'000	PROFIT $'000
2009	625,282	460,463	84,255	11,934[2]
2008 (restated)[4]	660,649	464,107	85,053	9,320[2]

1 Market value $126,690,000 (2008:$161,954,000). The investment in Transfield Services Infrastructure Fund (TSI Fund) has not been impaired as the recoverable amount on a "value in use" basis on the underlying cashflows of TSI Fund exceeds the carrying value. Cash distributions from TSI Fund have reduced as a result of debt service obligations and prudent capital management by TSI Fund and currently are not an appropriate proxy for long term value in use.

2 After elimination of related party transactions.

3 Group's share of assets reflects exclusion of fair value uplifts in TSI Fund, reflecting the initial recognition of TSI Fund as an associate at historic cost and the elimination of urealised profits on the disposal of TSI Fund and on certain subsequent related party transactions.

4 Comparative figures for Assets, Liabilities and Revenues have been restated for the effects of prior year adjustments made by TSI Fund for the requirements of IFRIC 12 and to correct an error in depreciation. No change has been made to the recognised share of profits and the net impact after taking into account related party transactions is not considered to be material.

Note 35. Interests in joint venture entities and partnerships

NAME	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITY	OWNERSHIP INTEREST		CONSOLIDATED CARRYING AMOUNT		PARENT ENTITY CARRYING AMOUNT	
			2009 %	2008 %	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Translink Investments Pty Limited	Australia	Electronic tolling equipment	50	50	**1,215**	1,337	**2,107**	2,107
Metrolink Victoria Pty Limited	Australia	Tram franchise operator	50	50	**10,000**	10,000	**10,000**	10,000
Transfield Worley (Woodside) Alliance	Australia	Operations and maintenance	50	50	**12,443**	16,045	**-**	-
TGE Energy Services JV#	Australia	Operations and maintenance	49	49	**8,662**	7,368	**-**	-
Yarra Trams JV	Australia	Operations and maintenance	50	50	**3,104**	2,040	**-**	-
Transfield Worley Solutions JV	Australia	Operations and maintenance	50	50	**1,015**	916	**-**	-
Brisbane Ferries	Australia	Operations and maintenance	50	50	**333**	253	**-**	-
Sentinar JV	Australia	Operations and maintenance	50	50	**(144)**	1,858	**-**	-
TRAX (MVM)	Australia	Operations and maintenance	50	50	**(58)**	88	**-**	-
PPS Partnership	Australia	Operations and maintenance	50	50	**848**	268	**-**	-
Five D Holdings Pty Limited	Australia	Operations and maintenance	50	50	**(296)**	354	**-**	-
Transfield Worley Power Services Pty Limited	Australia	Operations and maintenance	50	50	**1,000**	781	**-**	-
Transdev NSW Pty Limited	Australia	Public transport	50	50	**4,845**	4,856	**-**	-
Transdev – TSL Pty Limited	Australia	Public transport	50	50	-	-	**-**	-
Flint Transfield Services Limited	Canada	Operations and maintenance	50	50	**10,862**	4,164	**-**	-
Inser – Transfield Services SA	Chile	Operations and maintenance	50	50	**18,133**	15,148	**-**	-
Transfield Worley Limited	New Zealand	Engineering, consulting and project managers	50	50	**8,445**	7,778	**-**	-
Transfield Worley TRAGS	Qatar	Operations and maintenance	27.5	27.5	**1,608**	489	**-**	-
Transfield - Mannai Facilities Management Services WLL	Qatar	Operations and maintenance	49	49	**2,904**	2,229	**-**	-
Transfield WorleyParsons Nouvelle Caledonie	New Caledonia	Operations and maintenance	50	50	**1,579**	258	**-**	-
Transfield Worley Services	Australia	Operations and maintenance	50	50	**-**	-	**-**	-
Transfield Worley New Zealand	New Zealand	Operations and maintenance	50	50	**-**	-	**-**	-
TGE Energy Services (NZ) Ltd	New Zealand	Operations and maintenance	50	50	**-**		**-**	-
					86,498	76,230	**12,107**	12,107

Reporting date 31 December

Notes to and forming part of the financial statements for the year ended 30 June 2009

Note 35. Interests in joint venture entities and partnerships (continued)

	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000
Retained profits attributable to joint venture entities and partnerships		
Balance at 1 July	**20,939**	9,682
Current year profit before tax	**70,643**	54,222
Income tax expense	**(10,565)**	(6,413)
Distributions / dividends received	**(53,472)**	(36,552)
Balance at 30 June	**27,545**	20,939
Movements in carrying value of investment in joint venture entities and partnerships		
Balance at 1 July	**76,230**	54,231
Effect of changes in foreign exchange rates	**1,904**	(4,683)
Transfer from / (to) loan account	**1,758**	(1,679)
Additions	**-**	17,384
Disposals	**-**	(250)
Distributions/dividends received	**(53,472)**	(36,582)
Share of operating profits after tax	**60,078**	47,809
Balance at 30 June	**86,498**	76,230

	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000	PARENT ENTITY 2009 $'000	PARENT ENTITY 2008 $'000
Share of joint venture entities and partnerships' assets and liabilities				
Current assets	**201,025**	178,227	**-**	-
Non current assets	**34,341**	38,454	**-**	-
Total assets	**235,366**	216,681	**-**	-
Current liabilities	**137,651**	121,446	**-**	-
Non current liabilities	**42,683**	40,053	**-**	-
Total liabilities	**180,334**	161,499	**-**	-
Net assets	**55,032**	55,182	**-**	-
Share of joint venture entities and partnerships' revenues, expenses and results				
Revenues	**928,710**	663,863	**-**	-
Expenses	**(858,068)**	(609,641)	**-**	-
Operating profit before income tax	**70,642**	54,222	**-**	-
Share of joint venture entities and partnerships' commitments				
Lease commitments	**10,241**	75,581	**-**	-
Other commitments	**32**	41,353	**-**	-
Total expenditure commitments	**10,273**	116,934	**-**	-

Note 36. Reconciliation of operating profit after income tax to net cash inflow from operating activities

	CONSOLIDATED		PARENT ENTITY	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Total operating (loss) / profit after income tax	**(54,490)**	82,376	**29,707**	23,110
Capital gains tax (classified as investing activities)	**-**	48,520	**-**	48,520
(Excess) / deficit of net cash finance costs over accounting cost	**(3,712)**	-	**184**	16
Share based payments	**3,130**	6,029	**-**	-
Depreciation	**44,296**	38,558	**-**	-
Amortisation of intangible assets and formation costs	**31,820**	23,175	**-**	-
Impairment	**171,692**	-	**-**	-
Gain on disposal of investment	**(408)**	(225)	**-**	-
Unrealised foreign exchange loss/(gain)	**7,620**	4,895	**-**	-
Make-good and other expenses	**1,788**	1,009	**-**	-
(Profit)/loss on disposal of fixed assets	**440**	573	**-**	-
Share of profits of associates and joint ventures not received as dividends or distributions	**(4,914)**	(10,574)	**-**	-
Provision for doubtful debts	**4,862**	262	**-**	-
Lease repayments classified as operating activities	**(531)**	(954)	**-**	-
Change in operating assets and liabilities, net of effects from purchase of controlled entity				
(Increase)/decrease in trade and other receivables	**(21,618)**	25,664	**(451)**	-
(Increase) /decrease in inventories	**(24,536)**	5,418	**-**	-
(Increase) in deferred tax assets	**(30,584)**	(1,193)	**(3,807)**	-
(Increase) in loans to associates and joint ventures	**(7,227)**	(234)	**-**	(1,384)
(Increase) /decrease in other operating assets	**(6,185)**	4,854	**183**	-
Increase / (decrease) in trade and other payables	**63,451**	14,700	**(551)**	-
(Decrease) in provision for income tax payable	**(13,849)**	(58,552)	**(27,720)**	(85,396)
Increase /(decrease) in provision for deferred tax liabilities	**7,252**	(6,550)	**-**	-
Increase / (decrease)/ in employee and other provisions	**5,923**	(1,073)	**-**	-
Net cash inflow / (outflow) from operating activities	**174,220**	176,678	**(2,455)**	(15,134)

Notes to and forming part of the financial statements for the year ended 30 June 2009

Note 37. Loss / (earnings) per share

	CONSOLIDATED 2009 CENTS	2008 CENTS (restated)
(a) Basic (loss) / earnings per share		
(Loss) / profit per share attributable to the ordinary equity holders of the Company	**(15.34)**	27.64
(b) Diluted (loss) / earnings per share		
(Loss) / profit per share attributable to the ordinary equity holders of the Company	**(15.34)**	27.64
(c) Basic and diluted earnings per share (pre-impairment)		
(Loss) / profit attributable to the ordinary equity holders of the Company	**26.05**	27.64

	2009 $'000	2008 $'000
(d) Reconciliations of earnings used in calculating earnings per share		
Basic (loss) /earnings per share		
(Loss) / profit from continuing operations	**(54,490)**	82,376
(Profit) from continuing operations attributable to minority interests	**(520)**	(203)
(Loss) / profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	**(55,010)**	82,173
Diluted (loss) / earnings per share		
(Loss) / profit attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share	**(55,010)**	82,173
Basic and diluted earnings per share (pre-impairment)		
(Loss) / profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	**(55,010)**	82,173
Impairment charge after tax (note 17)	**148,443**	-
Earnings attributable to the ordinary equity holders of the Company used in calculating earnings per share pre-impairment	**93,433**	82,173

(e) Weighted average number of shares used as the denominator

	NUMBER	NUMBER
Weighted average number of ordinary shares used as the denominator in calculating basic (loss) / earnings per share	**358,623,714**	297,292,119
Adjustments for calculation of diluted (loss) / earnings per share:		
Options and Performance Awards*	**-**	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted (loss) / earnings per share	**358,623,714**	297,292,119

* Only Options and Performance Awards which have vested but remain unexercised are used in the calculation of diluted earnings per share. The Group's current policy is to acquire vested Options and Performance Awards on-market rather than by issuing new shares.

Note 38. Remuneration of auditors

	CONSOLIDATED		PARENT ENTITY	
	2009 $	2008 $	2009 $	2008 $
During the year the following amounts were paid to the auditor of the Parent entity, its related practices and non-related audit firms.				
1. Audit services				
Fees paid to PricewaterhouseCoopers Australian firm:				
Audit and review of financial reports and other work under the *Corporations Act 2001*	**1,042,652**	966,650	**-**	-
Fees paid to related practices of PricewaterhouseCoopers Australian firm	**1,443,202**	1,160,004	**-**	-
Fees paid to non PricewaterhouseCoopers audit firms for the audit or review of financial reports of any entity in the Group	**114,575**	97,370	**-**	-
Total remuneration for audit services	**2,600,429**	2,224,024	**-**	-
2. Other assurance services				
Fees paid to PricewaterhouseCoopers Australian firm:				
Due diligence services	**817,100**	1,441,211	**-**	-
External service charge reviews	**45,000**	64,778	**-**	-
Other services	**353,378**	237,930	**-**	-
Fees paid to related practices of PricewaterhouseCoopers Australian firm for accounting and due diligence services	**131,374**	664,546	**-**	-
Total remuneration for other assurance services	**1,346,852**	2,408,465	**-**	-
3. Taxation services				
Fees paid to PricewaterhouseCoopers Australian firm:				
Tax compliance and tax consolidation matters	**166,148**	69,000	**-**	-
Due diligence services	**-**	37,255	**-**	-
Advice in respect of GST audit	**29,627**	52,300	**-**	-
Advice on employee taxation	**7,661**	-	**-**	-
Advice on transfer pricing	**73,782**	16,085		
Other tax advisory services	**454,951**	77,692	**-**	-
Fees paid to related practices of PricewaterhouseCoopers Australian firm for taxation services	**698,064**	248,029	**-**	-
Total remuneration for taxation services	**1,430,233**	500,361	**-**	-
Total remuneration of auditors	**5,377,514**	5,132,850	**-**	-

Note 39. Events occurring after balance sheet date

The following significant events have occurred since balance sheet date and prior to signing the financial statements.

Dividend declared

On 26 August 2009, the Directors resolved to pay a fully-franked dividend of 7.25 cents per share on 12 October 2009.

Notes to and forming part of the financial statements for the year ended 30 June 2009

Note 40. Contingent liabilities

Details and estimates of maximum amounts of contingent liabilities are as follows:

	CONSOLIDATED		PARENT ENTITY	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Bank guarantees in respect of contracts	**119,399**	109,510	**108,374**	-
Insurance bonds in respect of contracts	**164,592**	93,708	**151,908**	101,651
	283,991	203,218	**260,282**	101,651

The Parent entity has entered into an unsecured Multi Option Bilateral Facility agreement under which bank guarantees and letters of credit are provided.

Bank guarantees and insurance bonds				
Used	**283,991**	203,218	**260,282**	101,651
Unused	**165,870**	130,622	**171,645**	33,349
Total facility	**449,861**	333,840	**431,927**	135,000

The Parent entity is, in the normal course of business, called upon to give guarantees and indemnities in respect of the performance by controlled entities, associates, related parties and joint venture entities and partnerships of their contractual and financial obligations. These guarantees and indemnities only give rise to a liability where the respective entity fails to perform its contractual obligations. The Parent entity has a formal deed of guarantee to these entities. The Directors are not aware of any material claims on the Parent entity or consolidated entity except as follows:

A dispute exists between a joint venture company and a customer regarding the measurement of performance criteria and contingent bonuses which the joint venture claims it is entitled to and penalties that the customer claims the joint venture should pay to it. Depending on the outcome of the dispute, the bonuses/penalties may accrue to the joint venture and consequently the Group. Court proceedings have commenced by the joint venture demanding payment of the bonuses and the customer has delivered an invoice seeking payment of the penalties. At this time, the Directors remain confident that the joint venture will successfully defend its position.

The information usually required by AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* is not disclosed on the grounds that it can be expected to seriously prejudice the outcome of the process. The Directors are of the opinion that the dispute can be successfully resolved by the Group. No material losses are anticipated in respect of any of the above contingent liabilities.

Note 41. Commitments for expenditure

	CONSOLIDATED		PARENT ENTITY	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Operating leases				
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	**42,854**	35,992	**-**	-
Later than one year but not later than five years	**78,480**	60,767	**-**	-
Later than five years	**9,421**	6,245	**-**	-
Commitments not recognised in the financial statements	**130,755**	103,004	**-**	-
Finance leases				
Commitments in relation to finance leases are payable as follows:				
Within one year	**4,703**	1,085	**-**	-
Later than one year but not later than five years	**13,907**	3,450	**-**	-
Later than five years	**972**	164	**-**	-
Minimum lease charges	**19,582**	4,699	**-**	-
Future finance charges	**(2,756)**	(729)	**-**	-
Total lease liabilities recognised as a liability	**16,826**	3,970	**-**	-

The average interest rate implicit in the leases is 8.11 per cent (2008: 9.40 per cent).

Note 42. Share-based payments

(a) TranShare Executive Performance Awards Plan

A detailed analysis of the conditions of the TranShare Executive Performance Awards Plan is set out in the Remuneration Report on page 47 and on pages 55-58.

Set out below are summaries of Options and Performance Awards granted under the Plan:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT THE START OF THE YEAR NUMBER	GRANTED DURING THE YEAR NUMBER	EXERCISED DURING THE YEAR NUMBER	FORFEITED DURING THE YEAR NUMBER	BALANCE AT THE END OF THE YEAR NUMBER	EXERCISABLE AT THE END OF THE YEAR NUMBER
Consolidated and Parent entity								
Options								
28 November 2002	28 November 2009	$2.62	82,600	-	(15,000)	-	67,600	67,600
Weighted average exercise price		$2.62	-	-	-	-	-	-
Performance Awards								
25 February 2004	25 February 2011	$Nil	23,222	-	(5,598)	-	17,624	17,624
30 August 2004	30 August 2011	$Nil	25,293	-	-	-	25,293	25,293
28 October 2004	28 October 2011	$Nil	-	-	-	-	-	-
28 February 2005	28 February 2012	$Nil	46,594	-	(23,575)	-	23,019	23,019
30 August 2005	30 August 2012	$Nil	200,000	-	-	-	200,000*	-
16 November 2005	16 November 2012	$Nil	59,000	-	-	-	59,000	-
19 April 2006	19 April 2012	$Nil	196,900	-	-	(5,997)	190,903[1]	92,453
31 August 2006	31 August 2012	$Nil	394,900	-	-	(38,200)	356,700	-
31 October 2006	31 December 2012	$Nil	650,000	-	-	(350,000)	300,000	-
28 February 2007	28 February 2013	$Nil	375,400	-	-	(21,588)	353,812	-
31 May 2007	31 May 2013	$Nil	57,500	-	-	(14,375)	43,125	-
31 August 2007	31 August 2013	$Nil	637,700	-	-	(271,048)	366,652	-
28 February 2008	28 February 2013	$Nil	485,200	-	-	(158,863)	326,337	-
31 August 2008	31 August 2014	$Nil	-	1,357,200	-	(84,300)	1,272,900	-
			3,151,709	1,357,200	(29,173)	(944,371)	3,535,365	158,389
Weighted average exercise price			$Nil	$Nil	$Nil	$Nil	$Nil	$Nil

* 100% of these Performance Awards failed to vest at the 30 August 2008 testing date. The final testing date is 30 August 2010.

1 98,450 of these Performance Awards failed to vest at the 30 April 2009 testing date. The final testing date is 30 April 2010

Note 42. Share-based payments (continued)

The range of the share price at the various dates of the Options exercised during the year was $1.25 - $8.68.

The weighted average remaining contractual life of the Performance Awards outstanding at the end of the period was between two to three years.

Fair value of Performance Awards granted

The assessed fair value at grant date of Performance Awards granted during the year ended 30 June 2009 is set out in the following table. The fair value at grant date is independently determined using a Binomial and Monte Carlo options pricing model that takes into account the exercise price, the term of the Performance Award, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the Performance Award.

The model inputs for Performance Awards granted during the year ended 30 June 2009 included:

	31 AUGUST 2008			
AWARD TYPE	PERFORMANCE RIGHTS		RESTRICTED SHARE UNITS	
	TRANCHE 1	TRANCHE 2	TRANCHE 1	TRANCHE 2
Exercise price	N/A	N/A	N/A	N/A
Consideration	$Nil	$Nil	$Nil	$Nil
Vesting conditions	EPS growth	TSR growth	EPS growth	TSR growth
Expiry date	31 August 2014	31 August 2014	31 August 2014	31 August 2014
Share price at grant date	$8.45	$8.45	$8.45	$8.45
Expected company share price volatility	40%	40%	40%	40%
Expected dividend yield	3.5%	3.5%	3.5%	3.5%
Risk free interest rate	5.58%	5.59%	5.58%	5.59%
Fair value at grant date	$7.61	$5.78	$7.61	$5.78

The expected price volatility is based on the historic volatility (based on the remaining life of the Performance Awards), adjusted for any expected changes to future volatility due to publicly available information.

(b) Deferred Retention Incentive Plans

Short-term deferred retention incentive (ST-DRI)

The Company delivers the ST-DRI component of its remuneration structure to Australian participants by providing a maximum opportunity equivalent in value to the STI target in the form of Company equity. The TranShare Deferred Plan (TDP) is used for this purpose.

Participation in the ST-DRI is made available to selected high-performing managers who participate in the STI program but are not eligible to participate in the Company's LTI program based on the eligibility criteria used for that component of remuneration. Individuals are nominated by the operational Chief Executive Officers with the support of the Managing Director and Chief Executive Officer within the framework approved by the HR Committee.

The number of shares to be offered to the participant under the ST-DRI is calculated by dividing the ST-DRI amount by the ten-day average closing price of Transfield Services shares on the date the ST-DRI amount is approved. Shares will be allocated to the participant during the first Open Trading Period as declared by Transfield Services' Chief Counsel and Company Secretary following approval of the ST-DRI payment.

Note 42. Share-based payments (continued)

(b) Deferred Retention Incentive Plans (continued)

Short-term deferred retention incentive (ST-DRI) (continued)

Shares are subject to forfeiture in the event that employment with the Group is terminated within two years from the date the ST-DRI payment which gave rise to the allocation of shares was approved. The ST-DRI was suspended 19 May 2009 following proposed changes to equity plan taxation legislation and all plans remain under review until revisions to relevant legislation are confirmed.

Peter Watson (former Managing Director and Chief Executive Officer) was also a participant in this scheme.

Short-term deferred incentive (ST-DI)

The Company delivers the ST-DI component of its remuneration structure for North American participants by providing a specific value of their STI outcome in the form of deferred cash. Participation in the ST-DI is available in North America to the senior managers and selected high-performing managers who participate in the STI program but are not eligible to participate in the Company's LTI program based on the eligibility criteria used for that component of remuneration. Individuals are nominated by Operational Chief Executive Officers for consideration by the Managing Director and Chief Executive Officer.

The deferred payment under the ST-DI is subject to annual adjustment in accordance with a nominated US or where relevant the Canadian long term bond rate, and is subject to forfeiture in the event that employment within the Group is terminated within two years from the date the ST- DI payment determination date, or as per the contracted term.

(c) Employee share plan (TranShare Plan)

A scheme, for which shares are acquired on-market on behalf of employees, was approved by shareholders at the 2004 annual general meeting. All Australian and New Zealand permanent full time and part time employees (excluding executive Directors) are eligible to participate in the scheme. Employees may elect not to participate in the scheme.

Under the scheme, eligible employees may be granted up to $1,000 worth of fully-paid ordinary shares in Transfield Services Limited annually, for consideration of $900. The market value of shares acquired under the scheme, measured as the market price on the day of acquisition of the shares, is recognised in the balance sheet as share capital. The net shortfall of $100 per employee is expensed as part of the employee benefit costs in the period the shares are acquired.

Shares acquired on market under the scheme may not be sold until the earlier of three years after acquisition or cessation of employment from the respective Group company or joint venture. In all other respects the shares rank equally with other fully-paid ordinary shares on issue.

The number of shares acquired on behalf of participants in the scheme is the offer amount of $1,000 divided by the market price at which the Company's shares are traded on the Australian Securities Exchange on the day of acquisition on market.

	CONSOLIDATED		PARENT ENTITY	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Shares acquired under the Plan to participating employees	190	228	190	228

Other conditions applicable to the scheme are identified in the Remuneration Report on page 48.

Each participant was issued with shares worth $1,000 based on market prices of between $1.25 and $8.68.

Notes to and forming part of the financial statements for the year ended 30 June 2009

Note 42. Share-based payments (continued)

(c) TSIF Notional Securities

The TSIF Notional Securities Scheme aims to provide a suitable long term incentive to executive employees who are fully seconded to TSI Fund by linking 50 per cent of their long term incentive to the outcomes of TSI Fund.

The incentive provided under the TSIF Notional Securities Scheme can be delivered either in cash or in TSI Fund Securities – to be purchased by Transfield Services should the vesting conditions be met.

(d) Expenses arising from share-based payment transactions

Total expenses before tax arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	CONSOLIDATED		PARENT ENTITY	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Performance Awards issued under TranShare Executive Performance Awards Plan	3,211	6,794	-	-
Short-term DRI's granted	154	335	-	-
TSIF Notional Securites awarded	(45)	74	-	-
Shares under TranShare Plan acquired on market	190	228	-	-
	3,510	7,431	-	-

(f) Shares under Award / Option

Unissued ordinary shares of Transfield Services Limited under Award at the date of this report are as follows:

DATE AWARDS GRANTED	EXPIRY DATE	ISSUE PRICE OF SHARES	NUMBER UNDER AWARDS
31 August 2008	31 August 2010	$Nil	1,272,900
28 February 2008	28 February 2014	$Nil	326,337
31 August 2007	31 August 2013	$Nil	366,652
31 May 2007	31 May 2013	$Nil	43,125
28 February 2007	28 February 2013	$Nil	353,812
31 October 2006	1 April 2011	$Nil	300,000
31 August 2006	31 August 2012	$Nil	356,700
19 April 2006	19 April 2012	$Nil	190,903
16 November 2005	16 November 2012	$Nil	59,000
30 August 2005	30 August 2012	$Nil	200,000
28 February 2005	28 February 2012	$Nil	23,019
30 August 2004	30 August 2011	$Nil	25,293
25 February 2004	25 February 2011	$Nil	17,624
			3,535,365

DATE OPTIONS GRANTED	EXPIRY DATE	ISSUE PRICE OF SHARES	NUMBER UNDER OPTIONS
28 November 2002	28 November 2009	$2.62	67,600

No Award holder has any right under the Awards Plan rules to participate in any other share issue of the Company or any other entity.

Shares issued on the exercise of Options

The following ordinary shares of Transfield Services Limited were acquired on-market during the year ended 30 June 2009 on the exercise of Options granted under the TranShare Executive Performance Awards Plan. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

DATE AWARDS GRANTED	ISSUE PRICE OF SHARES	NUMBER OF SHARES ACQUIRED
28 November 2002	$2.62	15,000

Note 43. Segment information

(a) Notes to and forming part of the segment information

Accounting policies

Segment information is prepared in conformity with the accounting polices of the Group as disclosed in note 1 and the accounting standard, AASB 114 *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, property, plant and equipment, goodwill and other intangible assets, net of related provisions. While most of these assets can be directly attributable to individual segments the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other creditors, employee entitlements and other provisions.

Identification of segments

As a result of the consolidated entity's expansion overseas, New Zealand and North America are now considered as separate geographical segments and as primary reporting segments. All other international locations are summarised under 'Emerging markets'.

(b) Primary reporting – geographical segments

	AUSTRALIA $'000	NORTH AMERICA $'000	NEW ZEALAND $'000	EMERGING MARKETS $'000	TOTAL $'000
2009					
Sales to external customers	**1,610,071**	**1,167,384**	**497,073**	**111,373**	**3,385,901**
Inter-segment revenue	**17,872**	**-**	**-**	**-**	**17,872**
Total sales revenue	**1,627,943**	**1,167,384**	**497,073**	**111,373**	**3,403,773**
Other revenue	**1,447**	**-**	**633**	**-**	**2,080**
Segment revenue	**1,629,390**	**1,167,384**	**497,706**	**111,373**	**3,405,853**
Share of net profits from associates and joint ventures	**47,698**	**18,103**	**2,528**	**3,683**	**72,012**
Other income	**5,065**	**4,315**	**247**	**1,378**	**11,005**
Total	**52,763**	**22,418**	**2,775**	**5,061**	**83,017**
Segment result	**94,250**	**(135,758)**	**12,041**	**6,746**	**(22,721)**
Finance cost					**(44,920)**
Interest revenue					**3,218**
PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX					**(64,423)**
Income tax (expense) / benefit					**9,933**
PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE					**(54,490)**
Segment assets	**693,082**	**718,158**	**267,783**	**76,218**	**1,755,241**
Unallocated assets					**172,266**
Total assets					**1,927,507**
Segment liabilities	**374,821**	**135,400**	**69,753**	**28,304**	**608,278**
Unallocated liabilities					**541,933**
Total liabilities					**1,150,211**
Investment in joint ventures and associates included in segment assets	**209,428**	**10,863**	**8,445**	**22,581**	**251,317**
Acquisition of property, plant and equipment	**46,438**	**8,571**	**10,303**	**263**	**65,575**
Acquisition of intangibles	**1,686**	**813**	**-**	**-**	**2,499**
Depreciation	**23,808**	**7,848**	**12,070**	**570**	**44,296**
Amortisation - intangible assets	**1,243**	**24,395**	**4,045**	**445**	**30,128**
Amortisation – formation costs	**746**	**946**	**-**	**-**	**1,692**
Impairment	**-**	**171,692**	**-**	**-**	**171,692**
Share-based payments (TEPAP)	**1,725**	**1,478**	**8**	**-**	**3,211**
Net profit on disposal of property, plant and equipment	**960**	**-**	**247**	**9**	**1,216**
Other non-cash expenses	**2,734**	**3,346**	**167**	**403**	**6,650**

Notes to and forming part of the financial statements for the year ended 30 June 2009

Note 43. Segment information (continued)

	AUSTRALIA $'000	NORTH AMERICA $'000	NEW ZEALAND $'000	EMERGING MARKETS $'000	TOTAL $'000
2008					
Sales to external customers	1,596,870	847,276	487,253	61,948	2,993,347
Total sales revenue	1,596,870	847,276	487,253	61,948	2,993,347
Other revenue	3,290	-	-	-	3,290
Segment revenue	1,600,160	847,276	487,253	61,948	2,996,637
Share of net profits from associates and joint ventures	43,781	9,342	2,101	1,905	57,129
Other income	13,615	59	263	60	13,997
Total	57,396	9,401	2,364	1,965	71,126
Segment result	88,948	34,410	9,327	3,945	136,630
Finance cost					(42,808)
Interest revenue					3,167
PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX					96,989
Income tax expense					(14,613)
PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE					82,376
Segment assets	709,353	783,276	268,882	50,532	1,812,043
Unallocated assets					93,833
Total assets					1,905,876
Segment liabilities	176,406	279,387	62,344	12,200	530,337
Unallocated liabilities					703,248
Total liabilities					1,233,585
Investment in joint venture and associates included in segment assets	242,943	4,176	7,496	18,157	272,772
Acquisition of property, plant and equipment	49,081	12,075	17,651	836	79,643
Acquisition of intangibles	1,685	210,325	1,935	-	213,945
Acquisition of other non-current assets	-	-	-	17,384	17,384
Depreciation	21,443	5,281	11,431	403	38,558
Amortisation – intangible assets	3,039	15,320	4,371	445	23,175
Amortisation – formation costs	-	614	-	-	614
Share-based payments (TEPAP)	4,528	1,935	331	-	6,794
Net profit / (loss) on disposal of property, plant and equipment	(701)	-	236	(108)	(573)
Profit on disposal of investment	550	-	-	-	550
Other non-cash expenses	497	818	-	43	1,358

(c) Secondary reporting – business segments

	SEGMENT REVENUES FROM SALES TO EXTERNAL CUSTOMERS		SEGMENT ASSETS		ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLES AND OTHER NON-CURRENT SEGMENT ASSETS	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Resources and Industrials	**797,605**	1,007,424	**549,544**	436,809	**31,423**	19,458
Infrastructure Services	**1,427,914**	1,075,953	**341,865**	310,310	**14,339**	74,120
Property and facilities management	**1,160,382**	909,970	**699,013**	868,382	**22,312**	200,010
Infrastructure investments	-	-	**164,819**	196,542	-	-
	3,385,901	2,993,347	**1,755,241**	1,812,043	**68,074**	293,588

Note 44. Deed of cross guarantee

Transfield Services Limited and its wholly owned subsidiaries Transfield Services (Holdings) Pty Limited, Transfield Services (Australia) Pty Limited, APP Corporation Pty Limited, Broadspectrum Australia Pty Limited, Broadspectrum Australia (WA) Pty Limited, Broadspectrum Australia (Qld) Pty Limited and Transfield Services Engineering Group Pty Limited are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare and lodge a financial report and a director's report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investment Commission.

(a) Consolidated income statement and summary of movements in consolidated retained profits

The above companies represent a 'Closed Group' for the purposes of the Class Order. As there are no other parties to the Deed of Cross Guarantee that are controlled by Transfield Services Limited, they also represent the 'Extended Closed Group'.

Set out below is a consolidated income statement and summary of movements in consolidated retained profits for the year ended 30 June 2009 and the Closed Group consisting of Transfield Services Limited, Transfield Services (Holdings) Pty Limited , Transfield Services (Australia) Pty Limited, APP Corporation Pty Limited, Broadspectrum Australia Pty Limited, Broadspectrum Australia (WA) Pty Limited, Broadspectrum Australia (Qld) Pty Limited and Transfield Services Engineering Group Pty Limited.

	2009 $'000	**2008 $'000**
Revenue from continuing operations	**1,640,086**	1,662,074
Other income	**20,634**	10,286
Share of net profits of associates and joint venture entities and partnerships accounted for using the equity method	**21,197**	20,695
Subcontractors, raw materials and consumables used	**(653,690)**	(688,313)
Employee benefits expense	**(796,987)**	(767,823)
Depreciation, amortisation and impairment	**(27,298)**	(24,482)
Finance costs	**(12,656)**	(9,598)
Other expenses	**(174,483)**	(140,728)
Profit before income tax	**16,803**	62,111
Income tax (expense)/benefit	**1,966**	(5,995)
Profit from continuing operations after income tax expense	**18,769**	56,116
Net profit	**18,769**	56,116

Note: Profit before income tax has reduced as a result of exchange losses on intercompany balances – primarily as a result of Australian entities transferring United States dollars to North American entities to facilitate the repayment of external debt under the debt refinancing in December 2008. These loans form part of the Group's net investment in its overseas subsidiaries and resultant exchange differences are recognised on consolidation in the foreign currency translation reserve.

Retained profits

Retained profits at the beginning of the financial year	**134,389**	149,550
Net profit/ (loss)	**18,769**	56,116
Less: Dividends paid	**(55,219)**	(71,277)
Retained profits at the end of the financial year	**97,939**	134,389

Notes to and forming part of the financial statements for the year ended 30 June 2009

Note 44. Deed of cross guarantee (continued)

(b) Balance sheet

Set out below is a consolidated balance sheet as at 30 June 2009 of the Closed Group consisting of Transfield Services Limited, Transfield Services (Holdings) Pty Limited, Transfield Services (Australia) Pty Limited, APP Corporation Pty Limited, Broadspectrum Australia Pty Limited, Broadspectrum Australia (WA) Pty Limited, Broadspectrum Australia (Qld) Pty Limited and Transfield Services Engineering Group Pty Limited.

	2009 $'000	2008 $'000
Current assets		
Cash and cash equivalents	**52,297**	14,527
Trade and other receivables	**822,696**	712,412
Inventories	**35,699**	19,980
Prepayments and other current assets	**4,303**	3,813
Current tax receivable	**13,497**	1,577
Total current assets	**928,492**	752,309
Non-current assets		
Investments accounted for using the equity method	**259,899**	280,346
Other financial assets	**8,473**	8,925
Property, plant and equipment	**103,541**	97,417
Deferred tax assets	**43,138**	25,706
Intangible assets	**84,451**	84,091
Other	**2,670**	-
Total non-current assets	**502,172**	496,485
Total assets	**1,430,664**	1,248,794
Current liabilities		
Trade and other payables	**257,964**	255,083
Short-term borrowings	**130,768**	48,871
Provision for employee benefits	**53,813**	46,089
Other current liabilities	**36,841**	-
Deferred consideration	**564**	-
Derivative financial instruments	**540**	-
Total current liabilities	**480,490**	350,043
Non-current liabilities		
Long-term borrowings	**12,445**	182,829
Deferred tax liabilities	**2,670**	3,104
Provision for employee benefits	**20,338**	24,340
Other provisions	**2,864**	2,055
Deferred purchase consideration	**-**	225
Total non-current liabilities	**38,317**	212,553
Total liabilities	**518,807**	562,596
Net assets	**911,857**	686,198
Equity		
Contributed equity	**803,095**	546,326
Reserves	**10,823**	5,483
Retained profits	**97,939**	134,389
Parent entity interest	**911,857**	686,198
Total equity	**911,857**	686,198

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 64 to 136 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2009 and of their performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 44 will be able to meet any obligations or liabilities which they are, or may become, subject by virtue of the deed of cross guarantee described in note 44.

The Directors have been given the declaration by the Managing Director and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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

Anthony Shepherd
Chairman

Dr Peter Goode
Managing Director and Chief Executive Officer

at Sydney
26 August 2009

Independent Auditor's Report to the Members of Transfield Services Limited

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Independent auditor's report to the members of Transfield Services Limited

Report on the financial report

We have audited the accompanying financial report of Transfield Services Limited (the company), which comprises the balance sheet as at 30 June 2009, and the income statements, statements of recognised income and expense and cash flow statements for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Transfield Services Limited and the Transfield Services Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

PRICEWATERHOUSECOOPERS

Independent auditor's report to the members of Transfield Services Limited (continued)

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Transfield Services Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 43 to 61 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of Transfield Services Limited for the year ended 30 June 2009 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

B K Hunter
Partner

Sydney
26 August 2009

Shareholder Information

THE SHAREHOLDER INFORMATION SET OUT BELOW WAS APPLICABLE AS AT 1 SEPTEMBER 2008

(a) Distribution of equity securities

RANGE	TOTAL HOLDERS	UNITS	% OF ISSUED CAPITAL
1 – 1000	8,971	4,623,783	1.12%
1,001 – 5,000	11,453	29,772,040	7.20%
5,001 – 10,000	3,397	24,953,473	6.04%
10,001 – 100,000	2,344	52,825,453	12.78%
100,000 and over	125	301,106,634	72.86%
Total	26,290	413,281,383	100.00%

There were 1069 shareholders with non-marketable parcels of Transfield Services' shares (72,158 shares).

(b) Equity security holders

Top 20 largest holders of quoted equity securities:

NAME	UNITS AT 1 SEPTEMBER 2009	% OF ISSUED CAPITAL	RANK
Transfield (TSL) Pty Limited	57,845,095	14.00%	1
J P Morgan Nominees Australia Limited	54,522,357	13.19%	2
HSBC Custody Nominees (Australia) Limited	41,037,201	9.93%	3
National Nominees Limited	35,520,388	8.59%	4
Cogent Nominees Pty Limited	28,483,577	6.89%	5
Citicorp Nominees Pty Limited	11,902,074	2.88%	6
ANZ Nominees Limited	11,418,389	2.76%	7
AMP Life Limited	9,973,903	2.41%	8
Queensland Investment Corporation Limited	5,637,987	1.36%	9
UBS Nominees Pty Ltd/ UBS Wealth Management	5,132,231	1.24%	10
Frami Pty Limited	4,460,513	1.08%	11
Argo Investments Limited	3,638,487	0.88%	12
Custodial Services Limited	2,553,335	0.62%	13
Australian Reward Investment Alliance	2,235,184	0.54%	14
Bond Street Custodians Limited	1,467,818	0.36%	15
Lucuna Pty Ltd	1,200,000	0.29%	16
Mr Joseph Hossein Sadatmehr	1,129,638	0.27%	17
Equity Trustees Limited	1,105,078	0.27%	18
Milton Corporation Limited	964,026	0.23%	19
Mr Peter Lawrence Watson	767,555	0.19%	20
Total shares	280,994,836	67.99%	

(c) Substantial holders

Substantial shareholders in the Company are set out below:

NAME	UNITS AT 1 SEPTEMBER 2009	% OF ISSUED CAPITAL	RANK
Transfield (TSL) Pty Limited	57,845,095	14.00%	1
J P Morgan Nominees Australia	54,522,357	13.19%	2
HSBC Custody Nominees (Australia) Limited	41,037,201	9.93%	3
National Nominees Limited	35,520,388	8.59%	4
Cogent Nominees Pty Limited	28,483,577	6.89%	5

(d) Voting rights

The voting rights attached to each class of share are as follows:

(a) Ordinary shares
On a show of hands, every member present at a meeting in person or by proxy shall have one vote, and upon a poll, each share shall have one vote.

(b) Options and Performance Awards
No voting rights.

Corporate Directory

Directors
Anthony Shepherd
Chairman

Dr Peter Goode
Managing Director and Chief Executive Officer

Guido Belgiorno-Nettis AM
Luca Belgiorno-Nettis AM
Professor Steve Burdon
Steven Crane
Mel Ward AO
David Sutherland (Resigned 24 July 2009)
Jagjeet Bindra (Appointed 24 July 2009)

Company Secretary and Chief Counsel
Kate Munnings

Senior Management Team
Angelo De Angelis
Chief Global Services Officer

Lee de Vryer
Chief Strategy Officer

William Fazl
Chief Information Officer

Elizabeth Hunter
Chief Human Resources Officer

Matthew Irwin
Chief Financial Officer

Bruce James
Chief Executive Officer, Australia and New Zealand

Paul McCarthy
Chief Executive Officer, International

Joseph Sadatmehr
Chief Executive Officer and President, North America

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Calyon Australia Limited
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HSBC Bank Australia Limited
Level 32, HSBC Centre, 580 George Street
Sydney NSW 2000

Mizuho Corporate Bank Ltd
Level 33, 60 Margaret Street
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Royal Bank of Scotland
Level 48, Australian Square Tower,
Sydney NSW 2000

Standard Chartered Bank
345 George Street
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WestLB
Level 5, 7 Macquarie Place
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Westpac Institutional Bank
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Securities exchange listing
Transfield Services Limited shares are listed on the Australian Securities Exchange, stock code: TSE.

Website address
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Photography
The photographs throughout the Annual Report are of our people delivering essential services and essential infrastructure globally.

Annual Report Production
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