TRANSFIELD SERVICES
FY14 RESULTS

CONTENTS

IMPORTANT NOTE: Throughout this document non-IFRS financial indicators are included to assist with understanding the Company's performance. The primary non-IFRS information is proportionately consolidated financial information, underlying EBITDA, underlying EBIT, underlying NPAT and statutory net profit after tax, pre-amortisation and pre impairment.

Management believes proportionately consolidated information is a more accurate reflection of operational results due to the materiality of joint venture arrangements in place. Proportionately consolidated results include the Company's share of joint venture revenues and earnings. Management believes underlying EBITDA, underlying EBIT, and underlying NPAT are more appropriate indications of the on-going operational earnings of the business and its segments because these measures do not include significant one-off items (both positive and negative) that relate to disposed or discontinued operations or costs incurred to restructure the business in the current period. Refer to statutory reconciliations to non-IFRS financial indicators on page 21.

Management believes underlying NPAT pre-amortisation to be an appropriate measure of cash NPAT after adjusting for amortisation of acquired intangibles and one-off non-recurring items. A reconciliation of non-IFRS to IFRS information is included where these metrics are used.

All comparisons are to the previous corresponding period of FY2013 – the 12 months ended 30 June 2013, unless otherwise indicated.

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

DIRECTOR'S REPORT

Year ended 30 June 2014

Your Directors present their report on the consolidated entity consisting of Transfield Services Limited ("the Company" or "Parent Entity") and the entities it controlled at the end of, or during, the year ended 30 June 2014 (the "Group").

Directors

The Directors of the Company at any time during or since the end of the financial year are:

- Diane Smith-Gander (Chairman from 25 October 2013 onwards)
- Anthony Shepherd AO (Chairman until his retirement from the Board on 25 October 2013)
- Graeme Hunt
- Steven Crane
- Douglas Snedden
- Roy McKelvie
- Katherine Hirschfeld (appointed on 28 October 2013)
- Dean Pritchard (appointed on 28 October 2013)

Principal activities

During the year the principal continuing activities of the Group consisted of the provision of operations and maintenance, asset management, project and capital management outsourcing and infrastructure development services.

Transfield Services operates principally in Australia, New Zealand and the Americas (comprising the USA, Canada and Chile). Its business units include resources and energy, infrastructure services and property and facilities management sectors.

The Group also holds a 20 per cent ownership interest in RATCH Australia Corporation Limited ("RAC") which invests in infrastructure assets.

Dividends

No dividends were declared or paid during the year.

Review of operations and likely developments and expected results of operations

Refer to the Operating and Financial Review on page 6 to 21 for detailed commentary regarding the operations during the financial year as well as likely developments and expected results of operations for future financial years.

Significant changes in the state of affairs

On 22 October 2013 the Group announced that it had sold its 50 per cent share in the Transfield Worley New Zealand joint venture to its existing partner Worley Parsons.

During the financial year, the Group:

- completed the stabilisation phase of its improved Enterprise Resource Planning system and prepared for the final phase of its implementation.
- initiated a comprehensive change to its operating model for Australia and New Zealand.
- exited its non-core MEA segment through the sale of its 49 per cent share in the Transfield Mannai Facilities Management Services WLL joint venture, 49 per cent share in Transfield Emdad Services LLC and 100 per cent share of Hofincons Infotech Industrial Services Pvt Ltd.

Events subsequent to balance date

NZ Inland Revenue Department ("IRD") audit of the Group's Mandatory Convertible Note ("MCN") Arrangement

The IRD in New Zealand is conducting a review of a range of financial instruments used by companies in New Zealand during recent years covering many different industries and companies and centering on the deductibility of interest expense in New Zealand. As part of this review the IRD reviewed the tax treatment of the MCN entered into by the Group.

Subsequent to 30 June 2014, the Group agreed an in principle settlement and resolution of these matters with the IRD. The Group believes it has no material unprovided liability in respect to these matters.

Other matters

No other events have occurred since the end of the financial year that may materially affect the company's operations, the results of those operations or the company's state of affairs in future financial years.

Significant Environmental Regulations

In Australia, the Group is subject to the reporting requirements of the National Greenhouse and Energy Reporting Act 2007 (Cth) ("NGER Act"), which requires the Group to report its annual greenhouse gas emissions, energy production and energy consumption. The Company is registered with the Clean Energy Regulator and has submitted reports for all relevant periods since 30 June 2009. The Group has implemented systems and processes for the collection and calculation of the data to enable it to continue to prepare and submit reports annually.

The NGER Act requires the Group to report carbon emissions to the Federal Government in respect of assets over which it has operational control.

Obligations reported in prior years with respect to the Clean Energy Act 2011 (Cth) and the Energy Efficiency Opportunities Act 2006 (Cth) no longer apply as these acts have been repealed.

The Group is in compliance with all other relevant significant environmental legislation.

Information on directors

Details of the Directors' responsibilities, shareholding at 30 June 2014 and other directorships held by the Directors in the three year period ended 30 June 2014 are set out below:

Director	Special Responsibilities	Interests in shares and Performance Awards of Transfield Services Limited	
		Ordinary Shares*	Performance Awards
Diane Smith-Gander	Chairman of the Board of Directors	86,179	-
Graeme Hunt	Member of the Health, Safety, Environment and Community Committee	-	2,805,000
Steven Crane	Chair of the Risk, Audit and Compliance Committee	141,778	-
Douglas Snedden	Chair of the Human Resources Committee Member of the Risk, Audit and Compliance Committee	103,285	-
Roy McKelvie	Member of the Risk, Audit and Compliance Committee Member of the Human Resources Committee	-	-
Katherine Hirschfeld	Member of the Human Resources Committee Member of the Health, Safety, Environment and Community Committee	36,000	-
Dean Pritchard	Chair of the Health, Safety, Environment and Community Committee Member of the Risk, Audit and Compliance Committee	-	-

** includes shares that are held by a related party*

Director	Directorships of other listed entities held in the last three years
Diane Smith-Gander	Wesfarmers Ltd (ASX) since 2009
Graeme Hunt	AGL Energy Ltd (ASX) since 2012
Steven Crane	Bank of Queensland Ltd (ASX) since 2008 NIB Holdings Ltd (ASX) since 2010 Australian Pipeline Ltd (ASX) since 2011
Douglas Snedden	UXC Limited (ASX) since 2012 Hillgrove Resources Ltd (ASX) 2012
Roy McKelvie	-
Katherine Hirschfeld	Toxfree Solutions Ltd (ASX) since 2013
Dean Pritchard	Arrium Ltd (ASX) since 2000 OzMinerals Ltd (ASX) since 2008 Spotless Group Ltd (ASX) from 2007 to 2012 Steel Tube and Holdings Ltd (NZX) from 2005

Details of each director's qualifications and experience are available on our website at www.transfieldservices.com.

DIRECTOR'S REPORT

Year ended 30 June 2014

Meetings of directors

	Board meetings	Extraordinary Board meetings	Board Sub-Committee meetings	Meetings of Committees: Risk, Audit and Compliance	Meetings of Committees: Health, Safety, Environment and Community	Meetings of Committees: Human Resources
NO OF MEETINGS HELD	**9**	**3**	**2**	**4**	**4**	**5**
No of meetings attended by						
Anthony Shepherd AO[1]	4	-	1	1	-	-
Diane Smith-Gander[2]	9	3	1	2	1	2
Graeme Hunt	9	3	2	4	4	5
Steven Crane[3]	9	3	2	4	-	2
Douglas Snedden	9	3	-	3	-	5
Roy McKelvie[4]	9	3	1	4	1	2
Katherine Hirschfeld[5]	5	3	-	-	3	3
Dean Pritchard[6]	4	2	-	2	3	-

[1] Anthony Shepherd's retirement from the Board (Chairman) was effective from 25 October 2013.

[2] Diane Smith-Gander appointments as Chairman of the Board, retirement from the Human Resources Committee and retirement from the Health, Safety, Environment and Community Committee were effective 25 October 2013.

[3] Steven Crane retirement from the Human Resources Committee was effective 21 November 2013.

[4] Roy McKelvie appointment to the Human Resources Committee and retirement from the Health, Safety, Environment and Community Committee were effective 28 October 2013.

[5] Katherine Hirschfeld appointments to the Board, the Health, Safety, Environment and Community Committee and Human Resources Committee were effective 28 October 2013.

[6] Dean Pritchard appointments to the Board, Chair of the Health, Safety, Environment and Community Committee and to the Risk, Audit and Compliance Committee were effective 28 October 2013.

Company Secretary

Angelique Nesbitt (LLM and Bachelor of Asia Pacific Studies) was appointed Joint Company Secretary in March 2013 and as Executive General Manager Compliance & Group Company Secretary in June 2014. Angelique advises the Board and senior management on governance and corporate legal matters and is responsible for the Group's global compliance program. She joined Transfield Services in January 2005 and has more than 20 years' of experience working with and advising companies in relation to mergers and acquisitions, banking and finance, corporate law and governance.

Remuneration report

Information about remunerations as required under section 300A(1) of the Corporations Act is set out in the Remuneration Report on page 22 to 44, which forms part of this Directors' Report.

Insurance of officers

During the financial year, the Company 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.

DIRECTOR'S REPORT

Year ended 30 June 2014

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

During the year KPMG, the Company's auditor, has performed certain other services in addition to their statutory duties. Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out in Note 30.

The Board of Directors has considered the non-audit services provided during the year by the auditor and, in accordance with the advice received from the Risk, Audit and Compliance Committee is satisfied that the provision of those non-audit services, as set out in Note 30, during the year by the auditor is compatible with, and did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Risk, Audit and Compliance Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Auditor's 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 45.

Rounding of amounts to nearest hundred thousand dollars

The company is of a kind referred to in Class Order 98/100 issued by the Australian Securities & Investments Commission, relating to the 'rounding off' of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded off to the nearest hundred thousand dollars in accordance with that Class Order.

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

Diane Smith-Gander

Chairman

Graeme Hunt

Managing Director and Chief Executive Officer

At Sydney

29 August 2014

OPERATING AND FINANCIAL REVIEW

CONTENTS	PAGE

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Management believes underlying NPAT pre-amortisation and pre-impairment to be an appropriate measure of cash NPAT after adjusting for amortisation of acquired intangibles and one-off non-recurring items. A reconciliation of non-IFRS to IFRS information is included where these metrics are used. This document has not been subject to review or audit by the Company's external auditors.

All comparisons are to the previous corresponding period of FY2013 – the 12 months ended 30 June 2013, unless otherwise indicated.

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OVERVIEW OF KEY DRIVERS

The 2014 Financial Year has been a year of consolidation to reposition the Company. Financial targets have been achieved, balance sheet quality is being restored, the portfolio and contract opportunity pipeline has substantially improved and there has been a greater focus on operating discipline. At the same time, management recognises that continued improvement on key metrics is required with an ongoing focus on business development and contract execution. Highlights of the Company's operating and financial performance during FY2014 are:

- The Total Recordable Injury Frequency Rate (TRIFR) improved by 10 percent
- Underlying EBITDA of $217 million, a 7 percent increase on the prior year; driven by high quality underlying earnings underpinned by improved margins
- A continued decrease in fixed overheads as percentage of revenue
- A year on year improvement in key capital metrics
    - Normalised operating cash conversion of 108 percent, reflecting a disciplined focus on billing and working capital processes
    - Debtors, inventory and Work in Progress (WIP) reduced by $56 million
    - Balance sheet quality improved by $145 million, including a reduction in total creditors of $137 million and a reduction in net debt of $8 million
    - A decrease in leverage ratio (net debt / EBITDA) to 2.4 times
    - Debt restructured to provide more liquidity, greater operating flexibility and longer debt maturities
    - Improvement in Return on Capital Employed (ROCE), approaching target levels of 15 percent
- Contracted revenue up 8 percent, resulting in 74 percent of revenue already contracted into FY2015 following major wins in the Defence, Social and Property Sector.
- $24 billion of contract opportunities in the pipeline
- In line with the business development strategy to focus on sectors with a positive growth outlook, the Company has reduced its exposure to the mining sector to 3 percent of total revenue
- Strategic portfolio simplification on track – exit from the Middle East and India now complete
- Operating Model implementation underway – key roles in place and early signs of benefits starting to accrue
- Renewal of the Board and Senior Management during the year

Areas of focus for the coming year include:

- Intensify the safety focus to Lead Indicator metrics to reduce injuries
- Reduce volatility of earnings throughout the year and smooth skew between half year reporting periods
- Improve margin and cash conversion potential in existing contracts
- Maintain downward pressure on working capital
- Continue focus on cash and reduce net debt to EBITDA ratio below 2.0 times
- Maintain bid governance discipline and contract transition / execution accountability
- Convert contract opportunities in the pipeline into contracted revenue to cover FY2016 and beyond
- Ongoing remediation of North American Roads contracts and the Flint Transfield Services (FTS) joint venture business model
- Complete roll-out of Operating Model to improve market focus and recognise benefits of cost reduction program
- Finalise implementation of the Enterprise Resource Planning tool (ERP) and begin benefits realisation
- Continue to explore divestment options for the Easternwell Minerals Exploration business and our investment in Ratch Australia Corporation Limited (RACL) where it is in the best interest of shareholders
- Maintain increased levels of transparency with the market and stakeholder engagement

MANAGEMENT REVIEW OF COMPANY PERFORMANCE

	Reported		Proportionately Consolidated	
FOR THE 12 MONTHS ENDED 30 JUNE 2014 (A$ MILLIONS)	**FY2014**	**FY2013**	**FY2014**	**FY2013**
Operating Revenue	3,728.1	3,667.1	4,236.5	4,224.2
Underlying EBITDA	216.7	201.7	237.2	214.0
Underlying EBITDA Margin	5.8%	5.5%	5.6%	5.1%
Underlying EBIT	124.4	95.1	n/a	n/a
Underlying NPAT	72.6	39.2		
Statutory NPAT pre amortisation and impairment (Guidance)	66.9	60.3	n/a	n/a
Contracted Revenue			10.3bn	9.5bn

FINANCIAL RESULTS

All numbers in the text below are statutory unless otherwise stated. All numbers defined as 'Underlying' exclude restructuring costs, gains and losses on disposal of assets or businesses, earnings from discontinued operations and other one-off non-recurring items.

In this Management Review, the Company is reporting in line with the regional structure that was in place during FY2014. This includes the four reporting regions, being Infrastructure ANZ, Resources and Energy ANZ, the Americas and Corporate.

In the Management Review by Region from page 14 of this Operating and Financial Review onwards, the detailed commentary within each Region is separated into the Sectors which aligns to the new Operating Model that has been in place since 1 July 2014.

- FY2014 Operating revenue was up 2 percent compared to the prior year.
- Underlying EBITDA of $217 million was up 7 percent compared to the prior year, with growth in the Defence, Social and Property, and Telecommunications Sectors offsetting declines in the Oil and Gas, Transport and Mining and Industrial Sectors
- Proportionately consolidated EBITDA margins were 5.6 percent compared to 5.1 percent in the prior year
- Underlying NPAT of $73 million, was 85 percent higher than the prior year. In FY2014, lower tax expense offset higher interest costs
- Statutory NPAT pre-amortisation of $67 million was within the guidance range of $65 - $70 million, after absorbing net non-recurring costs of $20 million
- Operating cash conversion of 54 percent included a significant normalisation of trade creditors, however normalised operating cash conversion (excluding the one-off reduction in trade creditors) was 108 percent
- Net debt of $534 million was $8 million lower than 30 June 2013. This is equivalent to a reduction in net debt of $105 million in the second half of FY2014, a substantial reduction from peak net debt levels
- Higher earnings and lower net debt resulted in the leverage ratio (net debt / EBITDA) reducing to 2.4 times and gearing (net debt / net debt + equity also declining to 41 percent
- Debtor days fell from 51 days in the prior period to 49 days in FY2014, and WIP days fell from 21 days in the prior period to 17 days in FY2014
- No final dividend declared in FY2014

REVENUE AND PIPELINE

The movement in Operating Revenue compared to the prior year comprised:

- $383 million of new contracts including Manus Island and Nauru, Defence Land Materiel Maintenance, QGC Consolidated Service Provider and other, Woodside Offshore maintenance and BHP mine maintenance in Chile
- $447 million of growth in revenue from existing contracts from prior year, including Nauru (retention), NBN Vic and NSW, Housing NSW, Santos, QGC, Woodside and Chevron
- $224 million reduction in revenue from existing contracts compared to prior year, including the Transfield Worley Woodside Joint Venture, Enable and Easternwell Minerals
- $545 million reduction in revenue relating to contracts that ended during the current or prior period, including Western Power, Sydney Water, Melbourne Water, Australian Rail Track Corporate (ARTC), Parker Point and several shutdown projects in Australia and the United States (US)

During the year, the Company won 46 percent of new contract opportunities and 72 percent of contract renewals.

In FY2014, Infrastructure ANZ contributed 63 percent of revenue, followed by Resources and Energy ANZ with 25 percent of revenue and the Americas with 12 percent of revenue. These percentages are in line with the prior year.

Across the three operating regions, revenue from the Mining and Industrial Sector accounted for 6 percent of total revenue, of which only 3 percent related to mining activities, with the majority of this work being operations and maintenance or facilities management on existing assets.

The Company's total contracted revenue (proportionately consolidated) at 30 June 2014 was $8.7 billion. Including the $1.6 billion Defence contract awarded in July 2014, total contracted revenue increases to $10.3 billion, which is up 8 percent from 30 June 2013.

Of this contracted revenue, $3.7 billion will be generated in FY2015 representing circa three quarters of proportionately consolidated revenue for that year. This level of contracted revenue provides good visibility leading into the new financial year, with the remainder of the revenue still to be contracted expected to come from increased scope on existing contracts (known as leveraged work). The Company expects to win similar levels of leveraged work as prior years.

Following the trend of previous financial years, the proportion of cost reimbursable contracts to total contracted revenue continues to decline, now at 11 percent, whilst fixed fee contracts now account for half of contracted revenue.

As a result, the bid governance framework has been adjusted to focus on contract risks, price estimation, and financial targets to enable the Company to bid such contracts with confidence. The improved bid framework has now been in place for over 12 months and since that time no new contracts have been classified as distressed.

The pipeline of contract opportunities is $24 billion, in line with the prior year. This has decreased from $28 billion at 31 December 2013 due to the conversion of circa $3 billion of preferred opportunities into contracts (including the recently awarded Defence contract) as well as the ongoing alignment of the pipeline to focus on the Company's core sectors. In addition, the pipeline for the Hofincons business in India has been removed.

EBITDA AND MARGINS

The Company's Underlying EBITDA increased by $15 million during the year, primarily due to growth in the Defence, Social and Property and Telecommunications Sectors. This was offset by the loss of volumes in Utilities (contracts ending with Sydney Water, Melbourne Water and Western Power), Transport (contract ending with ARTC) and Oil and Gas (reduced contribution from the FTS JV and lower well servicing volumes).

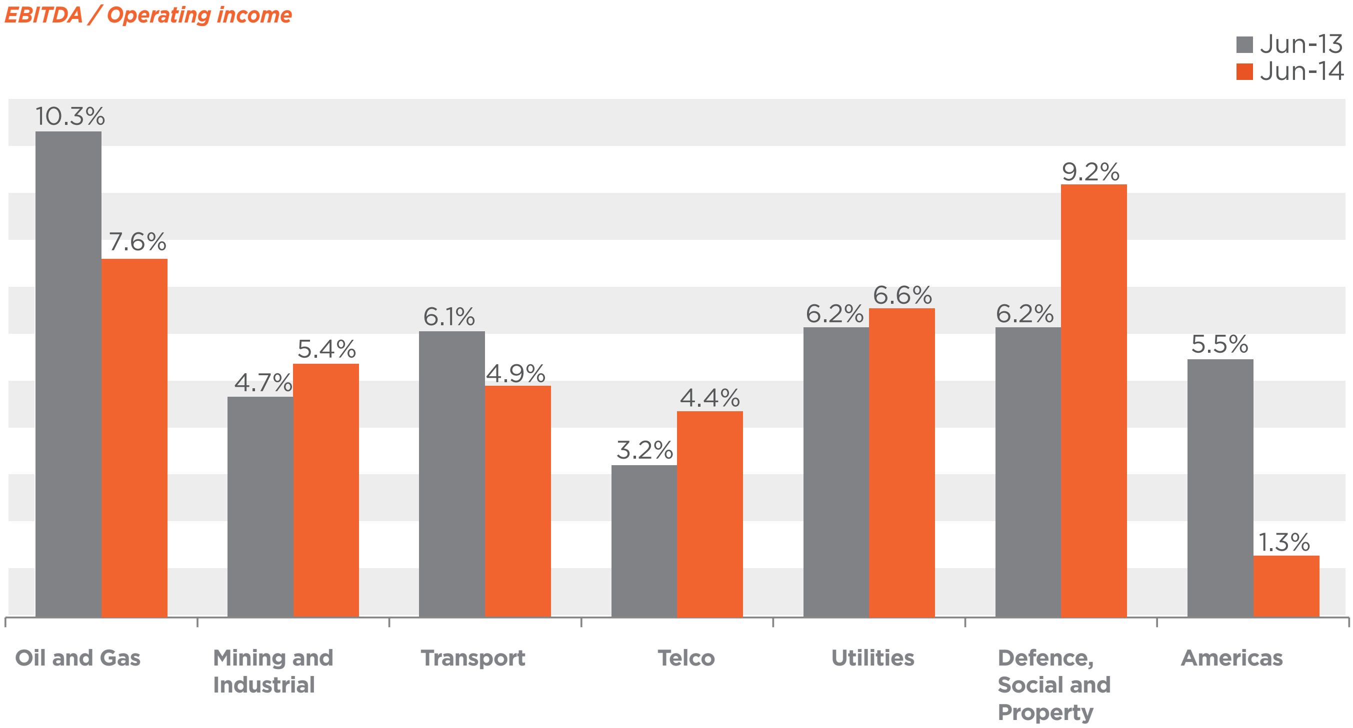
Proportionately consolidated EBITDA margins increased from 5.1 percent in the prior year to 5.6 percent in FY2014. Margins for contracts won during the year were higher than the Company's average margin, improvements have been made to the margins on existing contracts and the cost reduction plan is ongoing.

The Defence, Social and Property, Telecommunications, Utilities and Mining and Industrial Sectors reported higher margins during FY2014 compared to FY2013. The chart below highlights the key movements by sector.

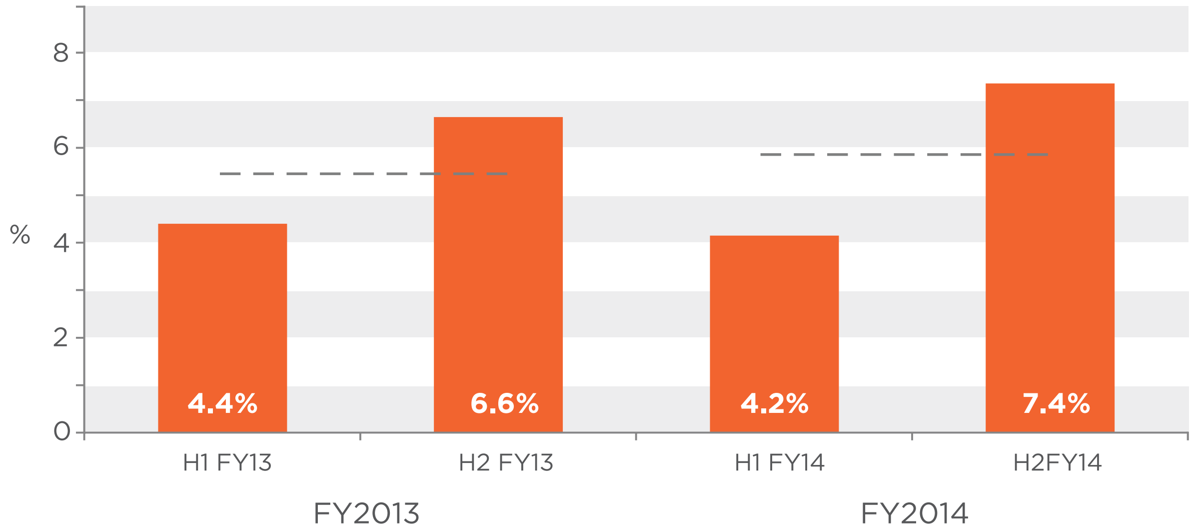
The key drivers behind the movements in margins are discussed in the Management Review by Region.

EBITDA MARGIN BY SECTOR

EBITDA / Operating income



OPERATING EBITDA MARGIN %



Over the last 12 months, the Company has been focused on restoring margins through a combination of winning new contracts at higher margins, improving productivity and winning leveraged work on existing contracts and reducing corporate and regional overheads. The chart above demonstrates this trend of improving margins, as well as the first half / second half skew previously discussed in the FY2014 half year results.

Further margin improvement is anticipated in FY2015 with a full 12 months contribution from new contracts, remediation of challenged contracts (especially in the Americas) and the implementation of the new Operating Model from July 2014.

OPERATING CASH FLOW AND CASH CONVERSION

The Company reported an underlying operating cash flow before interest and tax payments of $117 million which represents an operating cash conversion of 54 percent.

Excluding the one-off reduction in trade creditors that occurred during FY2014 to normalise creditors, the Company's normalised operating cash flows before interest and tax payments for FY2014 were $234 million, representing a normalised operating cash conversion of 108 percent.

This was a function of the debt reduction program which focused on improving the delivery of underlying cash inflows via disciplined follow up of overdue trade debtors, promptly billing work in progress, immediate lodgment of claims and variations, enforcing tighter trading terms for all new contracts (including mobilisation payments) and converting joint venture profits into cash distributions.

WORKING CAPITAL

The Company's net working capital increased from $88 million in FY2013 to $169 million in FY2014. This is attributable to the large reduction in trade and other payables of $137 million.

Finding an appropriate balance of funding between debt and working capital has resulted in a deliberate decision by the Company to normalise trade creditors during the period. Trade creditor days have fallen from 62 days at 30 June 2013 to 47 days at 30 June 2014.

Excluding this movement in trade and other payables, the Company's working capital has improved in FY2014 by $56 million. This was primarily driven by a reduction in trade and other debtors of $24 million where debtor days have fallen from 51 days at 30 June 2013 to 49 days at 30 June 2014

WIP days have declined from 21 days at 30 June 2013 to 17 days at 30 June 2014. This reflects the positive steps taken in the current period to improve billing practices and to methodically unwind life of contract WIP. WIP remains high in the Americas and is an area of focus for FY2015.

CAPITAL EXPENDITURE

Capital expenditure in FY2014 was $85 million, a reduction of $75 million from FY2013.

$28 million of capital expenditure related to the ERP system upgrade including direct costs, capitalised interest and capitalised employee labour costs. The final deployments will occur during FY2015, at which time the asset of circa $120 million will commence depreciation over fifteen years. The business will realise the benefits of a single system with consistent process and significantly enhanced operational visibility and reporting capabilities.

The remaining capital expenditure for FY2014 of $57 million was split into maintenance capital expenditure of $32 million and growth capital expenditure of $25 million. The Company expects to maintain this level of capital expenditure through FY2015.

The Company finalised the Easternwell rig funding joint venture during the period to fund four new energy rigs. In FY2014, total funding provided by the Company to the joint venture was $14 million. This funding is included in the above growth capital expenditure amounts.

NET DEBT AND LIQUIDITY

The Company's net debt of $534 million at 30 June 2014 was $8 million lower than 30 June 2013, and $105 million lower than 31 December 2013. This is despite the payment of $118 million of trade creditors carried forward from the prior financial year.

Reducing debt remains a short term focus and the Company is committed to moving towards an optimal capital structure in a considered and sustainable manner.

The increase in earnings and the reduction in net debt resulted in a decrease in the Company's leverage ratio (net debt / EBITDA) from 3.0 times at 31 December 2013 to 2.4 times at 30 June 2014, and a decline in the Company's gearing ratio (net debt / net debt + equity) from 46 percent at 31 December 2013 to 41 percent at 30 June 2014.

The quality of the Company's balance sheet has materially improved. Total funding (total creditors plus net debt) has reduced by $145 million during the 12 month period from $1,220 million at FY2013 to $1,075 million at FY2014.

Following the debt restructure in May 2014, the Company has access to $216 million of committed but unutilised debt funding facilities. The next major debt maturity is July 2017 and the average maturity of the Company's debt facilities is four years. The debt restructure allowed the Company to diversify away from short dated bank debt and open another source of financing in the US markets. The Company obtained two external credit ratings from Standard and Poor's of BB and from Moody's of Ba2 to facilitate the debt restructure.

DIVIDEND

No final dividend has been declared for FY2014. This is in line with the Company's previously stated strategy to reduce the net debt to EBITDA ratio to target levels of 2.0 times or lower.

SAFETY FOCUS

During FY2014, the Company developed a unifying Health and Safety strategy that returned the focus of the business to the fundamentals of getting health and safety right. The primary focus is on 'Felt Leadership', with 'Safe People in a Safe Place of Work' using robust, standard processes. The strategy also introduced a balanced scorecard approach, moving from a focus on lagging indicators to the introduction and measurement of more leading indicators.

Against this background, the Total Recordable Injury Frequency Rate (TRIFR) improved by 10 percent from 6.0 injuries per million hours worked in FY2013 to 5.4 injuries per million hours worked in FY2014.

Sadly, a fatality occurred in the Hofincons business in India in the second half of FY2014. The Hofincons business was divested in June 2014 as part of a pre-existing commitment to exit the region.

COST INITIATIVES

The Company incurred $23 million of restructuring expenses during the year, compared to $21 million in the prior year. This was primarily attributable to redundancy costs and the implementation of the Company's new Operating Model.

It should be noted that the Company's earnings guidance provided to the market in August 2013 allowed for $6.3m of pre-tax restructuring costs for FY2014, and thus significantly more restructuring costs were absorbed into the FY2014 result than anticipated.

Further reductions in costs are expected in FY2015 once the operating model is implemented and once the ERP system roll-out is complete across the Company. The benefits from both of these initiatives are not expected to have a material impact on the Company's cost base until FY2016.

ASSET DISPOSAL PROGRAM

The Company will continue to pursue an active non-core asset divestment program over the next 12 to 24 months. During FY2014, the Company disposed of its stake in the Transfield Worley joint venture in New Zealand, the Hofincons operations in India as well as its investments in the U.A.E. and Qatar. The Company continues to classify its investment in RACL and the Easternwell mineral drilling rig business as non-core and will look to dispose of these assets where it is in the best interests of shareholders.

In addition, circa $30 million of cash was liberated via disposal of surplus assets and various sale and leaseback transactions, all of which had no net negative impact to earnings.

STRATEGY UPDATE AND OUTLOOK

The Company's strategic focus remains on delivering high value, integrated and non-discretionary services, aligned with clients' production related activities, in sectors with sustainable, long term growth such as public and social services, infrastructure, resources and energy.

To underpin and implement this strategy, the Company has established the following six focus areas:

1. Superior safety – meet or exceed mandated standards
2. Differentiated, non-discretionary service offering – avoiding commoditised services and targeting blue-chip clients
3. Integrate into client's operations – positioning the Company as a critical partner
4. Disciplined contract selection – focusing on superior bid governance, as well as profitability and Return on Capital Employed (ROCE)
5. Refine portfolio with non-core divestments – ensuring the asset / contract base is true to the stated Strategy
6. Strong balance sheet and increased liquidity – via reduced leverage, more disciplined focus on working capital and portfolio / asset rationalisation

OPERATING MODEL

The Company has made good progress on the implementation of the new Operating Model. The Company formally adopted the model across the Australian and New Zealand business from 1 July 2014.

The Australian and New Zealand business is now split into three Sectors:

- Defence, Social and Property led by **Ian Maxted**
- Infrastructure led by **Sandra Dodds**
- Resources and Industrial led by **Joe Sofra**

The Sector leads are responsible for the financial performance of their Sectors, business strategy and planning, identification and development of opportunities, acquisition of new work (including contract negotiation, writing proposals and selection of partners), building relationships and client relationship management.

Responsibility for the delivery of contracts is split into two operational Service lines:

- Logistics, Construction and Consulting led by **Kate Munnings**
- Operations and Maintenance and Well Servicing, led by **Stuart Nevison** (appointed in August 2014)

The Service leads are responsible for service strategy development and implementation, Service line forecasting and planning, transition and mobilisation of contracts, management of client contract relationships, identification and execution of leveraged work, and contract performance reviews, variation and dispute management.

This change is expected to drive revenue and margin growth by facilitating a stronger understanding of key sectors and deeper client knowledge, allowing the company to shape attractive and proactive commercial propositions.

The third element of the operating model is the provision of Support Services. Support functions include Health Safety Environment and Community, Finance, Human Resources, Procurement, Property and Equipment, Legal and Risk. The functional focus will be on governance and consistent process, and to deliver efficient and high quality Support to the Sector and service teams. The support functions are led by Vince Nicoletti and Stephen Phillips.

Changes to the structure of support services will reduce the Company's overhead costs and will create a more efficient governance and support services model based on a user-pays approach to the provision of corporate services.

FY2015 OUTLOOK

Looking forward to FY2015, the Company expects to continue the positive momentum gained during FY2014. This is substantially underpinned by the extended and expanded contracts with Immigration, Defence, Housing and Health and new Oil and Gas rigs contracted to commence during the year.

The Company anticipates:

- Growth to continue in the Defence, Social and Property Sector as a result of new and existing outsourcing opportunities, particularly with the Australian Commonwealth Government
- Increase in activity in the Telecommunications Sector as the National Broadband Network in Australia and the Ultra-Fast Broadband network in New Zealand rolls out fibre optic cable technology
- Some short term weakness in Utilities and Transport operations and maintenance margins in Australia and New Zealand until more infrastructure assets are funded and developed as flagged in the 2014 Australian Federal budget (from FY2016 and beyond)
- Steady growth in the short to medium term from Coal Seam Gas (CSG) and upstream Oil and Gas in the lead-up to the global Liquefied Natural Gas (LNG) industry moving away from development and commissioning and into a clear operating phase from FY2016 onwards
- Market dynamics in the Americas to continue to be strong in the US Oil and Gas Sector, with significant demand continuing in North Dakota (Williston basin), California and the Gulf Coast
- Short term challenges in the North American Roads business
- Mining and processing industries to remain under pressure in general, especially in exploration, but with improving production related demand expected towards the end of FY2015 and into FY2016

- Positive prospects in Chile, with rebuilding of the minerals operations and maintenance business

In FY2015 there are no significant contracts expiring, and as noted previously, $3.4 billion of proportionately consolidated revenue is already contracted. This represents a very healthy level of revenue secured for FY2015, with the remainder of revenue expected to come from new contracts and leveraged opportunities in existing contracts.

Recent contract wins in the Defence, Social and Property Sector have relatively even earnings and cash delivery profiles, reducing the historical skew towards second half earnings. The Company expects therefore that there will be a reduced skew to second half earnings in FY2015 compared to the FY2014 skew of 34:66.

FY2015 GUIDANCE

For FY2015 guidance, the Company expects to generate Underlying EBITDA in the range of $240-260m. Underlying earnings excludes restructuring costs and one-off non-recurring items.

In addition the Company notes:

- Depreciation associated with the new ERP will be for a full 12 months
- Interest expense expected to be in line with FY2014 levels with higher effective interest rates offset by lower net debt levels
- The Company's effective tax rate is forecast to be 10-15 percent

MANAGEMENT REVIEW BY REGION

INFRASTRUCTURE ANZ

(63 PERCENT OF COMPANY OPERATING REVENUE)

	Reported		Proportionately Consolidated	
FOR THE 12 MONTHS ENDED 30 JUNE 2014 (A$ MILLIONS)	FY2014	FY2013	FY2014	FY2013
Operating Revenue	2,338.9	2,300.4	2,403.1	2,401.1
Underlying EBITDA	165.4	132.4	165.5	133.2
Underlying EBITDA Margin	7.1%	5.8%	6.9%	5.5%
Underlying EBIT	139.0	102.5	n/a	n/a
Contracted Revenue			6.3bn	4.7bn

FY2014 OVERVIEW

The Infrastructure ANZ business had another successful year in FY2014, with key financial metrics exceeding those from the prior year.

Underlying EBITDA of $165 million was up 25 percent year on year, and EBITDA margins improved to 7.1 percent, the highest in several years. Furthermore, Infrastructure ANZ's underlying EBIT was up 36 percent on prior year.

This result reflects consistent service delivery across existing contracts, new contract wins and cost saving initiatives implemented during the year.

Highlights for the Infrastructure ANZ business were:

- Revenue and earnings growth in existing contracts particularly in Defence, Social and Property and Telecommunications
- Successful transition of new Immigration and Defence contracts from successful bid to full operations
- Reduction in fixed overheads as a percentage of revenue from 2.0 percent in the prior year to 1.4 percent in the current year
- Conversion of all preferred status contracts announced at the half year to contracted revenue

Contracted revenue in Infrastructure ANZ was $6.3 billion, up 34 percent from the prior year including the Estate Maintenance and Operations Services contracts with the Department of Defence won in July 2014. The movement in contracted revenue is split into $3.6 billion of wins and renewals, offset by $2.1 billion of revenue realised in FY2014, with minimal losses or adjustments to contracts.

Cash generation in Infrastructure ANZ continued to be strong, with low WIP at 5 days and strong debtor collections. FY2014 debtor days were 39 days.

FY2015 OUTLOOK

With the implementation of the new Operating Model, the Infrastructure ANZ business is split into the Defence, Social and Property Sector led by Ian Maxted, and the Infrastructure Sector (comprising Utilities, Telecommunications and Transport) led by Sandra Dodds. These two businesses will be separate reporting segments in FY2015.

The Company continues to anticipate growth in the Defence, Social and Property Sector. In the near term, this is expected to be in logistics and facilities management services with Commonwealth and State government clients as they look to improve the performance of their facilities and cost of services. Targeted areas in this space include schools and education, housing and other social services, health and welfare.

There continues to be near term operations and maintenance opportunities in core infrastructure assets, such as in the transmission, distribution and rail industries.

The medium term pipeline for Sectors such as Utilities and Transport is also positive, with significant spending plans announced in the 2014 Australian Federal budget opening up operations and maintenance opportunities.

SECTOR ANALYSIS

Defence, Social and Property

The primary service delivered in the Defence, Social and Property Sector is logistics and facilities maintenance (88 percent), with the remainder being operations and management and consulting services.

The Defence, Social and Property Sector delivered 51 percent revenue growth during the period, with EBITDA margins increasing from 6.2 percent to 9.2 percent. New contract wins, renewals and extensions during the year included:

- Land Materiel Maintenance contract (Defence)
- Garrison Support and Welfare Services contract (Immigration)
- Asset and Facilities Maintenance contract (Queensland Health)
- Repairs and Maintenance contract (WA Housing)
- Comprehensive Maintenance Services contract (NSW Housing)
- National Facilities Maintenance contract (Amcor)
- Mornington Peninsula Shire contract extended through to 2023

The focus for the Defence, Social and Property sector in FY2015 will be to consolidate the increase in scope for both the Defence and Immigration contracts that were won during 2014.

The outlook in the Defence, Social and Property Sector for FY2015 is positive with a strong pipeline of contract opportunities and with a proven performance record with both government and non-government clients.

Transport

The Transport Sector comprises road, rail and public transport contracts. The primary service delivered in Transport is operations and maintenance (83 percent) with some construction and logistics and facilities management services.

Revenue in the Transport Sector revenue fell by 30 percent during the period, with EBITDA margins reducing from 6.1 percent to 4.9 percent. This was primarily due to the loss of the ARTC maintenance contract (insourced) and the completion of the ARTC productivity program in the prior year.

During the period, the Company was awarded contracts for:

- An increase in scope of roads and tunnels contracts (Hills M2 Motorway and Lane Cove Tunnel)
- Urban Road Maintenance (Auckland Transport)
- Retention of the Road Maintenance Services contract (Far North District Council in New Zealand)
- Renewal of the Epping Chatswood Rail Link maintenance contract

There are a number of tenders pending in the Transport Sector including East West Link with the Victorian Government and new contracts for rail and road restoration work with various counter parties.

In Public Transport, the Harbour City Ferries joint venture continues to perform to expectations and the performance of the Adelaide City bus contract stabilised during the period.

Looking forward to FY2015 the Transport Sector's focus is on continuous performance improvements and the pursuit of growth opportunities underpinned by increased outsourcing of road assets as State governments seek cost efficiencies to achieve budget outcomes.

Utilities

The Utilities Sector comprises water, power and electrical services contracts. The primary service delivered in this Sector is operations and maintenance (92 percent) with some construction contracts.

The Utilities Sector reported a 26 percent reduction in revenues in FY2014 compared to the prior year, and EBITDA margins dropped from 5.9 percent to 5.6 percent. This was due to the conclusion of the following contracts:

- Western Power's Future Grid contract for electrical services which was insourced in the second half of the year
- The Mechanical Electrical Maintenance Renewals Program contract with Sydney Water in the first half of the year
- Operations and maintenance contract with Melbourne Water in the prior year

Opportunities in the Utilities Sector include power maintenance services through the Transfield Worley Power Services joint venture, leverage work across a number of existing electrical services contracts in both Australia and New Zealand and maintenance and minor capital works for water assets.

In addition, the changing ownership of State owned infrastructure assets are expected to provide opportunities for the Company to assist owners with asset management services.

Telecommunications

The Telecommunications Sector bounced back from a slow start to FY2014, finishing the year with a 25 percent increase in revenue, and margins rising from 3.2 percent in the prior year, to 4.4 percent in the current year. This was due to a solid second half performance across NBN contracts and a rigorous cost reduction program.

In addition to winning two new contracts with Chorus in New Zealand, the key contract renewal during the year was the Telstra Land and Buildings contract which was extended for two years. No material contracts were lost in the Telecommunications Sector during the period.

There are some significant Telecommunications opportunities in the pipeline over the next few periods in both Australia and New Zealand, including additional NBN work packages and further work with Chorus.

RESOURCES AND ENERGY ANZ

(25 PERCENT OF COMPANY OPERATING REVENUE)

	Reported		Proportionately Consolidated	
FOR THE 12 MONTHS ENDED 30 JUNE 2014 (A$ MILLIONS)	FY2014	FY2013	FY2014	FY2013
Operating Revenue	919.8	865.7	1,134.3	1,066.2
Underlying EBITDA	70.6	78.4	85.3	83.2
Underlying EBITDA Margin	7.7%	9.0%	7.5%	7.8%
Underlying EBIT	38.0	37.2	n/a	n/a
Contracted Revenue			1.7bn	2.0bn

FY2014 OVERVIEW

Resources and Energy ANZ's revenue grew by 6 percent year on year, driven by significant growth in the Oil and Gas Sector and in particular the CSG sub-sector. Growth in the Oil and Gas Sector was offset by declining volumes in the mining, industrial and petrochemicals businesses.

Underlying EBITDA fell by 10 percent, however EBIT increased by 2 percent compared to the prior year due to lower depreciation and amortisation levels. Significant developments during the year impacting EBITDA and EBIT included:

- Increased earnings contributions from growth in field and maintenance services in the Oil and Gas Sector, primarily in the CSG sub-sector and in offshore services in Western Australia
- Decreased maintenance and project activity in the iron ore sector in Western Australia
- Lower rig utilisation rates in both Mining and Oil and Gas operations compared to prior year, although rig utilisation in Oil and Gas remained solid at greater than 80 percent
- Decrease in the contribution from asset shutdown activities in FY2014 due to timing of these projects
- Reduction in consulting earnings due to the closure of some key client facilities during the period
- Completion of the sale of the Transfield Worley joint venture in New Zealand in the first half, reducing the earnings contribution from this business in FY2014.

The reduction in the EBITDA margin year on year from 9.0 percent to 7.7 percent is indicative of an increase in the proportional revenue from maintenance and field services relative to the higher margin well servicing and drilling contracts, particularly in the Oil and Gas Sector.

Highlights in Resources and Energy ANZ's business during the year included:

- Growth in the CSG footprint in FY2014 including significant directly negotiated leverage work won during the year
- Securing contracts for four new Oil and Gas rigs, including both the largest well servicing rig and the most advanced 1500 HP drilling rig in Australia.
- Establishment of the Easternwell Energy rig funding joint venture, securing a new funding source to assist in the growth of the Oil and Gas business
- Reduction in fixed costs resulting from initiatives in the current and prior period, and the consolidation of costs and facilities across administration and support services
- Improvement in industrial and process contracts through better cost management and provision of value services

Contracted revenue declined $0.3 billion, with revenue realised from existing contracts exceeding new contract wins during the period.

Resources and Energy ANZ reported strong cash conversion in FY2014 of 96 percent. This was achieved through continued focus on improving work scope management, billing and cash collection processes (resulting in a 14 percent reduction in debtor days) and positive joint venture cash conversion.

FY2015 OUTLOOK

Under the new operating model, the Resources and Energy ANZ business is renamed Resources and Industrial, led by Joe Sofra, and will continue to report as a separate segment.

Resources and Energy ANZ continues to leverage 'end to end' service capability in onshore gas, i.e. from drilling and well services, through to facilities management, logistics, maintenance and construction. The demand for outsourced services is expected to increase as the CSG proponents on the east coast transition from the development phase into production and activities in the Cooper Basin continue to expand.

Resources and Energy ANZ is well positioned to benefit from the expected growth in offshore activity in the Oil and Gas Sector by leveraging its current established operations in both Western Australia and Victoria. The continuing expansion of LNG assets in Australia over the next three years is likely to see an increase in demand for outsourced asset support services, as assets come into production and require operations and maintenance services.

Iron ore and coal sector demand is expected to remain subdued in the short term as prices remain constrained. Operators are focused on extracting more value from their existing assets by lowering production cost and improving operational efficiencies.

SECTOR ANALYSIS

Oil and Gas

The Oil and Gas Sector (including conventional, LNG, CSG and refining) contributed 82 percent of Resources and Energy ANZ's revenue and 80 percent of EBITDA. Services provided in this sector include operations and maintenance (66 percent), well servicing (30 percent) and consulting (4 percent).

During the year there was a steady increase in volumes to provide maintenance services to QGC's upstream CSG assets. A small number of short term minor capital projects to support the development of infrastructure in the CSG industry were also executed in the period. Operations and maintenance margins remained steady during the period at circa 5 percent.

Well servicing margins fell during the year primarily due to lower rig utilisation compared to prior year. The expected LNG facility completion dates have shifted back several months for all asset owners, and as a result rig utilisation fell slightly in the second half of FY2014.

Longer term demand for well servicing rigs remains strong and the Company has secured long term contracts for four new rigs with Santos and QGC during FY2014. The construction of the largest well servicing rig is complete and it has been operating in the Cooper Basin since April 2014. The remaining three rigs are expected to be commissioned in the first half of FY2015. Once operational, these new rigs will increase the EBITDA margin of the Oil and Gas Sector. These rigs have been funded via the joint venture rig funding structure.

In the conventional gas sector, the Santos Construction, Maintenance and Services contract continues to be an important and significant contract for the business centered on delivering value to the client. The focus in FY2015 is to continue to improve the efficiency and effectiveness of the services operating model.

The outlook for the Oil and Gas Sector remains positive. The demand for outsourced services is expected to grow in line with the forecast growth in the asset base in the LNG, CSG, shale and conventional Oil and Gas sub-sectors with a number of key contract opportunities coming to market in FY2015. The business is well positioned to secure these opportunities given the broad range of integrated services, focus on asset effectiveness and knowledge of the Sector.

The Company sees major growth opportunities in the Oil and Gas Sector in the next two years, specifically:

- Downstream operations and maintenance contracts for the large LNG facilities in Eastern Queensland and Western Australia
- Upstream CSG operations and maintenance, and minor capital infrastructure/field expansion projects in Eastern Queensland
- Additional onshore well servicing contracts with key clients in both the conventional and unconventional gas sector in South Australia and Queensland
- Offshore platform operations and maintenance contracts in Western Australia, Northern Territory and the Joint Development Petroleum Area
- Floating LNG operations and maintenance contracts across Western Australia
- Key refinery shut-down programs on the east coast of Australia
- Offshore facility installation projects in Western Australia

Mining and Industrial

Revenues in the Mining and Industrial Sector declined by 22 percent compared to prior year, however margins increased from 4.7 percent in the prior year to 5.4 percent in the current year. This was primarily due to the restructuring of support services in this sector following the decrease in mining revenues during the previous year.

In FY2014, the Company was successful in winning two coal handling maintenance contracts and renewed two further contracts in the Mining and Industrial Sector.

Resources and Energy ANZ's mining rigs continued to have low utilisation, particularly in coal and uranium, although several rigs were utilised for iron ore production dewatering in Western Australia throughout the period.

The Company is continuing to incrementally grow operations and maintenance services in the mining industry through discrete opportunities in iron ore and coal where client returns can be enhanced through improved asset operations, lower costs and integration of services. Conditions in the Mining and Industrial Sector are expected to remain subdued in the short-term.

AMERICAS

(12 PERCENT OF COMPANY REVENUE)

	Reported		Proportionately Consolidated	
FOR THE 12 MONTHS ENDED 30 JUNE 2014 (A$ MILLIONS)	**FY2014**	**FY2013**	**FY2014**	**FY2013**
Operating Revenue	466.1	496.1	695.9	752.0
Underlying EBITDA	6.0	27.1	11.8	33.9
Underlying EBITDA Margin	1.3%	5.5%	1.7%	4.5%
Underlying EBIT	(6.8)	11.6	n/a	n/a
Contracted Revenue			2.3bn	2.5bn

	Reported		Proportionately Consolidated	
FOR THE 12 MONTHS ENDED 30 JUNE 2014 (US$ MILLIONS)	**FY2014**	**FY2013**	**FY2014**	**FY2013**
Operating Revenue	428.2	509.2	639.3	771.9
Underlying EBITDA	5.5	27.9	10.8	34.7
Underlying EBITDA Margin	1.3%	5.5%	1.7%	4.5%
Underlying EBIT	(6.3)	12.0	n/a	n/a
Contracted Revenue			2.1bn	2.3bn

FY2014 OVERVIEW

Revenue in the Americas decreased by 16 percent primarily due to contracts ending in the Chile and Roads businesses, as well as a deliberate reduction in the US downstream Oil and Gas business following a strategic focus on tier one clients.

Reported EBITDA of US$6 million was significantly down on prior year due to provisions taken against a number of distressed roads maintenance contracts. While the US Resources and Energy operations delivered improved EBITDA and margins, this was more than offset by the challenging operating environment in the North American Roads contracts as well as a reduction in the contribution from the FTS joint venture in Canada.

Contracted revenue declined by 8 percent with revenue realised during the year of US$0.7 billion and concluding contracts of US$0.1 billion offset by new contract wins and renewals of US$0.6 billion.

Following the remediation plan that commenced in the prior year, the US downstream Oil and Gas business has performed well in FY2014 as contracts were renegotiated or terminated in favour of new Master Service Agreements. Furthermore, significant gains were realised as a result of overhead reduction throughout the period. The higher margin specialty services business also reported record volumes in its welding operations.

The upstream Oil and Gas business based in North Dakota continued its strong performance. During the period, a pilot operation was established in the heart of the Williston basin to improve market access and support operational efficiency improvements. Based on the success of this trial, further capital is being deployed that will realise benefits in FY2015.

The FTS joint venture in Canada delivered a poor result due to the deferral of projects. The oil sands related client base continues to be focused on cost containment and capital discipline, with delays in major turnaround activity and brownfield projects. However, the main FTS contract with Suncor has been extended for a further two years.

Earnings in the Roads maintenance business declined during the period, particularly as a result of a harsh Canadian winter and the conclusion of several contracts.

Margins from the Chilean mining maintenance services business remain steady, with successful renewals occurring at the beginning of the period across a range of client relationships. The business in Chile was not successful in renewing the Codelco Chiquicamata contract. The business has exited all loss-making construction contracts and will focus on operations and maintenance services and will continue to look for opportunities in higher margin engineering and environmental services.

FY2015 OUTLOOK

The US Oil and Gas business, both upstream and downstream, is expecting growth in EBITDA margins as it continues to focus on tier one clients in its defined geographies.

The Canadian oil and gas market is expected to remain tight during FY2015 with pressure on upstream margins due to a mature contracting model and increased services competition in the market. A business remediation strategy has been developed and implementation has begun under new leadership.

Remediation work continues in the US and Canadian Roads businesses, which includes engagement with clients and improved financial transparency. This is expected to lead to operational efficiencies. New contract startups in the US are expected to positively add to revenue and earnings.

The Chilean business focus in FY2015 will move to growing its mining maintenance services across existing and new clients, as well as pursuing incremental growth opportunities in complementary services such as engineering and environmental.

Cost reduction across all fixed overhead categories will be ongoing across the Americas operations.

For FY2015, the new Operating Model does not extend to the Americas, and thus the Americas will continue to operate and report as its own discrete segment. This is to allow the Americas management to work through the existing performance issues in the Roads business and the FTS joint venture, stabilise the Chilean operations and continue the momentum in the US upstream and downstream Oil and Gas businesses.

SECTOR ANALYSIS

Oil and Gas

The US Oil and Gas business delivered a strong performance during the year on the back of strategic and concerted remediation efforts, resulting in less revenue but higher earnings.

EBITDA in the Oil and Gas business grew by 16 percent during the year due to:

- Strong performance by the upstream operations in the Bakken Basin in North Dakota, including the successful deployment of additional capital to support the Williston pilot
- Increase in specialty services work in the Gulf area (such as welding services and high temperature repairs and inspection) including record volumes in the welding division
- Leveraged growth with existing clients across the core US operations and maintenance business at better than average margins

This was offset by a material reduction in EBITDA in the FTS joint venture in Canada.

The outlook for the US Oil and Gas Sector in FY2015 is positive due to a fully committed order book, limited contracts ending and growth opportunities in upstream work. Further opportunities in this sector exist in the Gulf Coast where the business has committed to establishing a competitive commercial offering. The upstream business prospects remain strong with North Dakota producing more than one million Bbls per day, now the second largest oil producing state in the US.

The FTS joint venture underperformed during the year, and there are ongoing signs of a reduction in work volumes across the oil sands industry as clients defer maintenance and shut-down expenditure. During the reporting period, the Suncor maintenance account was successfully extended by a further two years, underpinning the longevity of the business. Outside this relationship, the Company continues to review the capabilities and business development plans of the joint venture.

Roads

Revenue and EBITDA in the Roads Sector decreased in the period due to several poor performing contracts, another harsh Canadian winter and the conclusion of a number of contracts during the year.

Poor performing contracts are in the process of being remediated with the intention of recovering all costs over the life of the contracts. Negotiations with clients are ongoing and significant progress to reduce contract operating costs and improve efficiency has been made.

Contracts won or renewed in the Roads Sector during the period include DC Tunnels, the Pinellas, Polk and Madison County projects in Florida and the Denver-Boulder turnpike contract in Colorado. These projects have all been bid and won under the improved bid governance framework and are profitable.

Opportunities exist to win new contracts in the Roads business, particularly in the Public-Private Partnerships (PPP) space. The Company's focus is on exploring these opportunities and continuing the remediation efforts on problematic contracts to ensure all costs incurred to date are recoverable. The Roads operations management team is now integrated into the region's head office in Houston and the regional office in Richmond has been closed.

Mining

During FY2014, the primary focus was on stabilising the Chile business. Highlights for the year included:

- Renewal of a number of operations and maintenance contracts with key clients for between three and five years
- Exiting onerous construction contracts
- Reducing overhead costs, although there is more work to be done in this area

Due to the lower price of copper, clients in Chile are focused on improving the efficiency and productivity of their operations. Chilean operations have experienced delays in leveraged work and unplanned maintenance activities as a result of reduced maintenance budgets.

The Chilean operations are focused on extending the remaining contracts due for renewal during FY2015 and identifying leverage opportunities within the mining industry, as well as utilising the broader Company's experience and resources to broaden the business into other industries within Chile.

CORPORATE

	Reported		Proportionally Consolidated	
FOR THE 12 MONTHS ENDED 30 JUNE 2014 (A$ MILLIONS)	FY2014	FY2013	FY2014	FY2013
Operating Revenue	3.3	4.9	3.3	4.9
Underlying EBITDA	(25.3)	(36.2)	(25.3)	(36.2)
Underlying EBIT	(45.8)	(56.2)	(45.8)	(56.2)

FY2014 OVERVIEW

The Corporate segment has been revised in FY2014 to include the investment in RACL.

In addition, the cost allocation methodology has been updated in FY2014 to charge to the Regions those corporate costs that are incurred primarily to generate revenue and that support Regional earnings. These costs include:

- Health, Safety, Environment and Community
- Quality Assurance
- Information Technology
- Shared Business Services such as accounts payable, accounts receivable, cash management and payroll
- Human Resources
- Procurement
- Marketing and Business Development
- Contract related legal costs

Corporate costs that are not charged back to the Regions represent those costs that are necessary in order to run a public listed entity and include Board of Directors and Managing Director costs, company secretarial, general legal counsel, head office finance, M&A, treasury, tax, internal audit and Company-wide risk management. In FY2014 all other corporate costs are allocated to the business based on percentage of revenue.

On a like for like basis, Corporate costs have reduced by 30 percent at the EBITDA level. This has been primarily driven through head-count reductions and associated cost control.

The costs related to the ERP roll out are aggregated in Corporate, and once the project is completed, the capitalised development costs will be depreciated across the reporting segments.

FY2015 OUTLOOK

Although a significant amount of Corporate and Shared Services restructuring has occurred, costs will continue to be monitored closely and management intends to further rationalise and reduce overheads.

In FY2015, the Company is changing its corporate cost allocation methodology. Going forward, allocable corporate costs will be charged on a user-pays basis. For example IT related costs will be charged based on number of network users and will be reported through to discrete contracts. It is expected that this methodology will improve the efficiency of corporate costs as profit centre owners become accountable for the volume of shared services consumed on their contract.

STATUTORY RECONCILIATIONS

NON IFRS MEASURES

The primary non-IFRS information is net profit after tax, pre-amortisation and pre-non-recurring items ('underlying NPAT pre-amortisation').

Management deems operating revenue and underlying EBITDA, EBIT, NPAT and NPAT pre-amortisation to be appropriate measures of cash results after adjusting for significant items.

NON IFRS MEASURE RECONCILIATIONS

Revenue reconciliation	FY2014	FY2013
Statutory revenue	**3,748.2**	**3,694.3**
(Gain)/loss on sale of asset	(20.1)	(27.2)
Operating revenue	**3,728.1**	**3,667.1**

EBITDA reconciliation	FY2014	FY2013
Statutory EBITDA	**210.5**	**(101.0)**
(Gain)/loss on sale of asset	(20.1)	(27.2)
Impairment	-	308.5
Restructuring costs	22.6	21.4
Exit of Chilean construction business	3.7	-
Underlying EBITDA	**216.7**	**201.7**
Share of Joint Venture depreciation & amortisation	6.4	4.3
Share of Joint Venture net finance costs	6.1	1.8
Share of Joint Venture tax on operating items	8.0	6.2
Proportionately consolidated EBITDA	**237.2**	**214.0**

EBIT reconciliation	FY2014	FY2013
Results from continuing operating activities	**118.2**	**(207.6)**
(Gain)/loss on sale of asset	(20.1)	(27.2)
Impairment	-	308.5
Restructuring costs	22.6	21.4
Exit of Chilean construction contracts	3.7	-
Underlying EBIT	**124.4**	**95.1**

NPAT reconciliation	FY2014	FY2013
Profit/(loss) for the period	**52.8**	**(254.5)**
(Gain)/loss on sale of asset	(20.1)	(27.2)
Impairment	-	308.5
Restructuring costs	22.6	21.4
Discontinued Operations	13.6	10.6
Exit of Chilean construction contracts	3.7	-
Tax on non recurring items	-	(19.6)
Underlying NPAT	**72.6**	**39.2**
Add back amortisation	14.1	16.6
Underlying NPAT pre-amortisation	**86.7**	**55.8**

REMUNERATION REPORT

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INTRODUCTION

FROM THE CHAIRMAN OF THE HUMAN RESOURCES COMMITTEE

Dear Shareholders

I am pleased to present our Remuneration Report for 2014. We have made some changes to the report format this year to make it succinct and present information that provides a summary of remuneration arrangements and outcomes for non-executive Directors (NED's) and Key Management Personnel (KMP).

A number of changes to the Board, Board Committees, KMP and the executive team occurred during the period.

Transfield Services' remuneration strategy is to attract and retain high calibre executives experienced in markets we operate in. Remuneration is linked to performance and based on market competitive fixed and variable cash and equity incentives. We continue to apply a prudent approach to managing remuneration and improving governance.

Business performance in 2013 resulted in no short term incentives paid to executives. Business performance for 2014 improved markedly and the Board approved short term incentive amounts for qualifying KMP. Long term incentive (LTI) awards were granted to executives dated December 2013 and we are confident that as the business results improve over the coming years this will represent value and be a strong driver of retention. We commissioned Ernst & Young (EY) to conduct a benchmarking exercise to assess NED's fees and executive remuneration relative to the market. As a result the current fee and remuneration levels remained unchanged during the period.

Looking ahead to 2015, the changes to the executive team remuneration and alignment of roles and responsibilities under the new operating model will ensure we have a capable team equipped to deliver the Company's strategy, realise improved business results and consequently shareholder returns.

Changes will be made to the short term incentive (STI) plan and to STI deferral. The STI will remain performance focused and be simpler, retaining components including a transparent earning opportunity, plan performance gateway and strengthening the performance reward link between the business planning, budgeting and results cycle. The LTI plan will have two performance metrics, relative total shareholder return and return on capital employed. Performance hurdles and three year vesting period are retained.

We aim to ensure our remuneration structure remains market competitive at a total remuneration level, achieves the right balance of fixed and variable remuneration, represents value and aligns with shareholder interests.

On behalf of the Board and the Human Resources Committee, I invite you to read the 2014 Remuneration Report and welcome your feedback on the Company's disclosure of its remuneration arrangements.

Doug Snedden

Chairman of the Human Resources Committee

SECTION 1 - SUMMARY OF REMUNERATION OUTCOMES 2014

The Directors of the Company present the Remuneration Report prepared in accordance with section 300A of the *Corporations Act 2001* for the Company and its consolidated entities for the year ended 30 June 2014. Except where explicitly stated, the information provided in this Remuneration Report from Section 3 has been audited as required by section 308(3C) of the *Corporations Act 2001*. This Remuneration Report forms part of the Directors' Report.

The table below provides shareholders with a view of non-statutory remuneration earned and paid to KMP to 30 June 2014. Data includes fixed remuneration (cash and superannuation), incentives and other benefits. Where applicable, termination payments were made in accordance with contracted terms. It differs from the statutory tables disclosed in Section 9 as it does not include information on any equity grants made during the period.

The total fixed remuneration (TFR) for Mr Joe Sofra, the Chief Executive Resources and Energy was adjusted during the period to bring it into line with the market benchmark. No other changes were made to executive fixed remuneration.

The gateway performance hurdles were met for 2014 and the Board has approved STI amounts for qualifying KMP. STI amounts earned will be subject to STI deferral in accordance with the plan rules. STI is reviewed following the close of the financial year at June 30 once full year results are available and will be paid later this calendar year.

Medium term incentive (MTI), where executives had STI deferred into this plan, did not vest due to performance hurdles not being met. The exception was MTI granted to the Managing Director/Chief Executive Officer (MD/CEO) where 50% of the award was deferred. The Board approved partial vesting of Tranche 1 based on achievement against the performance hurdle which was specific to this award. This is not evident in the table below as approval for vesting occurred post 30 June 2014. The performance hurdles were not met to trigger vesting of any LTI awards that fell due for testing during the period.

The table below represents current KMP at 30 June 2014 above the line. Executives below the line represent those that exited during the period. Fixed remuneration for this group includes payment of statutory benefits paid on termination.

Table 1 Executive Remuneration Outcomes Earned (STI) and Paid as at 30 June 2014

Name	Fixed remuneration[3]	Termination benefits	Short term incentive[4] Cash	Short term incentive[4] Deferred[5]	Medium term incentive[6]	Non-monetary benefits	Total
Graeme Hunt	1,525,218	-	759,375	759,375	-	[7] 120,080	**3,164,048**
Vince Nicoletti[1]	[8] 970,781	-	346,500	86,625	-	2,564	**1,406,470**
Stephen Phillips[1]	345,817	-	101,601	25,400	-	-	**472,818**
Philip Wratt	830,014	-	185,458	46,365	-	15,244	**1,077,081**
Ian Maxted[1]	551,375	-	181,954	45,488	-	4,159	**782,976**
Sandra Dodds[1]	106,725	-	-	-	-	-	**106,725**
Kate Munnings	586,352	-	140,725	35,181	-	7,224	**769,482**
Joe Sofra	499,870	-	93,164	-	-	-	**593,034**
	5,416,152	**-**	**1,808,777**	**998,434**	**-**	**149,271**	**8,372,634**
Tiernan O'Rourke[2]	238,795	-	-	-	-	6,857	**245,652**
Nicholas Yates[2]	378,062	-	-	-	-	3,086	**381,148**
Steve MacDonald[2]	125,344	301,607	-	-	-	12,323	**439,274**
Elizabeth Hunter[2]	244,435	-	-	-	8,585	5,934	**258,954**
Total	**6,402,788**	**301,607**	**1,808,777**	**998,434**	**8,585**	**177,471**	**9,697,662**

[1] From their appointment as KMP. Refer to section 3 for details.
[2] Until they no longer qualified as KMP due to change in responsibilities or resignation.
[3] Includes superannuation but excludes statutory long service leave.
[4] STI amounts for qualifying KMP for 2014 per Board approval.
[5] Represent the total value of short term incentive deferred to future periods under the STI Plan rules.
[6] Value of exercised vested awards based on closing share price on exercise or lapse/forfeit date.
[7] Includes reimbursement for cost of accommodation of $115,920.
[8] Includes "make good" retention payment of $300,000. Refer to section 8.1.

The Directors consider that the remuneration outcomes for 2014 are fair, equitable and consistent with the reward strategy and policy endorsed by the Committee and the Board. They reinforce the performance and reward link for executives and demonstrate good governance.

SECTION 2 - PROPOSED REMUNERATION CHANGES FOR 2015

Remuneration philosophy and policy targets TFR at or close to the median, with total reward opportunity including STI and LTI targeted between median and the 75th percentile. Incentives are paid for on plan performance with opportunity for upside earning for above plan performance.

Executive remuneration is performance focused. STI is paid for business results including safety performance, quality of earnings, improving balance sheet performance, growth of profitable business and improving cost management. LTI focuses executives on achieving sustainable results and long term value creation.

EY conducted a benchmarking review of NED fees and executive remuneration for the Human Resources Committee (the HRC). The benchmark comparator group included a sample of S&P/ASX 200 companies with 12 month average market capitalisation in a range of 50%-200% relative to Transfield Services. Other companies included in the benchmark reflect those with similar revenue, employee base, geographic spread and industry presence. A summary of the EY report follows:

- NED fees were consistent with the median and there is no change to NED fees or the fee cap proposed for 2015
- Fixed remuneration for the MD/CEO and CFO were benchmarked at the median
- New roles within the executive management structure supporting the operating model change were benchmarked. Fixed remuneration will be reviewed as executives are appointed to the new roles.
- The current level of STI opportunity at target, based on the existing plan design, is below average, largely being a function of the plan design and operation relative to recent past business performance
- STI deferral at 20%, other than for the MD/CEO is inconsistent with market practice and the delivery mechanism into MTI including the additional performance hurdle is inconsistent and ineffective as a retention strategy
- The LTI plan design is consistent with market practice however the quantum of awards, expressed as a percentage of TFR is below market for executives and appropriate for the MD/CEO; market practice is two performance metrics not three, and
- The current incentive and equity plan design has resulted in a remuneration mix profile that appears to skew a bias towards overweighting fixed remuneration and underweight in variable remuneration at target

Incentive plan design changes are being considered for 2015 and are intended to address the above issues while retaining the strong performance reward link, meeting remuneration policy objectives and further aligning shareholder and executive interests.

SECTION 3 – DIRECTOR AND EXECUTIVE CHANGES

The following summarises key changes to NED's and executives that occurred during FY 2014. As a result of the organisational restructure implemented to support delivery of the new operating model, changes have been made to the executive team defined as the KMP of the consolidated entity for the purposes of the *Corporations Act 2001* and AASB 124 *Related Party Disclosures*.

Changes to the Board and executive are listed in the tables below. The executives identified as KMP for the current reporting period, including their role in the new organisational structure are identified in Table 3. Table 4 includes executives previously reported as KMP that have left the organisation.

Table 2 Directors

Non-Executive Directors	Description of Changes	Human Resources Committee role
Anthony Shepherd AO	Resigned as Chair effective 25 October 2013	Non-member
Diane Smith-Gander	Appointed Chair of the Board effective 25 October 2013	Member resigned effective 25 October 2013
Steven Crane		Member resigned effective 28 October 2013
Douglas Snedden		Chair
Roy McKelvie		Member appointed effective 28 October 2013
Kathy Hirschfeld	Appointed effective 28 October 2013	Member appointed effective 28 October 2013
Dean Pritchard	Appointed effective 28 October 2013	Non-member

Table 3 Senior Executives and KMP[4] as at 30 June 2014

Senior Executives	Description of Change	Role
Graeme Hunt		Managing Director and Chief Executive Officer
Vince Nicoletti	Appointed to role effective 19 August 2013	Chief Financial Officer
Philip Wratt		President and Chief Executive Americas
Ian Maxted	Appointed to new role on interim basis[1]	Chief Development Officer and Chief Executive Defence, Social and Property - ANZ
Sandra Dodds	New hire effective 1 May 2014	Chief Executive – Infrastructure ANZ
Joe Sofra	Appointed to new role on interim basis[2]	Chief Executive – Resources and Industrials ANZ
Kate Munnings	Appointed to new role effective 2 May 2014	Chief Executive Operations – Previously Company Secretary and Chief Legal Counsel
Stephen Phillips	Appointed to revised role on an interim basis[3]	Chief Executive Business Services

[1] Interim appointment effective 1 April 2014
[2] Appointed effective 23 July 2014
[3] Stephen Phillips assumed accountability for HR function effective 27 September 2013 and additional duties under the new operating model at his interim appointment to the Chief Executive Business Services role effective 1 April 2014
[4] Stuart Nevison was appointed to the remaining Chief Executive Operations position in the new operating model structure subsequent to 30 June 2014.

Table 4 Senior Executives that were KMP during the period

Senior Executives	Description of Change	Previous Role
Tiernan O'Rourke	Resigned effective 30 September 2013 – replaced with new hire	CFO and Chief Executive – Middle East and Asia
Nicholas Yates	Resigned effective 28 February 2013 – position changed	Chief Executive – Infrastructure ANZ
Steve MacDonald	Position redundant effective 31 August 2013	Project Director-Portfolio Review
Elizabeth Hunter	Resigned effective 15 November 2013 – position deleted	Chief Executive – Human Resources

Remuneration data disclosed within the report and in the statutory tables includes those Directors and Executives above. Where changes are identified, remuneration data is disclosed on a pro-rated basis reflecting the time spent in the role.

SECTION 4 - REMUNERATION GOVERNANCE, STRATEGY AND POLICY

HUMAN RESOURCES COMMITTEE AND GOVERNANCE

The HRC is a Board sub-committee responsible for ensuring that the Company's HR policies comply with relevant laws, reflect current governance and mitigate operational, financial and reputational risks and seeks to align the interests of the Company and its shareholders.

It considers human resources and remuneration strategy and provides recommendations on remuneration policies, structures, practices and decisions to the Board for approval including remuneration for NEDs, the MD/CEO and Senior Executives. Review of talent and succession planning is also a function of the Committee.

The Board authorises the HRC to perform activities within the scope of its responsibilities including engaging independent advisors 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 HRC may make any recommendations to the Board within its remit but it does not have delegated power to make binding decisions on behalf of the Board. The HRC Charter was reviewed and updated during the year.

Changes were made to the Committee membership during the year, identified in Table 2. The HRC met five times during the financial year. The MD/CEO participates on the Committee and meetings are attended by the Company Secretary and Chief Executive Business Services representing human resources. Other executives may attend on an invitation basis.

INDEPENDENT REMUNERATION CONSULTANTS

External remuneration consultants may be engaged by the Board and the HRC to provide advice or information which is then used as a guide. The Board and HRC retain full accountability for the decision making process.

The Board's governance in relation to engagement of remuneration consultants includes approving the scope and engagement of consultants. Advice is provided directly to the Chair of the HRC and they may authorise management to liaise with the remuneration consultant to facilitate the engagement including briefing and providing information.

During the year the HRC engaged EY to undertake a benchmark review of NED fees and senior executive remuneration including fixed remuneration and incentives. The brief included provision of advice on current market trends covering cash and equity incentives. The outcome of the review is referenced earlier in the report in Section 1 and 2. The advice provided was considered by the HRC in reviewing executive remuneration and setting the remuneration changes proposed for 2015.

Consistent with good governance, the following arrangements were made to ensure EY's consulting advice was free from undue influence:

- EY was engaged by, and reported to, the HRC Chair;
- The agreement for the provision of services was executed by the HRC Chair on behalf of the Board;
- The reports containing remuneration advice or market data were provided by EY directly to the HRC; and
- EY have declared that they have not been influenced by KMP in carrying out their duties for the HRC.

As a consequence, the Board is satisfied that advice and market data provided by EY was provided free of undue influence from KMPs.

Fees paid to EY for the benchmarking review and market practice report totalled $78,177.

OBJECTIVES OF THE REMUNERATION STRATEGY AND POLICIES

The Company's remuneration strategy and policies are designed to reward executives for high performance and align with shareholder interests and to attract, motivate and retain executives and employees through the following principles:

- fair equitable and transparent - competitive remuneration including both fixed and variable components that are designed to attract, motivate and retain a high quality workforce;
- market relevant - fixed remuneration and incentive opportunity that is competitive with the markets in which we compete for talent and reflect value of the role;
- aligned with shareholder interests - 'at-risk' variable remuneration using a combination of cash and/or equity commensurate with and reflecting the contribution level of individuals where reward delivered is a function of individual, business and overall group performance;
- strong performance reward linkage - maintaining a remuneration mix that is appropriately weighted and reflects the decision-making horizon and influence the individual exerts through the role on business results; and
- good governance - policies and structure that ensure variable remuneration is delivered over time, may be withheld or moderated at the discretion of the Board and unvested equity awards are subject to claw back or forfeiture under certain circumstances.

CLAW BACK POLICY

The Board has the discretion to reduce or cancel unpaid, unvested and/or deferred incentive payments, equity incentives that have not yet vested under the STI Deferral, MTI or LTI plans where information or events come to light since the initial award was made which undermines materially the Group's performance, financial soundness and reputation. In exercising its discretion, the Board will have regard to matters of procedural fairness. The Board reserves the right to pursue available legal recourse as appropriate.

SECTION 5 - NON-EXECUTIVE DIRECTOR REMUNERATION

This section sets out remuneration policies and the fee structure for Board members and provides information on fees earned during 2014. Changes to Board and Committee membership are covered earlier in the report. The Deputy Chair position remains unfilled.

The Committee and Board considered the advice provided by EY in the benchmarking review. Board and Committee fees are appropriately positioned relative to the market median. Fee structures will remain unchanged for 2015. The current fee structure is represented in the table below.

Board fees per annum	Risk, Audit and Compliance Committee	Human Resources Committee and Health, Safety, Environment and Community Committee
• $372,320 for Chair[1]	• $20,000 for the Chair of the Committee	• $15,600 for the Chairs of the Committees
• $182,000 for Deputy Chair[2]	• $13,000 for Committee Member	• $10,400 for Committee Members
• $140,400 for Board Member		

[1] The Chair of the Board does not receive additional fees for service on Board Committee
[2] The Deputy Chair position remains unfilled

The aggregate fee pool for 'NEDs', currently $2,000,000, as approved by shareholders, is considered adequate and no change is proposed for FY 2015.

NEDs are remunerated by way of fixed fees in the form of cash and superannuation contributions in accordance with Recommendation 8.2 of the ASX Corporate Governance Principles and Recommendations. To preserve independence and impartiality, no element of NED remuneration is "at risk" and no equity grants are awarded. NEDs are entitled to be reimbursed for all business related expenses, including travel and accommodation, as may be incurred in the discharge of their duties.

A minimum shareholding guideline, updated in August 2012, governs minimum shareholding targets for Directors and Senior Executives. The expectation is that all NEDs comply with the guidelines to acquire and hold shares in the Company with a value (based on cost) equal to one year's Directors base fees in order to align their interests with shareholders generally. Directors have a period of up to five years from the later of the adoption of the guidelines and their appointment date to achieve the minimum shareholding target.

Consistent with the Company's shareholding guidelines, NEDs are prohibited from using the Company's securities as collateral in any financial transaction, including margin loan arrangements.

Table 5 Non-Executive Director Remuneration for FY 2014 and FY 2013

$	Short term benefits		Post- employment benefits		
Name	Cash salary and fee	Non-monetary benefits	Superannuation	Retirement benefits[4]	Total
30 June 2014					
Diane Smith-Gander	**294,539**	-	**16,751**	-	**311,290**
Douglas Snedden	**155,046**	-	**14,342**	-	**169,388**
Roy McKelvie	**150,226**	-	**13,896**	-	**164,122**
Steven Crane	**150,840**	-	**13,953**	-	**164,793**
Dean Pritchard[1]	**105,387**	-	**9,748**	-	**115,135**
Katherine Hirschfeld[1]	**94,022**	-	**8,697**	-	**102,719**
	950,060	-	**77,387**	-	**1,027,447**
Anthony Shepherd AO[2]	**113,340**	-	**5,925**	**1,959**	**121,224**
	1,063,400	-	**83,312**	**1,959**	**1,148,671**
30 June 2013					
Diane Smith-Gander	147,892	-	13,310	-	161,202
Douglas Snedden	155,048	-	13,954	-	169,002
Roy McKelvie[3]	150,313	-	-	-	150,313
Steven Crane	156,699	-	14,103	-	170,802
	609,952	-	41,367	-	651,319
Anthony Shepherd AO	357,126	3,575	15,199	5,907	381,807
	967,078	3,575	56,566	5,907	1,033,126

[1] From their appointment as non-executive directors on 28 October 2013. Refer to section 3 for details.
[2] Until his resignation on 25 October 2013. Mr Shepherd received a retirement benefit payment upon retirement of $246,733. This amount represents his indexed retirement benefit that had been accrued over the term of his service.
[3] From his appointment as non-executive director on 31 August 2012.
[4] Retirement benefits ceased to be accrued in 2006. The disclosed amount relates to the indexation of amounts previously accrued.

SECTION 6 - SENIOR EXECUTIVE REMUNERATION

This section sets out a description of senior executive remuneration components. They are consistent with policy objectives, provide a link between performance and reward and promote alignment to shareholder interests. Relevant financial data is provided to illustrate the relationship between performance metrics and impact on the remuneration components for FY 2014.

6.1 REMUNERATION STRUCTURE SUMMARY

Current remuneration components for executives include fixed and variable “at risk” remuneration. They are summarised as;

Total Fixed Remuneration (TFR) – includes cash, superannuation and any salary packaged items. TFR reflects the value of the role to the organisation and compensates the employee for their contribution, skills, knowledge and experience and is determined with reference to appropriate market benchmarks.

Short Term Incentive (STI) – variable “at risk” opportunity related to a 12 month period and the earning opportunity is dependent on achieving business results at or above hurdle levels and the individuals discretionary contribution measured by the performance development review (PDR) system. It is paid as cash and may be subject to withholding a portion in STI deferral.

Medium Term Incentive (MTI) – is an equity plan used for STI deferral. The STI deferral amount is translated to performance rights, subject to satisfying on-going performance hurdles and awards tranche vest over a 2 year period. This plan is being re-designed for FY 15 and will be replaced by a different STI deferral plan that is still equity based, referred to in the summary at Table 2.

Long Term Incentive (LTI)– the plan and performance metrics are designed to focus participants on enterprise wide sustainable growth and is aligned to shareholder interests through value creation. Equity grants are made each year subject to Committee and Board approval, expressed as a percentage of TFR and have a 3 year vesting period. Grants are split into three tranches with performance metrics with an external focus (relative TSR and EPS) and an internal metric (Return on Capital Employed). Going forward LTI will only be offered to the MD/CEO and direct reports.

6.2 TOTAL TARGET REMUNERATION – REMUNERATION MIX ILLUSTRATION

The mix of maximum total remuneration opportunity for senior executives is designed to provide a balance between TFR and the at risk components of remuneration. The following table illustrates the remuneration mix for the MD/CEO and CFO as examples at the maximum incentive opportunity. Remuneration mix for other KMP is similar to the CFO.

	Fixed	At Risk	At Risk
	TFR	**STI**	**LTI**
Managing Director/CEO	28.5%	43%	28.5%
Chief Financial Officer (CFO)	42.5%	32%	25.5%

The actual result will differ year on year depending on achievement of the variable incentive components. As the business did not meet performance hurdles to trigger any payment of STI and vest LTI in recent years, the actual remuneration mix has been skewed towards TFR. Comparative market data provided by EY in the benchmarking review indicated that the remuneration mix at target was largely consistent with market comparator group at target.

6.3 TOTAL FIXED REMUNERATION (TFR)

Total fixed remuneration for executives includes cash, superannuation and value of any packaged benefits.

The Board and HRC commission a benchmarking exercise every two years and on an ad-hoc basis as required using external remuneration advisers. Remuneration is compared relative to comparable roles in similar or like organisations, having regard to revenue size, geographic presence, business structure, organisational size and sectors, scope of operations and market capitalisation. This ensures fixed remuneration remains market competitive for executive talent and consistent with overall remuneration policy objectives.

At each review cycle or as required, the Committee considers a remuneration range around the median (50th percentile) which provides flexibility to recognise individual capability, contribution, value to the organisation and performance ensuring that fixed remuneration levels are not more generous than necessary to retain, motivate or attract key talent.

A benchmarking review was undertaken in February 2014. As a result there were no adjustments to KMP remuneration during the period other than an off-cycle adjustment for Joe Sofra to bring the TFR into line with the remuneration range.

The consultants provided advice on remuneration levels for the proposed roles in the new operating model structure. These roles are referenced in earlier sections of the report. As executives are appointed on a permanent basis to the new roles or new hires appointed, remuneration levels will be adjusted to take account of the expanded and re-defined scope of the role and area of responsibility.

6.4 SHORT TERM INCENTIVE (STI)

There were no STI payments made to KMP and executives in September 2014 for the FY 2013 period. Operation of the STI plan did not trigger due to the Company not meeting the performance gateways of EBIT and Group NPAT in 2013 as previously reported.

Business performance for 2014 improved markedly and the Board approved short term incentive amounts for qualifying KMP for 2014. STI payments approved by the Board will be paid later in the year in accordance with usual practice and will be subject to application of STI deferral for qualifying amounts. A summary of the STI plan as applied to KMP and executives in effect during FY 2014 is provided below. There were no changes to the plan during FY 2014. The plan operates at the absolute discretion of the Board as set out in the plan rules.

STI Plan Element	Description
Purpose	The purpose of the STI plan is to support and reward achievement of financial outcomes delivery of annual objectives set under the Company's Performance Pillars.
Participation	Executives and selected individuals who can materially impact the financial and operational performance of the Company, a region or a business unit.
Performance Gateways	The plan will be funded and only trigger and operate once the EBIT and NPAT performance gateways are satisfied; the gateways are the Board approved budget for the relevant financial reporting period.
Percentage Opportunity	The MD/CEO has a maximum STI opportunity capped at up to 150% of TFR. Other executives have maximum capped STI opportunities between 40% and 75% of their TFR.
Plan Components	The STI percentage opportunity is divided between Part A and Part B. Part A is 40% of the STI opportunity and is subject to achieving Group NPAT and EBIT or Regional EBIT financial targets. Part B is 60% of the opportunity and is subject to achieving out performance of NPAT above the threshold target and operates similar to a profit share. Individual performance against KPI's results in a PDR rating which is then applied as a moderator on both Part A and B to determine a pay-out result. Safety performance, as measured by the total recordable injury frequency rate ('TRIFR') is applied to the pay-out result as an additional moderator on both Part A and B individual STI results to determine the final STI pay-out level.
Target and Stretch Performance Conditions	Performance conditions and objectives required to trigger the STI include both financial and non-financial measures and reflect both target and stretch expectations. This framework ensures that all objectives are in alignment with the corporate strategy, reflect the performance required within the scope of each Senior Executive's responsibilities and accountabilities and strengthen the performance and reward linkage and alignment with shareholder interests. Financial objectives are based on earnings targets for EBIT and NPAT. Additional measures reflecting key business drivers such as return on capital, cash conversion and margin/profitability targets are also included. The targets are set by the Board following the completion of the annual budgeting and planning process. Individual performance objectives (KPI's) are set for each senior executive within the framework of the Company's performance pillars of Perform, Grow, Develop and Innovate. They include people management targets covering development, diversity, talent management and succession planning. These are reviewed by the Committee and Board for alignment to the overall business strategy. Safety metrics are re-set each period using the prior period performance as the benchmark and requiring up to a 20% improvement.
Payment, Deferral and Cessation of Employment	STI is paid as cash typically in September following the completed performance period of 30 June. The Company adopts the policy of STI deferral as a prudent risk mitigation strategy. It ensures that annual incentives are not paid based on unsustainable short-term outcomes that may adversely affect future years' performance. MD/CEO STI deferral is set at 50% of STI earned. For other KMP and senior executives deferral is up to 20% of earned STI where the STI amount exceeds the threshold (currently set at $100,000). Where a Senior Executive ceases employment with the Company (other than due to redundancy) before STI measures are assessable they are generally not entitled to receive any STI. In cases of redundancy of senior executives, the Board may exercise discretion to award a pro-rated STI once performance is assessed at year end in the normal course.

6.5 MEDIUM TERM INCENTIVE (MTI)

A summary of the MTI plan in effect during FY 2014 is provided below.

Purpose	The MTI is an equity plan primarily used to manage STI deferral and exceptional ad-hoc grants at Board discretion.
Participants	Participants are those with that earn an STI above the threshold that triggers deferral. Employees who otherwise do not participate in the Company's equity incentive plans may receive Board approved ad-hoc grants.
Equity Type, Award Delivery and Performance Period	Performance rights are granted under the TranShare Executive Performance Award Plan (TEPAP). For STI deferral, the number of performance rights granted is a function of the STI value, divided by the volume weighted average share price in the 5 days prior to grant approval and rounded up to a whole number. For exceptional MTI grants, the number of performance rights granted is the Board approved dollar value divided by the volume weighted average share price in the 5 days prior to grant approval and rounded up to a whole number. Awards vest in two tranches subject to performance hurdles. Tranche 1 (up to 50%) vests one year from grant and Tranche 2 (up to remaining 50%) vests two years from grant. Each performance right vests to one ordinary share. Shares are generally sourced from on-market purchases acquired through a trust.
Restrictions	Unvested performance rights do not attract dividend accrual and do not have voting rights. KMP and executives are prohibited from encumbering or hedging their unvested MTI awards in accordance with the Company's remuneration and share trading policy.
Performance Hurdles and Vesting Schedule	Vesting of awards are subject to a performance hurdle where company earnings (EBITDA) at the testing date are maintained or improved relative to the earnings in the year of grant. If Tranche 1 performance testing fails, awards are rolled over and re-tested at the year two vesting date. The Board has discretion to allow partial vesting if 90% or better of the performance hurdle is satisfied.
Claw Back	Unvested performance rights awarded under MTI are subject to claw back and may be reduced to zero at Board discretion.
Cessation of Employment	At cessation of employment (other than due to redundancy or retirement), the unvested rights will immediately lapse on exit. Where redundancy or retirement applies, a pro-rata number (based on service period) of the unvested rights may be retained "on foot" and vest in the ordinary course.
Change of Control	In the event of a change of control, unvested MTI awards will vest in accordance with the change of control clause in the MTI plan rules.

6.6 LONG TERM INCENTIVE (LTI)

A summary of the LTI plan covering grants made during FY 2014 is provided below.

Purpose	The LTI Plan focuses on rewarding for sustainable longer term performance of the Group and alignment with shareholder interests.
Participants	Participation is limited to roles that have accountability for strategy formation and alignment. Broadly, these are the first two levels in the organisation below the MD/CEO. Participant lists are reviewed annually and approved by the HRC and Board prior to grant.
LTI Value	The MD/CEO has a target LTI equal to 100% of TFR. Other senior executives have a target LTI equal to 30% to 50% of TFR. The performance rights are offered at no cost to the senior executive.
Equity Type, Award Delivery and Performance Period	Performance rights are granted under the TranShare Executive Performance Award Plan (TEPAP). The number of performance rights granted is a function of the percentage of TFR, divided by the volume weighted average share price in the 5 days prior to grant approval and rounded up to a whole number. Awards are subject to a three year performance period and granted on terms and conditions determined by the Board, including vesting conditions linked to service and performance. LTI grants made in December 2013 will be tested in December 2016. Each performance right vests to one ordinary share. Shares are generally sourced from on-market purchases acquired through a trust.
Restrictions	Unvested performance rights do not attract dividend accrual and do not have voting rights. Senior Executives are prohibited from hedging their unvested LTI awards in accordance with the Company's remuneration policy.
Performance Measures and Hurdles	The performance measures applicable to each grant of LTI awards are set by the Board having regard to the long-term business plan. Hurdles are assessed each year prior to the grant. The Board determined that multiple measures were the best approach to provide a more complete assessment of performance and minimise the risk of management focussing on a single outcome. Each LTI grant is apportioned against three independently assessed performance hurdles, being: • earnings per share ('EPS') growth - to assess whether there is sustainable growth and therefore, increase in shareholder value; • relative total shareholder return ('TSR') - to assess average total shareholder return relative to the performance of an appropriate peer group of companies; • return on capital employed ('ROCE') - to assess how efficiently the Company utilises its capital base as a measure of operational efficiency and effectiveness.
EPS Performance Hurdle	The EPS measure applies to 30% of the total number of LTI awards granted (EPS tranche) in December 2013. The EPS hurdle measures minimum average basic EPS compound annual growth rate (CAGR) per annum over a three-year financial period.

Basic EPS CAGR	Actual % of rights that vest up to tranche maximum
Below 5%	Nil
At 5%	12%
Above 5% and up to 7%	2.25% for each additional 0.5% of growth above 5% per annum
At 7%	21%
Above 7% and up to 10%	1.5% for each additional 0.5% of growth above 7% per annum
10% or greater	30%

Vesting of LTI Awards shall be rounded down to the nearest whole number of Shares.

<table>
<tr><td>Relative TSR Performance Hurdle</td><td>
The relative TSR measure applies to 30% of the total number of LTI awards granted (TSR tranche) in December 2013.

TSR measures compound growth in the Company’s TSR compared with the TSR performance of other companies primarily in the S&P / ASX 200 Industrials Index sectors of Capital Goods, Commercial and Professional Services, Materials, Energy Equipment and Services, and Transportation Road and Rail.
<table>
<tr><th>Transfield’s TSR ranking</th><th>Actual % of rights that vest up to tranche maximum</th></tr>
<tr><td>Below 51st percentile</td><td>Nil</td></tr>
<tr><td>51st percentile</td><td>9%</td></tr>
<tr><td>Between 51st percentile and 75th percentile</td><td>0.88% for each additional percentile above 51st percentile</td></tr>
<tr><td>75th percentile or higher</td><td>30%</td></tr>
</table>
Vesting of LTI Awards shall be rounded down to the nearest whole number of Shares.
</td></tr>
<tr><td>Return on Capital Employed (ROCE) Hurdle</td><td>
The return measure applies to 40% of the total number of LTI awards granted (ROCE tranche) in December 2013.

ROCE is defined as earnings before interest and taxation divided by average capital employed using a weighted average cost of capital basis (WACC). The reference rate for grants made in December 2013 was 11%. The ROCE hurdle relates to the Company achieving a minimum return over a three-year financial period.
<table>
<tr><th>Transfield’s ROCE Performance</th><th>Actual % of rights that vest up to tranche maximum</th></tr>
<tr><td>Below or equal to WACC~ plus 1%</td><td>Nil</td></tr>
<tr><td>Between WACC~ plus 1% up to WACC plus 3%</td><td>1% for each additional 0.1% above WACC plus 1%</td></tr>
<tr><td>Equal to WACC~ plus 3% (Target ROCE)</td><td>20%</td></tr>
<tr><td>Between WACC~ plus 3% up to WACC plus 6%</td><td>0.67% for each additional 0.1% above WACC plus 3%</td></tr>
<tr><td>Equal to WACC~ plus 6% (Premium New Investment ROCE) or higher</td><td>40%</td></tr>
</table>
WACC is the Company’s weighted average cost of capital for the Company and is based on the average of the 7 half-year WACC calculations for FY 2014, FY 2015 and FY 2016.

Vesting of LTI Awards shall be rounded down to the nearest whole number of Shares.
</td></tr>
<tr><td>Claw Back</td><td>Unvested performance rights awarded under LTI are subject to claw back and may be reduced to zero at Board discretion.</td></tr>
<tr><td>Cessation of Employment</td><td>At cessation of employment (other than due to redundancy or retirement), the unvested rights will immediately lapse on exit. Where redundancy or retirement applies, a pro-rata number (based on service period) of the unvested rights may be retained “on foot” and vest in the ordinary course.</td></tr>
<tr><td>Change of Control</td><td>In the event of a change of control, unvested LTI awards will vest in accordance with the change of control clause in the LTI plan rules.</td></tr>
</table>

6.7 MINIMUM SHAREHOLDING GUIDELINE

The Company encourages senior executives to acquire and maintain a shareholding in the Company equal in value (based on share acquisition cost) to 50 per cent (for the MD/CEO) and 30 per cent (for other KMP and executives) of their individual total fixed remuneration. The timeframe to achieve this is over a five year period from the appointment of the Senior Executive. The shareholding includes all Company shares held by the executive or other parties and in other interests as defined in the guideline.

6.8 HEDGING AND MARGIN LENDING

The Share Trading policy is designed to prevent the limitation of risk attaching to equity instruments (commonly referred to as "hedging") where those instruments are awarded as part of remuneration. Company securities must not be hedged prior to vesting (ie prior to the relevant performance and/or service conditions being met). The policy prohibits Non-Executive Directors and Senior Executives from using the Company's securities as collateral in any financial transaction, including margin loan arrangements. Any employees found to have breached this policy will be subject to appropriate sanctions.

SECTION 7 - PERFORMANCE AND REWARD LINK AND OUTCOMES

Linking company performance to remuneration outcomes is a key principle of Transfield Services. It is evident in all components of remuneration.

Company performance in FY 2013 was not sufficient to trigger STI payments for FY 2013 that would have been delivered in September 2013. Business performance results have improved in FY 2014 as the Company has implemented changes to operations, focused on improving margin, cash collection and cost management, remediated underperforming businesses and successfully secured new contracts with customers to enhance the revenue stream and improve future earnings. STI amounts approved by the Board for FY 2014 are referenced in Table 1.

The following description and charts illustrate how the variable reward plans, including those that are cash and equity based, operate in alignment with performance of the company and in aligning with shareholder expectations.

TABLE 6 FIVE-YEAR COMPANY PERFORMANCE

	2010	2011	2012	2013	2014
Net profit / (loss) after tax ($m)	[2] 73.6	[3] (19.3)	85.0	[5] (254.4)	52.8
Underlying net profit after tax ($m)	96.0	100.1	85.0	39.2	72.6
Earnings per shares (cents)	[2,4] 17.1	[3] (4.0)	15.6	(48.8)	10.7
Underlying earnings per shares (cents)	23.2	20.3	15.6	7.6	14.6
Dividends per share paid (cents)	12.3	14.0	14.0	3.0	-
Change in share price ($)	0.82	0.24	(1.53)	(1.05)	0.32
Return on capital employed (%)	11.5	12.4	8.8	7.2	9.6

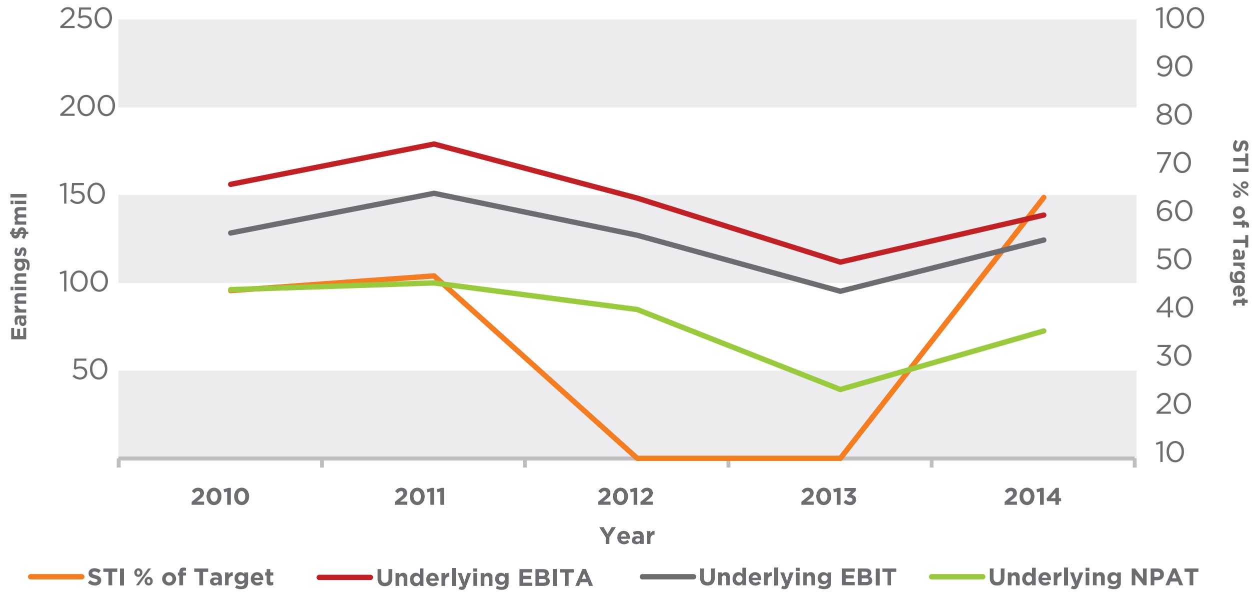
[1] Underlying net profit after tax, underlying earnings per shares and return on capital employed are non-IFRS financial indicators and have not been subject to review or audit by the Group's external auditors.
[2] Includes $22.9m equity accounted share of losses associated with RAC capital structure review.
[3] Includes $119.9m (net of tax) of significant items.
[4] Restated due to capital raising in FY 2011. For LTI purposes, the EPS benchmarks and hurdles were not restated for the capital raising.
[5] Includes an impairment loss of $298.1m net of tax.

7.1 STI PERFORMANCE AND REWARD RELATIONSHIP

Chart 1 illustrates the alignment of the level of STI payments to the earnings of the company including the current year and the previous four years.

Chart 1 represents the non-IFRS financial indicators and has not been subject to review or audit by the Group's external auditors.

Chart 1: Key management personnel short term incentives outcomes



STI OUTCOMES

As noted earlier, STI payments, if earned, are paid in September/October following the close of the financial prior year. Chart 1 illustrates that over the recent two years (2012 and 2013) the key measures of company performance, EBITA in FY 2012 and NPAT and EBIT for FY 2013 did not meet the required minimum threshold to trigger STI payments for the executive group including the KMP in September 2013.

Company performance in FY 2014 triggered the STI plan and the Board has approved STI amounts for the KMP. Payments will be delivered in the first half of FY 2015 in accordance with usual practice.

7.2 MTI OUTCOMES

Qualifying executives and KMP were awarded performance rights as deferred STI that were due for final testing during 2014 for grants made in 2011. The performance metric for these grants was the change in underlying Group NPAT year on year, defined in the plan description in Section 6. In order to vest, NPAT performance for FY 2013 had to be equal to or greater than the NPAT in the year of grant. As noted in Table 7, NPAT performance was below the FY 11 result and awards lapsed. Details are set out in Table 14.

As previously reported, the MD/CEO was awarded a Success Fee in accordance with the terms of his interim agreement, approved at the AGM. Upon reviewing the performance against the objectives at the conclusion of the period up to 1 January 2013 the Board approved a payment of 91% of the target Success Fee opportunity. As a result 50% of the Success Fee earned was paid as cash and the remaining 50% was deferred into the MTI plan as performance rights with a two year vesting period for the purpose of shareholder alignment

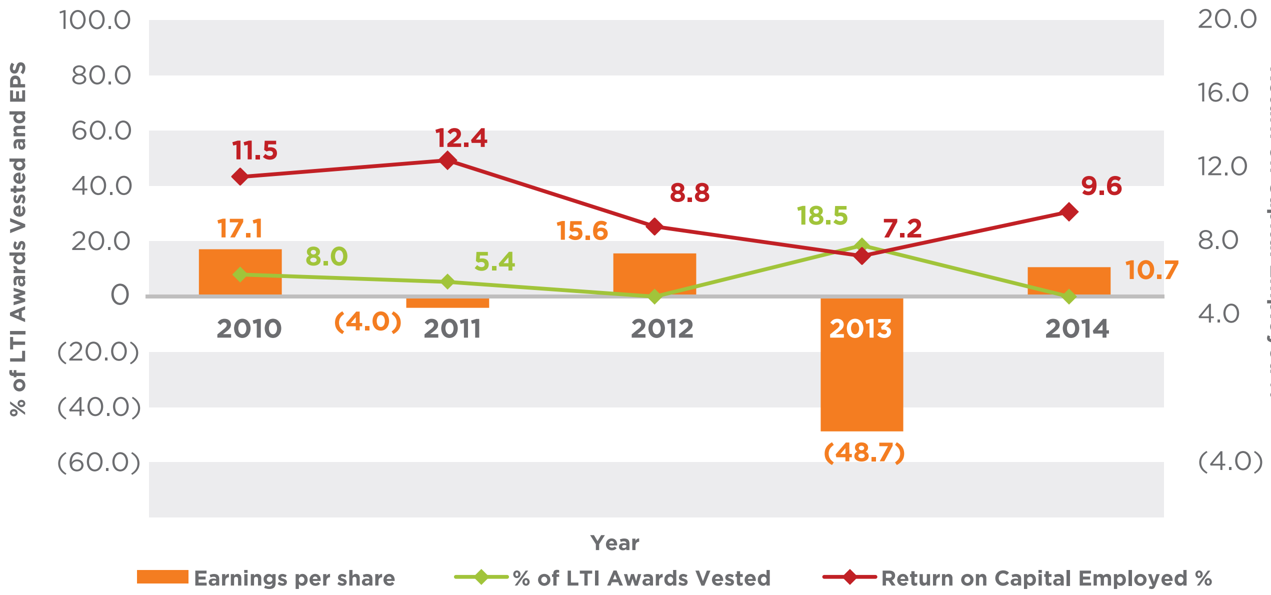
The MTI Awards granted, approved by shareholders at the 2013 AGM, had an effective date of April 2013 and the first vesting date for Tranche 1 was April 2014. As this grant was not within the typical cycle, the performance hurdle used was the underlying first half 2013 EBITDA. This was set out in the grant letter to Mr Hunt.

Subsequent testing of tranche 1 using first half 2014 EBITDA (underlying) of $74.4m as reported relative to the reference base of first half 2013 EBITDA (underlying) of $79.8m resulted in achievement of 93.2%. The Board exercised its discretion under the MTI plan rules to approve vesting. The result of 93.2% yielded an outcome of 65% of Tranche 1 vesting or 76,670 performance rights out of a total Tranche 1 grant of 117,950 rights. Details are set out in Table 12.

7.3 LTI PERFORMANCE AND REWARD RELATIONSHIP

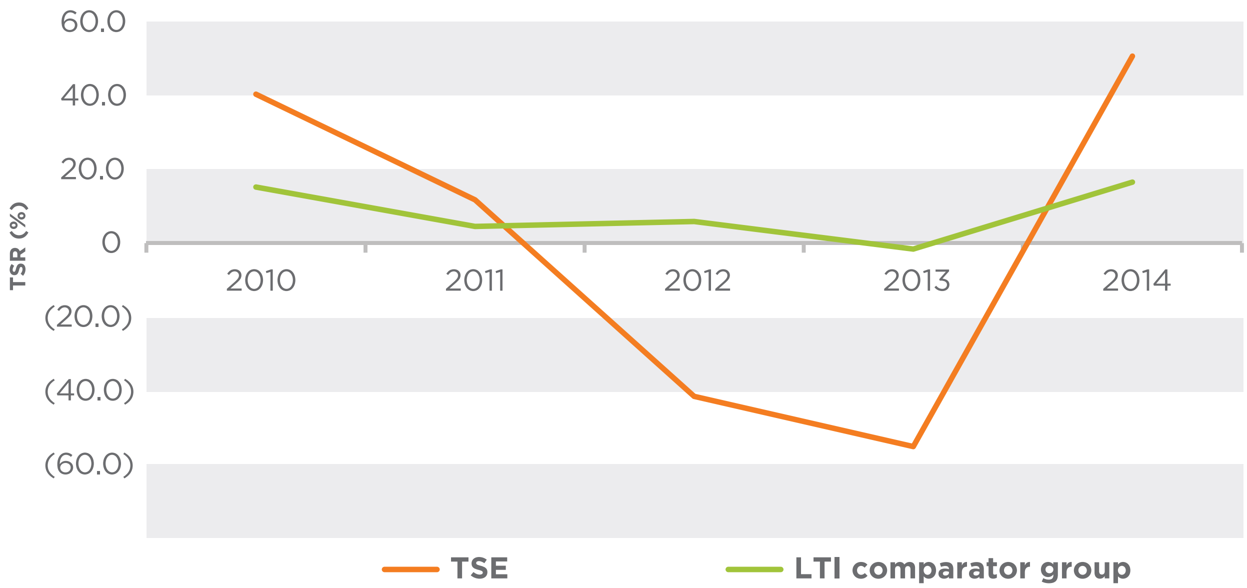
As described earlier, the LTI plan has three tranches with performance measured independently for each tranche using EPS, relative TSR and ROCE over the vesting period of three years. Chart 2 illustrates a 5 year view of EPS and ROCE performance metrics and the percentage of LTI awards vesting. Chart 3 represents the relative TSR for the company compared to the LTI comparator group. Data is presented over 5 years on the basis that awards granted up to 2012 provided for re-testing in the 12 months following the vesting date 3 years after the grant. As previously reported, this provision was removed from LTI grants made from 2012 onwards.

Chart 2: Long term incentives vesting outcomes relative to Eanings Per Share and Return on Capital Employed



Overall the TSE TSR for FY 2014 was 50.7% which compares favourably to the LTI comparator group at 16.5%. Transfield's TSR has been volatile reflecting significant changes in the share price relative to a reasonably stable performance of the comparator group over the past 12 months.

Chart 3: Annual Total Shareholder Return (TSR) - TSE vs LTI comparator group



LTI OUTCOMES

Company performance across the EPS and ROCE LTI measures was not sufficient to meet the minimum thresholds to trigger vesting of these tranches of the LTI awards with a grant date of 6 October 2010. TSR performance was insufficient to meet the minimum thresholds to trigger vesting of these tranches of the LTI awards. As a result, the awards for the relevant years that were due to vest have lapsed.

During the year, the following LTI awards granted to executives were eligible for vesting and the assessment against performance hurdles are shown in the table below. As noted in Charts 2 and 3, performance over the vesting period for each tranche did not meet the minimum performance hurdles required to vest awards.

TABLE 7 FY 2014 LTI OUTCOMES – GRANTS AWARDED IN 2010

Grant Date	Performance period	Vesting Hurdle	Performance Outcome	Vesting Level
6 October 2010	6 October 2013	EPS compound growth of at least 10% pa	Minimum hurdle not achieved	Nil
		Relative TSR ranking of at least 50th percentile	Minimum hurdle not achieved	Nil
		Return on Funds Employed	Minimum hurdle not achieved	Nil

FY 2014 LTI GRANTS

Grants of performance rights were made to qualifying executives and KMP in December 2013 in accordance with their eligibility, the plan rules and approved by the Board. Details of the awards vesting to KMP and performance rights granted including values and first exercisable date are set out in Table 14.

SECTION 8 - SENIOR EXECUTIVE SERVICE AGREEMENTS AND TRANSITIONS

The remuneration and other terms of employment for the MD/CEO and executives are formalised in Service Agreements. Agreements include the provision of STIs, other benefits including executive health management, householder insurance, salary continuance insurance and participation, when eligible, in the Company's LTI Plan. The material terms of the Service Agreements with executives are set out below.

The Company is implementing organisation structure changes to support the new operating model. Revised terms including notice periods and periods for restrictive covenants are being standardised. As a result of the organisation changes, there have been changes to the KMP.

Table 8 below sets out terms applicable to the revised KMP and details of date of appointment are in Table 3 Section 3.

TABLE 8 SUMMARY OF SERVICE AGREEMENTS FOR CURRENT KMP

KMP as at 30 June 2014	Position	Employee Notice Period	Employer Notice Period (other than for gross misconduct)[1]	Restrictive Covenant
Graeme Hunt	Managing Director and Chief Executive Officer	3 Months	6 Months	6 Months
Vince Nicoletti[3]	Chief Financial Officer	3 Months	3 Months	6 Months
Philip Wratt	President and Chief Executive Americas2	6 months	1 year	6 months
Ian Maxted	Chief Development Officer and Chief Executive Defence, Social and Property - ANZ	3 Months	3 Months	3 Months
Sandra Dodds	Chief Executive – Infrastructure ANZ	3 Months	3 Months	3 Months
Joe Sofra	Chief Executive – Resources and Industrials ANZ	3 Months	3 Months	3 Months
Kate Munnings	Chief Executive Operations	3 Months	3 Months	3 Months
Stephen Phillips	Chief Executive Business Services	3 Months	3 Months	3 Months

[1] In the event of redundancy, the notice period plus calculated redundancy and statutory benefits will be paid
[2] Philip Wratt's secondment was extended in accordance with contract terms until 31 July 2015 and prior terms were retained
[3] The notice period for Vince Nicoletti in the event of redundancy is 6 months

8.1 SUMMARY OF IMPACT OF EXECUTIVE TRANSITIONS

VINCE NICOLETTI

Mr Nicoletti was appointed to the role of CFO effective 19 August 2013. Additional terms were negotiated with Mr Nicoletti regarding an equity buy out arrangement. The HRC reviewed and approved a "make good" payment totalling $600,000 cash to be delivered 50% at the first anniversary date and 50% at the second anniversary date. The view was taken that this was a prudent approach to adopt to ensure retention of Mr Nicoletti in this key role.

Set out below is a summary of the senior executives previously identified as KMP who have terminated during the period. Termination benefits paid to senior executives, in accordance with contract terms and as noted by the HRC are included in the statutory tables.

TIERNAN O'ROURKE

Mr O'Rourke held the position of CFO and Chief Executive – Middle East and Asia up until his resignation. Mr O'Rourke gave notice on 25 July 2013 and his last date of service was 30 September 2013. The remaining notice period was waived and no payment was received for this period. He was paid up until the last date of service in accordance with his contract terms. All unvested performance rights were lapsed.

STEVE MACDONALD

Mr MacDonald held the position of Project Director-Portfolio Review up until the date the position was made redundant effective 31 August 2013. The notice period in the event of redundancy was 12 months. This was negotiated and by mutual agreement with Mr MacDonald, this was reduced. Mr MacDonald received a total of six months' pay consisting of 2 months' notice and 4 months' severance plus statutory entitlements. As a "good leaver", unvested performance rights remained on foot subject to vesting if performance conditions are met.

ELIZABETH HUNTER

Ms Hunter held the position of Chief Executive – Human Resources up until the date of her resignation. Her last date at work was 27 September 2013 and her last date of service was 15 November 2013. She was paid up until the last date of service in accordance with her contract terms. All unvested performance rights were lapsed. This role was deleted and responsibility for the HR function transferred to the Chief Executive Business Services.

NICHOLAS YATES

Mr Yates held the position of Chief Executive – Infrastructure ANZ up until the date of his resignation. His last date of service was 28 February 2014. He was paid up until the last date of service in accordance with his contract terms. All unvested performance rights were lapsed.

SECTION 9 STATUTORY TABLES

The statutory tables below contain data relevant to the FY 2014 reporting period. Table 9 below sets out details of remuneration provided to senior executives (calculated in accordance with applicable Accounting Standards). The table includes remuneration associated with LTI performance rights granted as part of the Senior Executives' LTI payments. The value reflected is an accounting value and reflects the expense to the Company of the executives' incentive arrangements. This value is not necessarily the same as the value to be derived by the executive.

TABLE 9 – DETAILS OF REMUNERATION

	Short term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Termination	
Name	Cash salary and fee	Cash-based STI	Non-monetary benefits	Super-annuation	Long service leave	Performance rights	Termination benefits	Total
30 June 2014								
Graeme Hunt	1,507,443	759,375	[3] 120,080	17,775	18,421	661,637	-	3,084,731
Vince Nicoletti[1]	[4] 1,105,348	346,500	2,564	15,433	3,242	73,769	-	1,546,856
Stephen Phillips[1]	332,486	101,601	-	13,331	4,667	37,113	-	489,198
Philip Wratt	830,014	185,458	15,244	-	8,629	(12,200)	-	1,027,145
Ian Maxted[1]	533,600	181,954	4,159	17,775	3,888	19,384	-	760,760
Sandra Dodds[1]	86,644	-	-	20,081	264	-	-	106,989
Kate Munnings	568,577	140,725	7,224	17,775	15,252	8,838	-	758,391
Joe Sofra	482,095	93,164	-	17,775	19,501	45,857	-	658,392
	5,446,207	**1,808,777**	**149,271**	**119,945**	**73,864**	**834,398**	**-**	**8,432,462**
Tiernan O'Rourke[2]	232,545	-	6,857	6,250	(21,107)	(272,143)	-	(47,598)
Nicholas Yates[2]	366,212	-	3,086	11,850	104,973	(158,164)	-	327,957
Steve MacDonald[2]	122,381	-	12,323	2,963	(2,621)	19,573	301,607	456,226
Elizabeth Hunter[2]	237,029	-	5,934	7,406	17,233	(120,172)	-	147,430
	6,404,374	**1,808,777**	**177,471**	**148,414**	**172,342**	**303,492**	**301,607**	**9,316,477**
30 June 2013								
Graeme Hunt	1,373,869	420,750	2,674	59,920	3,431	329,084	-	2,189,728
Philip Wratt[1]	607,971	-	50,445	6,261	8,680	113,813	-	787,170
Kate Munnings	562,306	-	8,024	15,919	14,707	157,377	-	758,333
Joe Sofra[1]	389,421	-	11,495	14,962	1,359	33,464	-	450,701
	2,933,567	**420,750**	**72,638**	**97,062**	**28,177**	**633,738**	**-**	**4,185,932**
Tiernan O'Rourke	803,811	-	12,001	25,000	8,192	264,709	-	1,113,713
Nicholas Yates	582,521	-	5,108	35,056	14,676	165,530	-	802,891
Steve MacDonald	576,808	-	17,486	25,000	9,202	148,818	-	777,314
Elizabeth Hunter	514,487	-	6,485	16,470	8,797	135,637	-	681,876
	5,411,194	**420,750**	**113,718**	**198,588**	**69,044**	**1,348,432**	**-**	**7,561,726**

[1] From their appointment as KMP. Refer to section 3 for details.
[2] Until they no longer qualified as KMP due to change in responsibilities or resignation. Refer to section 3 for details.
[3] Includes reimbursement of accommodation costs for $115,920 per contract provisions.
[4] Includes "make good" retention payment of $300,000 relating to the FY 2014 service period plus $150,000 relating to the current year amortisation of the second tranche payable in June 2015.

TABLE 10 – FIXED AND AT-RISK REMUNERATION AS A PERCENTAGE OF ACTUAL REMUNERATION

%	Fixed remuneration	Termination benefits	Cash based STI	Performance rights	Total
Graeme Hunt	54.0%	-	24.6%	21.4%	100.0%
Vince Nicoletti	72.8%	-	22.4%	4.8%	100.0%
Stephen Phillips	71.6%	-	20.8%	7.6%	100.0%
Philip Wratt	82.2%	-	17.8%	(*)	100.0%
Ian Maxted	73.6%	-	23.9%	2.5%	100.0%
Sandra Dodds	100.0%	-	-	-	100.0%
Kate Munnings	80.2%	-	18.6%	1.2%	100.0%
Joe Sofra	78.8%	-	14.2%	7.0%	100.0%
Tiernan O'Rourke	100.0%	-	-	(*)	100.0%
Nicholas Yates	100.0%	-	-	(*)	100.0%
Steve MacDonald	29.6%	66.1%	-	4.3%	100.0%
Elizabeth Hunter	100.0%	-	-	(*)	100.0%

(*****) Percentage not disclosed as the total amount of MTI and/or LTI remuneration expense was negative for the relevant period.

TABLE 11 – REMUNERATION SUBJECT TO VESTING – STI DEFERRAL, MTI AND LTI

Name	Fiscal year 2013/14	Fiscal year 2014/15	Fiscal year 2015/16	Fiscal year 2016/17	Total
Graeme Hunt	661,637	440,538	474,379	70,514	1,647,068
Vince Nicoletti	223,769	257,716	86,258	18,053	585,796
Stephen Phillips	37,113	72,163	45,343	8,824	163,443
Philip Wratt	(12,200)	46,283	13,967	-	48,050
Ian Maxted	19,384	108,912	67,131	12,929	208,356
Sandra Dodds	-	-	-	-	-
Kate Munnings	8,838	91,432	57,110	10,999	168,379
Joe Sofra	45,857	76,487	55,244	12,076	189,664
	984,398	**1,093,531**	**799,432**	**133,395**	**3,010,756**
Tiernan O'Rourke	(272,143)	-	-	-	(272,143)
Nicholas Yates	(158,164)	-	-	-	(158,164)
Steve MacDonald	19,573	48,497	11,008	-	79,078
Elizabeth Hunter	(120,172)	-	-	-	(120,172)
	453,492	**1,142,028**	**810,440**	**133,395**	**2,539,355**

[1] Remuneration amounts disclosed in the above table refer to the unamortised value of MTI and LTI performance rights calculated in accordance with *AASB 2 Share-based payments*.

TABLE 12 – ANALYSIS OF MOVEMENTS IN PERFORMANCE RIGHTS

Name	Granted[1]	Value of awards exercised[2]	Lapsed[2]
Graeme Hunt	1,995,181	-	-
Vince Nicoletti	371,153	-	-
Stephen Phillips	164,481	-	-
Philip Wratt	46,365	-	33,027
Ian Maxted	249,255	-	35,994
Sandra Dodds	-	-	-
Kate Munnings	208,534	-	73,690
Joe Sofra	190,328	-	-
	3,225,297	**-**	**142,711**
Tiernan O'Rourke	-	-	605,258
Nicholas Yates	273,404	-	747,184
Steve MacDonald	-	-	33,340
Elizabeth Hunter	-	8,585	361,564
	3,498,701	**8,585**	**1,890,057**

[1] Refer to table 13 for details on performance rights granted as remuneration during the year.
[2] Value is based on the closing share price on exercise or lapse/forfeit date.

TABLE 13 – DETAILS OF PERFORMANCE RIGHTS GRANTED AS COMPENSATION DURING THE YEAR

	Date		Number of LTI awards granted			Grant date fair value[1] ($)		
Name	Grant	First exercisable and expiry	Tranche 1	Tranche 2	Tranche 3	Tranche 1	Tranche 2	Tranche 3
Graeme Hunt	20-Dec-13	30-Sep-16	518,520	518,520	691,360	0.76	0.37	0.76
Vince Nicoletti	20-Dec-13	30-Sep-16	132,750	132,750	177,000	0.76	0.37	0.76
Stephen Phillips	20-Dec-13	30-Sep-16	64,890	64,890	86,520	0.76	0.37	0.76
Ian Maxted	20-Dec-13	30-Sep-16	95,070	95,070	126,760	0.76	0.37	0.76
Kate Munnings	20-Dec-13	30-Sep-16	80,880	80,880	107,840	0.76	0.37	0.76
Joe Sofra	20-Dec-13	30-Sep-16	88,800	88,800	118,400	0.76	0.37	0.76
Nicholas Yates	20-Dec-13	30-Sep-16	127,560	127,560	170,080	0.76	0.37	0.76

[1] Basis of fair value at grant date set out in note 27 Share-based payments of the financial statements.

		STI deferral Tranche A			STI deferral Tranche b		
Name	Grant date	First exercisable and expiry	Number granted	Grant date fair value[1] ($)	First exercisable and expiry	Number granted	Grant date fair value[1] ($)
Graeme Hunt	28-Aug-14	30-Sep-15	269,892	1.41	30-Sep-16	269,892	1.41
Vince Nicoletti	28-Aug-14	30-Sep-15	30,788	1.41	30-Sep-16	30,788	1.41
Stephen Phillips	28-Aug-14	30-Sep-15	9,027	1.41	30-Sep-16	9,027	1.41
Philip Wratt	28-Aug-14	30-Sep-15	16,479	1.41	30-Sep-16	16,479	1.41
Ian Maxted	28-Aug-14	30-Sep-15	16,167	1.41	30-Sep-16	16,167	1.41
Kate Munnings	28-Aug-14	30-Sep-15	12,504	1.41	30-Sep-16	12,504	1.41

[1] The basis of fair value at grant date set out in note 27 Share-based payments of the financial statements.

TABLE 14 – ANALYSIS OF PERFORMANCE RIGHTS GRANTED AS COMPENSATION

Name	Grant date	Number granted	% vested in current year	% forfeited in current year	First date exercisable
Graeme Hunt	25-Oct-13	588,490	-	-	30-Sep-15
	25-Oct-13	252,210	-	-	31-Dec-15
	20-Dec-13	1,728,400	-	-	30-Sep-16
	25-Oct-13	117,950	-	-	01-Mar-15
	25-Oct-13	117,950	-	-	30-Sep-15
	28-Aug-14	269,892	-	-	30-Sep-15
	28-Aug-14	269,892	-	-	30-Sep-16
Vince Nicoletti	20-Dec-13	442,500	-	-	30-Sep-16
	28-Aug-14	30,788	-	-	30-Sep-15
	28-Aug-14	30,788	-	-	30-Sep-16
Stephen Phillips	30-Sep-11	74,600	-	-	30-Sep-14
	14-Dec-12	105,200	-	-	30-Sep-15
	20-Dec-13	216,300	-	-	30-Sep-16
	28-Aug-14	9,027	-	-	30-Sep-15
	28-Aug-14	9,027	-	-	30-Sep-16
Philip Wratt	06-Oct-10	49,849	-	30%	06-Oct-13
	30-Sep-11	60,100	-	-	30-Sep-14
	14-Dec-12	109,300	-	-	30-Sep-15
	30-Sep-11	14,200	-	100%	30-Sep-13
	28-Aug-14	16,479	-	-	30-Sep-15
	28-Aug-14	16,479	-	-	30-Sep-16
Ian Maxted	06-Oct-10	72,508	-	30%	06-Oct-13
	30-Sep-11	90,600	-	-	30-Sep-14
	14-Dec-12	142,200	-	-	30-Sep-15
	20-Dec-13	316,900	-	-	30-Sep-16
	30-Sep-11	9,900	-	100%	30-Sep-13
	28-Aug-14	16,167	-	-	30-Sep-15
	28-Aug-14	16,167	-	-	30-Sep-16
Kate Munnings	[1] 26-Sep-09	54,600	-	70%	26-Sep-12
	06-Oct-10	64,283	-	30%	06-Oct-13
	30-Sep-11	93,000	-	-	30-Sep-14
	14-Dec-12	131,200	-	-	30-Sep-15
	20-Dec-13	269,600	-	-	30-Sep-16
	30-Sep-11	8,200	-	100%	30-Sep-13
	28-Aug-14	12,504	-	-	30-Sep-15
	28-Aug-14	12,504	-	-	30-Sep-16
Joe Sofra	14-Dec-12	126,200	-	-	30-Sep-15
	20-Dec-13	296,000	-	-	30-Sep-16

[1] Remaining amounts vested in prior periods.

Name	Grant date	Number granted	% vested in current year	% forfeited in current year	First date exercisable
Tiernan O'Rourke	06-Oct-10	115,609	-	100%	06-Oct-13
	30-Sep-11	164,700	-	100%	30-Sep-14
	14-Dec-12	232,300	-	100%	30-Sep-15
	30-Sep-11	27,800	-	100%	30-Sep-13
Nicholas Yates	[1] 26-Sep-09	27,300	-	70%	26-Sep-12
	06-Oct-10	36,707	-	100%	06-Oct-13
	30-Sep-11	143,000	-	100%	30-Sep-14
	14-Dec-12	206,900	-	100%	30-Sep-15
	20-Dec-13	425,200	-	100%	30-Sep-16
	30-Sep-11	8,500	-	100%	30-Sep-13
Steve MacDonald	06-Oct-10	71,299	-	30%	06-Oct-13
	30-Sep-11	91,700	-	-	30-Sep-14
	14-Dec-12	135,000	-	-	30-Sep-15
	30-Sep-11	7,900	-	100%	30-Sep-13
Elizabeth Hunter	[1] 26-Sep-09	34,900	-	70%	26-Sep-12
	06-Oct-10	61,934	-	100%	06-Oct-13
	30-Sep-11	84,400	-	100%	30-Sep-14
	14-Dec-12	119,100	-	100%	30-Sep-15

[1] Remaining amounts vested in prior periods.

No terms of equity-settled share-based payment transactions (including performance rights granted as compensation to key management personnel) have been altered or modified by the Company during the reporting period or the prior period.

KPMG

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

To: the directors of Transfield Services Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2014 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

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

KPMG

KPMG

S J Marshall
Partner

Sydney
29 August 2014

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

FINANCIAL REPORT

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These financial statements are the consolidated financial statements of the consolidated entity consisting of Transfield Services Limited and its subsidiaries (collectively the "Group"). The financial statements are presented in Australian dollars.

Transfield Services Limited (the "Company") is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Level 10, 111 Pacific Highway, North Sydney, NSW 2060, Australia.

The financial statements were authorised for issue by the directors on 29 August 2014.

The Group is a for-profit entity. A description of the nature of its operations and principal activities is included in Section 1 - Operating and Financial Review.

Press releases, financial reports and other information are available on our website at www.transfieldservices.com.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 30 June 2014

$'m	Note	2014	(*Restated) 2013
Revenue	2	**3,748.2**	3,694.3
Expenses	3	**(3,554.9)**	(3,512.5)
Share of net profits of joint ventures	16	**17.2**	25.7
Impairment of assets	19	**-**	(308.5)
Depreciation	3	**(78.2)**	(90.0)
Amortisation	3	**(14.1)**	(16.6)
RESULTS FROM CONTINUING OPERATING ACTIVITIES		**118.2**	(207.6)
Finance costs	3	**(62.7)**	(53.3)
Finance income		**3.7**	1.6
Net finance costs		**(59.0)**	(51.7)
PROFIT/(LOSS) BEFORE TAX		**59.2**	(259.3)
Income tax benefit	20	**7.2**	15.4
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**66.4**	(243.9)
Loss from discontinued operations	4	**(13.6)**	(10.6)
PROFIT/(LOSS) FOR THE PERIOD		**52.8**	(254.5)
Members of the parent entity		**55.0**	(250.0)
Non-controlling interest		**(2.2)**	(4.5)
PROFIT/(LOSS) FOR THE PERIOD		**52.8**	(254.5)
Attributable to member of the parent entity:			
- Basic and diluted earnings / (loss) per share – Continuing operations	5	**13.4**	(46.7)
- Basic and diluted loss per share – Discontinued operations	5	**(2.7)**	(2.1)
BASIC & DILUTED EARNINGS / (LOSS) PER SHARE		**10.7**	(48.8)

**The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes. Prior year comparative information has been restated as a result of the adoption of AASB 11 Joint Arrangements as set out in Note 34 and for the presentation of discontinued operations as set out in Note 4.*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 June 2014

$'m	Note	2014	(*Restated) 2013
PROFIT/(LOSS) FOR THE PERIOD		**52.8**	(254.5)
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(16.5)**	12.5
Ineffective portion of net investment hedge reclassified to profit or loss		**0.5**	-
Exchange differences reclassified to profit or loss on disposal of foreign operations	4	**6.2**	-
Changes in fair value of cash flow hedge		**(12.8)**	4.1
Income tax expense on items that may be reclassified to profit or loss		**3.7**	(1.2)
Other comprehensive income for the period		**(18.9)**	15.4
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**33.9**	(239.1)
Members of the parent entity		**36.1**	(234.6)
Non-controlling interest		**(2.2)**	(4.5)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**33.9**	(239.1)

**The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes. Prior period comparative information has been restated as a result of the adoption of AASB 11 Joint Arrangements as set out in Note 34.*

CONSOLIDATED STATEMENT OF STATEMENT OF FINANCIAL POSITION

Year ended 30 June 2014

$'m	Note	2014	(*Restated) 2013	(*Restated) 2012
Cash and cash equivalents	23	**224.8**	196.1	84.9
Trade and other receivables	11	**500.5**	524.6	568.6
Inventories	12	**209.5**	241.3	160.5
Income tax receivable	20	**-**	-	16.5
Other assets		**9.3**	23.3	19.8
Derivatives		**1.8**	3.4	-
Total current assets		**945.9**	988.7	850.3
Intangible assets	19	**552.1**	562.6	814.6
Property, plant and equipment	18	**479.7**	503.8	468.0
Interests in joint ventures	16	**129.1**	131.6	107.3
Other financial assets	17	**93.6**	93.6	95.5
Deferred tax assets	21	**79.2**	53.2	16.1
Other assets		**50.8**	35.4	35.3
Derivatives		**0.5**	-	-
Total non-current assets		**1,385.0**	1,380.2	1,536.8
TOTAL ASSETS		**2,330.9**	2,368.9	2,387.1
Trade and other payables	13	**541.1**	677.6	571.9
Employee benefits	14	**123.1**	129.1	120.6
Other provisions	15	**61.9**	35.8	26.8
Loans and borrowings	25	**84.7**	179.1	15.1
Current tax liabilities		**29.0**	6.1	-
Derivatives		**0.5**	0.8	1.8
Total current liabilities		**840.3**	1,028.5	736.2
Loans and borrowings	25	**673.8**	559.5	551.5
Employee benefits	14	**29.0**	29.4	27.6
Other provisions	15	**10.7**	16.7	15.8
Deferred tax liabilities	22	**4.8**	6.7	5.0
Derivatives		**15.9**	3.7	3.4
Total non-current liabilities		**734.2**	616.0	603.3
TOTAL LIABILITIES		**1,574.5**	1,644.5	1,339.5
NET ASSETS		**756.4**	724.4	1,047.6
Contributed equity	26	**1,131.4**	1,131.3	1,150.4
Reserves		**(90.7)**	(69.8)	(85.4)
Accumulated losses		**(275.4)**	(330.4)	(18.9)
Total equity attributable to members of the parent entity		**765.3**	731.1	1,046.1
Non-controlling interest		**(8.9)**	(6.7)	1.5
TOTAL EQUITY		**756.4**	724.4	1,047.6

**The above consolidated statement of financial position should be read in conjunction with the accompanying notes. Prior year comparative information has been restated as a result of the adoption of AASB 11 Joint Arrangements as set out in Note 34.*

CONSOLIDATED STATEMENT OF STATEMENT OF CASH FLOWS

Year ended 30 June 2014

$ m	Note	2014	(*Restated) 2013
Receipts from customers (inclusive of goods and services tax)		**4,145.4**	3,811.6
Payments to suppliers, subcontractors and employees (inclusive of goods and services tax)		**(4,107.5)**	(3,580.1)
		37.9	231.5
Dividends, distributions and net cash contributions from associates and joint ventures		**16.9**	31.7
Interest received		**3.7**	2.2
Interest paid		**(54.1)**	(50.4)
Income taxes refund		**5.1**	5.9
Net cash inflow from operating activities	24	**9.5**	220.9
Payments for property, plant and equipment and other intangibles		**(70.7)**	(159.1)
Proceeds from sale of property, plant and equipment		**30.6**	17.2
Receipts from loan notes		**3.3**	2.0
Investment and loans in joint ventures		**(11.2)**	(25.6)
Proceeds from the sale of businesses, net of transaction costs		**41.7**	26.5
Payments for acquisition of subsidiaries, net of cash acquired		**-**	(22.7)
Net cash outflow from investing activities		**(6.3)**	(161.7)
Proceeds from borrowings (net of financing costs)		**1,081.7**	483.2
Repayment of borrowings		**(1,055.2)**	(353.1)
Share buy back		**-**	(19.8)
Dividends paid (inclusive of payments to non-controlling interest holders)		**-**	(61.7)
Net cash inflow from financing activities		**26.5**	48.6
NET INCREASE IN CASH HELD		**29.7**	107.8
Cash at the beginning of the financial year		**196.1**	84.9
Net foreign exchange differences in opening cash		**(1.0)**	3.4
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD		**224.8**	196.1

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes. Prior year comparative information has been restated as a result of the adoption of AASB 11 Joint Arrangements as set out in Note 34.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2014

$m	Attributable to members of the parent entity: Contributed equity	Other reserves	Accumulated losses	Total	Non-controlling interest	Total equity
BALANCE AT 1 JULY 2013 (*RESTATED)	**1,131.3**	**(69.8)**	**(330.4)**	**731.1**	**(6.7)**	**724.4**
Profit for the period	**-**	**-**	**55.0**	**55.0**	**(2.2)**	**52.8**
Other comprehensive income	**-**	**(18.9)**	**-**	**(18.9)**	**-**	**(18.9)**
Transactions with owners in their capacity as owners						
Employee share scheme transactions	**0.1**	**(1.6)**	**-**	**(1.5)**	**-**	**(1.5)**
Other	**-**	**(0.4)**	**-**	**(0.4)**	**-**	**(0.4)**
Total transactions with owners	**0.1**	**(2.0)**	**-**	**(1.9)**	**-**	**(1.9)**
BALANCE AT 30 JUNE 2014	**1,131.4**	**(90.7)**	**(275.4)**	**765.3**	**(8.9)**	**756.4**
BALANCE AT 1 JULY 2012	1,150.4	(85.4)	(4.9)	1,060.1	1.5	1,061.6
*Effect of change in accounting policies			(14.0)	(14.0)		(14.0)
BALANCE AT 1 JULY 2012 (*RESTATED)	1,150.4	(85.4)	(18.9)	1,046.1	1.5	1,047.6
Profit for the period	-	-	(250.0)	(250.0)	(4.5)	(254.5)
Other comprehensive income	-	15.4	-	15.4	-	15.4
Transactions with owners in their capacity as owners						-
Employee share scheme transactions	(19.8)	-	-	(19.8)	-	(19.8)
Dividends paid	-	-	(61.5)	(61.5)	(3.7)	(65.2)
Other	0.7	0.2	-	0.9	-	0.9
Total transactions with owners	(19.1)	0.2	(61.5)	(80.4)	(3.7)	(84.1)
BALANCE AT 30 JUNE 2013 (*RESTATED)	1,131.3	(69.8)	(330.4)	731.1	(6.7)	724.4

**The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes. Prior year comparative information has been restated as a result of the adoption of AASB 11 Joint Arrangements as set out in Note 34.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2014

BASIS OF PREPARATION

These consolidated financial statements are general purpose financial statements. They have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. They also comply with IFRS as issued by the International Accounting Standards Board.

Details of the Group's accounting policies, including changes during the year, are included in the following notes:

NOTE INDEX

GROUP PERFORMANCE

1. OPERATING SEGMENTS

The Group's primary segments, which are based on a geographic region and sector basis, are:

- Australia and New Zealand Infrastructure (ANZ Infrastructure);
- Australia and New Zealand Resources & Energy (ANZ R&E);
- Americas;
- Corporate, which includes the Group's investment in RATCH Australia Corporation Limited (RAC) and inter-segment eliminations.

Each segment derives revenue from its principal activities in the following service lines:

- Maintenance,
- Facilities management and logistics,
- Construction,
- Well servicing, and
- Consulting and design.

The primary measure of performance is segment Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA). Other measures regularly reviewed by the Chief Operating Decision Maker (CODM) include:

- Segment revenue,
- EBITDA excluding material items of income and expense ("Operating Segment Result"), and
- Earnings Before Interest and Tax ("EBIT").

The following changes have been reflected in the presentation of segment information since the prior period to conform with the presentation of information to the CODM:

- Since 1 July 2013, the results of the ANZ segment have been separated into two segments, being ANZ Infrastructure and ANZ R&E. In addition to this, the results of the Easternwell and ANZ R&E business have been consolidated and presented to the CODM as a single segment. This change is in alignment with the Group's strategic focus of providing integrated operations and maintenance and drilling services to the ANZ Resources and Energy sector.
- The MEA segment has been classified as a discontinued operation in the income statement and the assets and liabilities of the MEA segment have been consolidated in the Corporate segment.
- Corporate head office costs have not been allocated to the Group's operating segments in the current period. The Group's Corporate segment now includes transactions relating to the Group's governance, finance, legal and risk management and corporate secretarial functions. Back office functions that are directly attributable to the Group's operations such as information technology and payroll continue to be allocated to the Group's segments.
- The Group's investment in RAC, and the associated result, have been included in the Corporate segment.
- Following the adoption of AASB 11 Joint Arrangements, which removed the choice between the proportionate consolidation method and equity method for jointly controlled entities, proportionately consolidated revenue and EBITDA is no longer disclosed.

2014 $m	ANZ Infrastructure	ANZ R&E	Americas	Corporate	Group
Segment revenue	**2,338.9**	**919.8**	**466.1**	**3.3**	**3,728.1**
Share of net profits of joint ventures	**3.0**	**11.3**	**2.9**	**-**	**17.2**
OPERATING SEGMENT RESULT	**165.4**	**70.6**	**6.0**	**(25.3)**	**216.7**
Gain on sale of investments	**-**	**20.1**	**-**	**-**	**20.1**
Restructuring costs	**(6.0)**	**(6.9)**	**-**	**(9.7)**	**(22.6)**
Exit of Chilean construction business	**-**	**-**	**(3.7)**	**-**	**(3.7)**
EBITDA	**159.4**	**83.8**	**2.3**	**(35.0)**	**210.5**
Depreciation	**(22.1)**	**(25.4)**	**(10.2)**	**(20.5)**	**(78.2)**
Amortisation	**(4.3)**	**(7.2)**	**(2.6)**	**-**	**(14.1)**
EBIT	**133.0**	**51.2**	**(10.5)**	**(55.5)**	**118.2**
Net finance costs					**(59.0)**
Income tax benefit					**7.2**
PROFIT FROM CONTINUING OPERATIONS					**66.4**
Loss from discontinued operations					**(13.6)**
PROFIT FOR THE PERIOD					**52.8**
Equity accounted investments	**7.3**	**104.3**	**17.5**	**-**	**129.1**
Property, plant and equipment	**52.2**	**198.3**	**34.7**	**194.5**	**479.7**
Intangible assets	**182.9**	**286.7**	**82.5**	**-**	**552.1**
Other financial assets	**-**	**-**	**-**	**93.6**	**93.6**
Other assets	**446.1**	**163.1**	**133.0**	**30.2**	**772.4**
SEGMENT ASSETS	**688.5**	**752.4**	**267.7**	**318.3**	**2,026.9**
Cash and cash equivalents					**224.8**
Tax assets					**79.2**
TOTAL ASSETS					**2,330.9**
SEGMENT LIABILITIES	**498.8**	**111.5**	**65.1**	**106.8**	**782.2**
Tax liabilities					**33.8**
Loans and borrowings					**758.5**
TOTAL LIABILITIES					**1,574.5**
CAPITAL EXPENDITURE*	**7.2**	**11.7**	**5.6**	**46.2**	**70.7**

**Includes assets acquired through finance leases.*

2013 (RESTATED) $m	ANZ Infrastructure	ANZ R&E	Americas	Corporate	Group
Segment revenue	2,300.4	865.7	496.1	4.9	3,667.1
Share of net profits of joint ventures	3.5	11.8	11.6	(1.2)	25.7
OPERATING SEGMENT RESULT	132.4	78.4	27.1	(36.2)	201.7
Gain on sale of investments	-	27.2	-	-	27.2
Restructuring costs	(1.9)	(4.6)	(7.9)	(7.0)	(21.4)
Impairment of assets	-	(187.8)	(120.7)	-	(308.5)
EBITDA	130.5	(86.8)	(101.5)	(43.2)	(101.0)
Depreciation	(26.9)	(31.2)	(11.9)	(20.0)	(90.0)
Amortisation	(3.0)	(10.0)	(3.6)	-	(16.6)
EBIT	100.6	(128.0)	(117.0)	(63.2)	(207.6)
Net finance costs					(51.7)
Income tax benefit					15.4
LOSS FROM CONTINUING OPERATIONS					(243.9)
Loss from discontinued operations					(10.6)
LOSS FOR THE PERIOD					(254.5)
Equity accounted investments	9.1	98.9	20.2	3.4	131.6
Property, plant and equipment	65.9	223.5	46.1	168.3	503.8
Intangible assets	174.9	293.9	91.6	2.2	562.6
Other financial assets	-	-	-	93.6	93.6
Other assets	403.7	213.3	158.0	53.0	828.0
SEGMENT ASSETS	653.6	829.6	315.9	320.5	2,119.6
Cash and cash equivalents					196.1
Tax assets					53.2
TOTAL ASSETS					2,368.9
SEGMENT LIABILITIES	477.8	142.4	109.8	163.1	893.1
Tax liabilities					12.8
Loans and borrowings					738.6
TOTAL LIABILITIES					1,644.5
CAPITAL EXPENDITURE*	17.7	48.4	5.5	87.8	159.4

* Includes assets acquired through finance leases.

b) Reconciliation of segment revenue to statutory revenue

$'m	2014	(Restated) 2013
Segment revenue	**3,728.1**	3,667.1
Gain on sale of investments	**20.1**	27.2
STATUTORY REVENUE	**3,748.2**	3,694.3

c) Segment revenue by service line

$'m	ANZ Infrastructure	ANZ R&E	Americas	Corporate	Group
Maintenance	**836.3**	**618.4**	**461.0**	**-**	**1,915.7**
Facilities management and logistics	**1,065.0**	**-**	**-**	**-**	**1,065.0**
Construction	**340.2**	**-**	**5.1**	**-**	**345.3**
Well servicing	**-**	**265.5**	**-**	**-**	**265.5**
Consulting, design & other	**97.4**	**35.9**	**-**	**3.3**	**136.6**
2014 SEGMENT REVENUE	**2,338.9**	**919.8**	**466.1**	**3.3**	**3,728.1**
Maintenance	971.7	590.9	472.2	-	2,034.8
Facilities management and logistics	707.2	-	-	-	707.2
Construction	518.4	-	23.9	-	542.3
Well servicing	-	232.0	-	-	232.0
Consulting, design & other	103.1	42.8	-	4.9	150.8
2013 SEGMENT REVENUE (RESTATED)	2,300.4	865.7	496.1	4.9	3,667.1

d) Information about major customers

The Group aims to develop long-term relationships with its customers and has no significant concentrations of credit risk within the wholly owned group. 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. The Group also operates through a significant number of joint ventures globally, most of which have either a single or a dominant customer. The credit management policies of Transfield Services and those of the respective joint venture partner are applied to those customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2014

2. REVENUE

$'m	2014	(Restated) 2013
Revenue from ordinary activities	**3,717.2**	3,652.0
Gain on sale of joint venture	**20.1**	-
Gain on sale of operations and maintenance business	**-**	27.2
Profit on sale of property, plant and equipment	**6.3**	5.2
Change in estimate for deferred consideration	**-**	4.6
Realised and unrealised foreign exchange gain	**1.3**	1.7
Other	**3.3**	3.6
REVENUE	**3,748.2**	3,694.3

3. EXPENSES

Profit or loss before income tax includes the following specific expenses:

$'m	2014	(Restated) 2013
Subcontractors, raw materials and consumables	**1,675.0**	1,641.0
Employee benefit expense	**1,468.0**	1,667.3
Property, plant and equipment	**67.4**	79.4
Pre-contract costs	**10.8**	10.6
Depreciation	**78.2**	90.0
Amortisation of intangible assets	**14.1**	16.6
Interest paid / payable	**54.1**	49.3
Amortisation of establishment fees	**8.6**	4.0
Finance costs	**62.7**	53.3
Restructure and redundancy costs	**22.6**	21.4
Superannuation contributions	**88.3**	66.0
Minimum lease payments on operating leases	**43.2**	65.5

4. DISCONTINUED OPERATIONS

a) Description

During the year the Group exited its non-core MEA segment by completing the sale of its:

- 49 per cent share in the Transfield Mannai Facilities Management Services WLL joint venture;
- 49 per cent share in Transfield Emdad Services LLC; and
- 100 per cent share in Hofincons Infotech Industrial Services Pvt Ltd.

b) Financial performance and cash flow information

$'m	2014	2013
Revenues	**37.0**	51.1
Share of profit	**0.2**	1.7
Expenses	**(40.0)**	(53.5)
Loss from operations before tax	**(2.8)**	(0.7)
Loss on sale of joint venture and subsidiary	**(1.9)**	-
Impairment	**(1.5)**	(9.3)
Foreign currency translation reserve recycled to profit and loss	**(6.2)**	-
LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS	**(12.4)**	(10.0)
Income tax expense	**(1.2)**	(0.6)
LOSS FROM DISCONTINUED OPERATIONS	**(13.6)**	(10.6)
Net cash inflow/(outflow) from operating activities	**(5.3)**	0.6
Net cash inflow/(outflow) from investing activities	**11.0**	(0.6)
Net cash inflow/(outflow) from financing activities	**-**	-
NET INCREASE IN CASH FROM DISCONTINUED OPERATIONS	**5.7**	-

c) Details of the sale of subsidiary and joint venture during the period

$'m	Subsidiaries	Joint venture	Total
Cash consideration received or receivable	**9.4**	**4.4**	**13.8**
Less: cash held by entities sold	**(1.8)**	**-**	**(1.8)**
Net proceeds	**7.6**	**4.4**	**12.0**
Less carrying amount of net assets sold	**(10.9)**	**(3.0)**	**(13.9)**
LOSS ON SALE BEFORE INCOME TAX	**(3.3)**	**1.4**	**(1.9)**
Income tax benefit/(expense)	**-**	**-**	**-**
GAIN /(LOSS) AFTER INCOME TAX	**(3.3)**	**1.4**	**(1.9)**

5. EARNINGS / (LOSS) PER SHARE

a) Basic and diluted earnings / (loss) per share

	Before impairment		After impairment	
Cents	2014	(Restated) 2013	2014	(Restated) 2013
- from continuing operations	**13.4**	9.1	**13.4**	(46.7)
- from discontinued operations	**(2.4)**	(0.2)	**(2.7)**	(2.1)
TOTAL BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	**11.0**	8.9	**10.7**	(48.8)

b) Earnings/(loss) used in calculating earnings per share

	Before impairment		After impairment	
$'m	2014	(Restated) 2013	2014	(Restated) 2013
- from continuing operations	**68.6**	46.8	**68.6**	(239.4)
- from discontinued operations	**(12.1)**	(1.3)	**(13.6)**	(10.6)
PROFIT / (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY USED IN CALCULATING BASIC AND DILUTED (LOSS)/EARNINGS PER SHARE	**56.5**	45.5	**55.0**	(250.0)

c) Weighted average number of shares

Number	2014	2013
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating basic and diluted earnings per share*	**512,252,330**	513,180,600

**Only unexercised vested Performance Awards are used in the calculation of diluted earnings per share. The Group's current policy is to acquire vested Performance Awards on-market.*

6. SUBSEQUENT EVENTS

NZ Inland Revenue Department (IRD) audit of the Group's MCN Arrangement

The Inland Revenue Department (IRD) in New Zealand is conducting a review of a range of financial instruments used by companies in New Zealand during recent years covering many different industries and companies and focussing on the deductibility of interest expense in New Zealand. As part of this review the IRD reviewed the tax treatment of the Mandatory Convertible Note (MCN) entered into by the Group.

Subsequent to 30 June 2014, the Group has agreed an in principle settlement and resolution of these matters with the IRD. The Group believes it has no material unprovided liability at 30 June 2014.

Other matters

No other events have occurred since the end of the reporting date that may materially affect the Group financial performance in future financial years.

RISK MANAGEMENT

7. 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, other intangible assets and equity accounted investments

The recoverable amounts of cash-generating units and equity accounted investments have been determined based on the higher of fair value less costs to sell and value-in-use. These calculations require the use of assumptions relating to future cashflows, discount rates and growth rates. Refer to Note 19 for details of these assumptions in relation to goodwill.

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 consolidated entity's 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 and on which professional judgement, based on relevant tax law, is exercised. 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.

Workers' compensation provisions

The Group is self-insured for workers' compensation in certain states in Australia and manages the risks associated with this through the use of actuarial techniques and engaging external experts, however these estimates by their nature are complex and are revised annually. These estimates require the use of assumptions relating to future cash flows, discount rates and other economic factors.

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

Recoverability of work in progress

The Group has exercised judgement in determining the recoverability of work in progress on contracts within the Group. Based on detailed analysis of each contract and on-going constructive discussions with clients, the Group believes that it has no material unprovided liability at balance date.

Revenue recognition

The Group engages in fixed price contracts which frequently include cash flows from contract variations and claims. The Group must apply judgement in assessing whether it is probable revenue will be recovered under these contracts.

The Group also 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 applies judgement around expectations of meeting the hurdles of each KPI.

Pre-contract costs

The Group capitalises pre-contract costs when it is probable that the cost will be recovered. The reasonableness of success is made with reference to factors which include judgement, such as preferred bidder status, number of remaining bidders and quality of existing customer relationships.

8. FINANCIAL, CAPITAL AND OTHER RISK MANAGEMENT

The Board of Directors is responsible for the establishment and supervision of the Group's financial and capital risk management structure. This includes approving the level of risk which the Group is prepared to accept in conducting its business and approving all material policies for the management of business risks and overseeing the management of these risks. The ultimate objective of financial and capital risk management within the Group is to contribute to the creation of shareholder value. In order to achieve this objective, the Group applies the following principles in managing its capital resources, position and risks.

a) Financial risk management

The Group's activities expose it to a variety of financial risks, including foreign currency risk, credit risk, liquidity risk, interest rate risk and country risk. The Group's overall risk management program focuses on the volatility of financial markets and seeks to minimise potential adverse effects of market volatility on the financial performance of the Group. From time to time the Group uses derivative financial instruments such as foreign exchange contracts and interest rate 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 currency, interest rate and credit risks, use of derivative financial instruments and investing excess liquidity.

It is the Group's policy that no speculative trading in financial instruments shall be undertaken.

b) Capital risk management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce its cost of capital.

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.

During the period, the Group obtained a public credit rating from Moody's and Standard and Poors. Respectively, those ratings were BB with a stable outlook, and Ba2.

In order to ensure good credit quality and an appropriate capital structure, the Group monitors and estimates its financial position with measurements such as debt and equity ratios and gearing.

$m	Note	2014	Restated 2013
Total borrowing	25	**778.1**	745.0
Less cash and cash equivalents	23	**(224.8)**	(196.1)
Less unamortised debt costs		**(19.6)**	(6.4)
Net debt		**533.7**	542.5
Total equity		**756.4**	724.4
TOTAL CAPITAL		**1,290.1**	1,266.9

c) Credit risk

Credit risk arises from cash and deposits, derivative financial instruments, committed debt funding and bonding facilities with financial institutions and credit exposures to customers, including outstanding receivables and committed transactions.

Counterparties to cash and deposits, derivative financial instruments and committed debt funding and bonding facilities 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.

The Group's maximum exposure to credit risk in respect of financial assets at 30 June was:

$'m	2014	Restated 2013
Cash and cash equivalents	**224.8**	196.1
Trade and other receivables including loans to associates and Joint ventures (before provision for impairment of receivables)	**500.5**	524.6
MAXIMUM EXPOSURE TO CREDIT RISK IN RESPECT OF FINANCIAL ASSETS	**725.3**	720.7

d) Liquidity risk

Liquidity risk is the risk of not being able to meet current or future financial obligations as and when they become due and payable. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed debt facilities. Group Treasury aims to maintain funding flexibility by keeping committed debt facilities and credit lines available for the business. At the statement of financial position date the Group had sufficient headroom from its debt facilities to meet its financial obligations.

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

	Interest rate	1 year or less	1 to 5 years	More than 5 years	Total contractual cash flow	Carrying value
	%	$'m	$'m	$'m	$'m	$'m
2014						
Trade and other payables		**541.1**	**-**	**-**	**541.1**	**541.1**
Interest rate swap		**6.7**	**8.0**	**-**	**14.7**	**15.9**
Forward exchange contracts		**30.6**	**7.6**	**-**	**38.2**	**0.5**
Derivatives		**37.3**	**15.6**	**-**	**52.9**	**16.4**
Cash advances	**-**	**60.5**	**153.0**	**-**	**213.5**	**213.5**
High Yield Bond	**8.38**	**28.9**	**115.5**	**373.7**	**518.1**	**348.0**
United States Private Placement	**5.99**	**33.1**	**89.3**	**110.0**	**232.4**	**180.4**
Finance lease liabilities	**6.40**	**8.5**	**27.7**	**-**	**36.2**	**36.2**
Loans and borrowings		**131.0**	**385.5**	**483.7**	**1,000.2**	**778.1**
TOTAL FINANCIAL LIABILITIES		**709.4**	**401.1**	**483.7**	**1,594.2**	**1,335.6**
2013 (Restated)						
Trade and other payables		677.6	-	-	677.6	677.6
Interest rate swap		5.7	11.8	-	17.5	4.4
Forward exchange contracts		(3.3)	-	-	(3.3)	(3.3)
Derivatives		2.4	11.8	-	14.2	1.1
Cash advances	-	171.3	354.8	-	526.1	526.1
United States Private Placement	5.99	11.1	119.5	112.9	243.5	186.0
Finance lease liabilities	6.42	9.7	19.9	9.1	38.7	32.5
Loans and borrowings		192.1	494.2	122.0	808.3	744.6
TOTAL FINANCIAL LIABILITIES		872.1	506.0	122.0	1,500.1	1,423.3

e) Market risk

Foreign currency risk

The Group is exposed to currency risk on sales, purchases and cash or cash equivalents that are denominated in a currency other than the respective functional currency. Group Treasury use forward foreign exchange rate contracts, to manage foreign currency risk. In addition, where economically viable, the Group attempts to match revenues and expenditures, as well as assets and liabilities in each foreign currency to reduce foreign currency risk.

The Group's investments in its United States, Chile and New Zealand domiciled subsidiaries are hedged by United States dollar, Chilean peso and New Zealand dollar bank loans, which mitigate the translation risk arising from the subsidiaries net assets. The Group's investments in other subsidiaries are not hedged.

The Group's exposure to foreign currency risk exposure as at 30 June was:

$'m	2014	2013
United States dollars	**38.9**	22.1
Qatari riyals	**-**	0.1
United Arab Emirates dirham	**-**	2.7
Canadian dollars	**5.7**	(4.1)
New Zealand dollars	**9.7**	6.1
Chilean pesos	**5.1**	1.5
Indian rupee	**-**	6.8
Papua New Guinea kina	**0.4**	-
CASH AT BANK OR ON DEPOSIT	**59.8**	35.2
Papua New Guinea kina	**3.1**	-
Canadian dollars	**0.2**	-
United States dollars	**(0.2)**	-
TRADE AND OTHER PAYABLES	**3.1**	-

Interest rate risk

The Group's interest-rate risk primarily arises from its floating interest rate debt obligations.

The Group manages its long-term cash flow interest-rate risk by using floating-to-fixed interest rate swaps. For interest rate swaps, the Group agrees with banks or financial institutions to convert borrowings from floating rates to fixed rates at specified intervals (quarterly or semi-annually) calculated by reference to agreed notional principal amounts. The Group evaluates a variety of factors before entering into interest rate swaps that include (but are not limited to) market conditions and forecast borrowing requirements.

To the extent possible, the Group attempts to hedge its interest rate risks with effective cash flow hedges. The effect of this is that the change in fair value relating to effective interest rate swaps is recognised in equity through the hedge reserve, whilst the change in fair value relating to ineffective interest rate swaps is recognised in profit or loss.

As at 30 June 2014 the Group had a combination of Chilean pesos and Australian dollar interest rate swaps in place.

The sensitivity analysis has been prepared on the assumption that the Group's significant risk exposures are limited to the impact of interest rate movements.

Interest rate sensitivity

The table below shows the Group's sensitivity to interest rates on its floating rate Australian dollar, United States dollar and New Zealand dollar borrowings, being the currencies from which the Group has historically issued debt and held investments. The Group has considered volatility in interest rates during the 2014 financial year and the historic low interest rates prevailing in the United States at 30 June 2014 and considers a one per cent upward and downward movement to be a reasonable benchmark for interest rate sensitivity over the next 12 months.

		2014		2013	
$'m	Basis point	Net profit (after tax)	Equity	Net profit (after tax)	Equity
Bank borrowings	**+100**	**(2.7)**	**(2.7)**	(0.9)	(0.9)
Bank borrowings	**-100**	**2.7**	**2.7**	0.9	0.9

A change in interest rates will impact the carrying value of the Group's interest rate swaps. The table below shows the impact to the Group's net profit and equity given assumed changes in interest rates.

		2014		2013	
$'m	Basis point	Net profit (after tax)	Equity	Net profit (after tax)	Equity
Interest rate hedges	**+100**	**-**	**7.8**	-	2.8
Interest rate hedges	**-100**	**-**	**(8.1)**	-	(4.0)

An applicable tax rate of 30 per cent (2013: 30 per cent) has been adopted which approximates the weighted average effective marginal tax.

9. CONTINGENT ASSETS AND LIABILITIES

a) Contingent liabilities

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

$'m	2014	2013
Bank guarantees in respect of contracts of wholly owned companies	**242.5**	154.7
Insurance bonds in respect of contracts of wholly owned companies	**194.6**	203.5
	437.1	358.2
The Group's share of bank guarantees in respect of contracts of joint ventures	**31.2**	100.1
CONTINGENT LIABILITIES	**468.3**	458.3

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

$'m	2014	2013
Bank guarantees and insurance bonds (excluding joint ventures and non-wholly owned companies)		
Used	**437.1**	358.2
Unused	**231.6**	361.0
TOTAL FACILITY	**668.7**	719.2

The Directors are not aware of any material claims on the consolidated entity except as follows:

Legal dispute

A controlled entity in the Group is party to a dispute in relation to pre-acquisition road maintenance. Should the outcome of this action be unfavourable the cost for remediation may be borne by the subsidiary. 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 prejudice the outcome of the legal dispute process. The Group is defending its position and the Directors continue to review the situation. The Directors are of the opinion that the dispute can be successfully resolved by the Group. The Group believes that it has no material unprovided liability in respect to this matter.

10. COMMITMENTS FOR EXPENDITURE

a) Operating leases

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

$'m	2014	Restated 2013
Within one year	**67.2**	42.5
Later than one year but not later than five years	**103.1**	77.6
Later than five years	**8.8**	7.2
COMMITMENTS NOT RECOGNISED IN THE FINANCIAL STATEMENTS	**179.1**	127.3

b) Finance leases

Commitments in relation to finance leases are payable as follows:

$'m	2014	Restated 2013
Within one year	**15.7**	9.7
Later than one year but not later than five years	**19.2**	19.9
Later than five years	**6.1**	9.1
Minimum lease charges	**41.0**	38.7
Future finance charges	**(4.9)**	(6.2)
TOTAL LEASE LIABILITIES NOT RECOGNISED AS A LIABILITY	**36.1**	32.5

c) Capital commitments

Commitments in relation to non-contracted capital expenditure are as follows:

$'m	2014	Restated 2013
Within one year	**6.3**	17.1
Later than one year but not later than five years	**-**	25.8
Later than five years	**-**	-
TOTAL CAPITAL COMMITMENTS NOT RECOGNISED AS A LIABILITY	**6.3**	42.9

WORKING CAPITAL

11. TRADE AND OTHER RECEIVABLES

$'m	2014	Restated 2013
Trade and other receivables	**515.4**	531.4
Less provision for impairment of receivables	**(14.9)**	(9.5)
	500.5	521.9
Loans to associates and joint ventures	**-**	2.7
TRADE AND OTHER RECEIVABLES	**500.5**	524.6

Due to the short-term nature of current trade and other receivables, their fair value approximates their carrying value.

a) Credit risk

The majority of the Group's receivables are in the form of contracted agreements with customers. 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 certain operations and maintenance services. Impairment losses are mainly attributed to dispute resolutions as opposed to default of payments.

The ageing of the Group's trade and other receivables including loans to associates and joint ventures was:

	2014			Restated 2013		
	Impaired Provided $'m	Not impaired $'m	Gross total $'m	Impaired Provided $'m	Not impaired $'m	Gross total $'m
Not due	**0.4**	**426.1**	**426.5**	-	430.1	430.1
1-30 days overdue	**1.2**	**46.5**	**47.7**	-	31.0	31.0
31-60 days overdue	**-**	**9.9**	**9.9**	-	17.1	17.1
61-90 days overdue	**-**	**6.7**	**6.7**	-	9.9	9.9
91-120 days overdue	**0.1**	**4.4**	**4.5**	-	9.6	9.6
> 121 days overdue	**13.2**	**6.9**	**20.1**	9.5	26.9	36.4
TRADE & OTHER RECEIVABLES	**14.9**	**500.5**	**515.4**	9.5	524.6	534.1

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 certain Group service provisions. No collateral has been obtained for any amounts that have been identified as overdue or impaired.

At 30 June 2014, the Group transferred $40.8m (30 June 2013: $32.5m) of trade receivables to Bank of America. These are excluded from trade receivables as the Group transferred substantially all the risks and rewards associated with these assets.

b) Impaired trade and other receivables

Movements in the provision for impaired receivables are as follows:

$'m	2014	2013
At 1 July	**9.5**	7.8
Increase in provision recognised in other expenses	**12.6**	6.7
Provision utilised/reversed	**(7.0)**	(5.0)
Foreign currency exchange differences	**(0.2)**	-
AT 30 JUNE	**14.9**	9.5

12. INVENTORIES

$'m	2014	Restated 2013
Raw materials	**33.0**	26.2
Work in progress	**176.5**	215.1
INVENTORIES	**209.5**	241.3
Raw materials recognised as an expense during the year	**194.5**	217.6

Work in progress

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

Work in progress for contracts that are recognised on a percentage of completion basis is stated at the aggregate of contract costs incurred to date plus recognised profit less recognised losses and less progress billings.

Where progress billings exceed the aggregate costs incurred plus profits less losses, the resulting work in progress is included in current 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 Group's general maintenance activities.

13 TRADE AND OTHER PAYABLES

$'m	2014	Restated 2013
Trade payables	**367.0**	484.5
Other payables	**174.1**	193.1
TRADE AND OTHER PAYABLES	**541.1**	677.6

Trade payables are unsecured and usually paid within 30-60 days of recognition.

Due to the short term nature of current trade and other payables, their fair value approximates their carrying value.

CAPITAL EMPLOYED

14. EMPLOYEE BENEFITS

$'m	2014 Current	2014 Non-current	Restated 2013 Current	Restated 2013 Non-current
Annual leave*	**67.1**	**-**	72.4	-
Long service leave	**23.4**	**17.0**	24.4	12.6
Other employee benefits	**32.6**	**12.0**	32.3	16.8
EMPLOYEE BENEFITS	**123.1**	**29.0**	129.1	29.4

*Refer to Note 34(b) for information on prior year comparative restatement information.

15. OTHER PROVISIONS

$'m	2014 Current	2014 Non-current	Restated 2013 Current	Restated 2013 Non-current
Lease 'make-good' provision	**2.4**	**6.3**	1.7	6.5
Provision for onerous contracts	**44.2**	**-**	19.0	0.2
Warranty provision/self insurance	**2.2**	**4.4**	0.9	10.0
Other	**13.1**	**-**	14.2	-
OTHER PROVISIONS	**61.9**	**10.7**	35.8	16.7

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

$'m	Lease 'make-good'	Onerous contracts	Warranty / self-insurance	Other	Total
At 1 July 2013	**8.2**	**19.2**	**10.9**	**14.2**	**52.5**
Effects of changes in exchange rates	**-**	**1.3**	**-**	**-**	**1.3**
Provision created and finance costs	**2.2**	**32.4**	**1.2**	**2.5**	**38.3**
Provision utilised/reversed	**(1.7)**	**(8.7)**	**(5.5)**	**(3.6)**	**(19.5)**
AT 30 JUNE 2014	**8.7**	**44.2**	**6.6**	**13.1**	**72.6**
At 1 July 2012 (Restated)	7.7	0.2	7.7	27.0	42.6
Effects of changes in exchange rates	0.2	-	1.1	0.3	1.6
Transfers between categories	-	0.2	1.4	(1.6)	-
Provision created and finance costs	1.5	11.2	1.5	12.8	27.0
Acquisition of subsidiaries	-	15.7	-	-	15.7
Provision utilised/reversed	(1.2)	(8.1)	(0.8)	(24.3)	(34.4)
AT 30 JUNE 2013 (RESTATED)	8.2	19.2	10.9	14.2	52.5

Provision policies

Make-good

Provisions are raised for estimated 'make-good' expenses for the Group's operating leases, namely lease premises. Reasonable estimates based on historical data have been used to calculate terminal value, which has been discounted to present value. Management reassesses this provision semi-annually. Payments are expected to be made at the end of the remaining lease term typically between 1 and 10 years.

Warranty / self insurance

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.

Other

Other provisions include provisions created upon acquisition of businesses acquired by the Group and include any contingent consideration payable. These amounts are initially recognised at fair value at acquisition date and may be reversed if it is determined that they are no longer required.

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.

16. INTEREST IN JOINT VENTURES

	Aggregate carrying amount		Aggregate share of profit & comprehensive income	
$'m	2014	2013	2014	Restated 2013
Material joint ventures	**127.7**	111.7	**12.4**	21.4
Other joint ventures	**1.4**	19.9	**4.8**	4.3
INTERESTS IN JOINT VENTURES	**129.1**	131.6	**17.2**	25.7

a) Share of joint ventures commitment and contingent liabilities

$'m	2014	Restated 2013
Lease commitments	**25.3**	20.6
Other commitments	**0.2**	10.3
TOTAL EXPENDITURE COMMITMENTS	**25.5**	30.9

b) Material interest in joint ventures

The joint ventures which, in the opinion of the directors, are material to the Group as at 30 June 2014 are as follows:

			Ownership		Carrying amount	
Name of joint venture	Country of incorporation	Principal activity	2014 %	2013 %	2014 $'m	Restated 2013 $'m
Easternwell Drilling Services Holdings Pty Ltd	Australia	Well servicing	**50**	50	**53.7**	51.6
Transfield Worley Power Services Pty Ltd	Australia	Operations and maintenance	**50**	50	**33.8**	31.8
MT Equipment Holdings Pty Ltd	Australia	Well servicing	**75**	-	**14.4**	-
Harbour City Ferries Partnership	Australia	Operations	**50**	50	**8.1**	8.1
Flint Transfield Services Ltd	Canada	Operations and maintenance	**50**	50	**12.4**	13.3
Transfield Dexter Gateway Services Ltd	Canada	Operations and maintenance	**50**	50	**5.3**	6.9
MATERIAL INTERESTS IN JOINT VENTURES					**127.7**	111.7
Transfield Services WorleyParsons JV (M) Sdn Bhd	Malaysia	Operations and maintenance	**50**	50	**1.4**	1.2
Transfield Worley Limited	New Zealand	Operations and maintenance	**-**	50	**-**	9.5
Transfield Mannai Facilities Management Services WLL	Qatar	Operations and maintenance	**-**	49	**-**	2.1
Transfield WorleyParsons Nouvelle Caledonie (in liquidation)	New Caledonia	Operations and maintenance	**-**	50	**-**	5.7
Others	Various	Various	**Various**	Various	**-**	1.4
INTERESTS IN JOINT VENTURES					**129.1**	131.6

c) Summarised financial information for material joint ventures

The information disclosed below reflects the amounts presented in the financial statements of the relevant joint ventures as amended to reflect adjustments made by the entity when using the equity method and modifications for differences in accounting policy, if any:

	Eastenwell Drilling Services Holdings P/L		Transfield Worley Power Services P/L		Harbour City Ferries Partnership	
$'m	2014	2013	2014	2013	2014	2013
Statement of comprehensive income						
Revenues	**53.6**	50.9	**242.0**	201.4	**128.3**	114.4
Expenses	**(46.8)**	(41.2)	**(221.6)**	(189.0)	**(122.2)**	(105.9)
Depreciation and amortisation	**(0.9)**	(2.7)	**(4.2)**	(2.3)	**(0.5)**	-
Net finance income / (expense)	**-**	(0.5)	**(0.9)**	(1.3)	**-**	0.5
Income tax expense	**(1.8)**	(1.3)	**(5.9)**	(3.3)	**-**	-
PROFIT & OTHER COMPREHENSIVE INCOME	**4.1**	5.2	**9.4**	5.5	**5.6**	9.0
Statement of financial position						
Cash	**6.6**	3.6	**10.8**	7.3	**19.8**	7.1
Other current assets	**7.4**	9.8	**33.1**	12.5	**28.6**	37.3
Non-current assets	**101.3**	102.6	**68.1**	54.6	**4.5**	2.6
TOTAL ASSETS	**115.3**	116.0	**112.0**	74.4	**52.9**	47.0
Current borrowings	**-**	-	**-**	-	**-**	-
Other current liabilities	**3.6**	6.1	**29.4**	6.4	**19.9**	0.8
Non-current borrowings	**-**	3.1	**-**	-	**-**	-
Other non-current liabilities	**4.3**	3.6	**15.0**	4.4	**16.8**	30.1
TOTAL LIABILITIES	**7.9**	12.8	**44.4**	10.8	**36.7**	30.9
NET ASSETS	**107.4**	103.2	**67.6**	63.6	**16.2**	16.1
Reconciliation to carrying amount						
Group interest in net assets at 1 July	**51.6**	49.0	**31.8**	7.0	**8.1**	7.5
Share of total comprehensive income	**2.1**	2.6	**4.7**	2.8	**2.8**	4.5
Dividend received during the year	**-**	-	**(4.3)**	(3.5)	**(2.8)**	(3.9)
Effect of changes in exchange rates	**-**	-	**-**	-	**-**	-
Additions	**-**	-	**1.6**	25.5	**-**	-
Other	-	-	-	-	-	-
CARRYING AMOUNT AT 30 JUNE	**53.7**	51.6	**33.8**	31.8	**8.1**	8.1

$'m	Flint Transfield Services Limited 2014	Flint Transfield Services Limited 2013	Transfield Dexter Gateway Services Ltd 2014	Transfield Dexter Gateway Services Ltd 2013	MT Equipment Holdings Pty Ltd 2014	MT Equipment Holdings Pty Ltd 2013
Statement of comprehensive income						
Revenues	**437.2**	495.7	**22.3**	16.0	**4.0**	-
Expenses	**(423.7)**	(462.1)	**(18.5)**	(13.0)	**(3.1)**	-
Depreciation and amortisation	**(6.4)**	(3.3)	**(0.4)**	(0.3)	**(0.4)**	-
Net finance income / (expense)	**(2.7)**	(1.9)	**(0.4)**	(0.4)	**(0.5)**	-
Income tax expense	**(0.9)**	(7.0)	**(1.0)**	(0.7)	**-**	-
PROFIT & OTHER COMPREHENSIVE INCOME	**3.5**	21.4	**2.0**	1.6	**-**	-
Statement of financial position						
Cash	**-**	-	**0.7**	(3.7)	**28.6**	-
Other current assets	**126.7**	138.7	**15.4**	14.6	**1.2**	-
Non-current assets	**21.1**	20.5	**7.3**	23.6	**41.6**	-
TOTAL ASSETS	**147.8**	159.2	**23.4**	34.5	**71.4**	-
Current borrowings	**71.7**	76.1	**-**	-	**-**	-
Other current liabilities	**44.4**	49.6	**4.3**	2.3	**3.0**	-
Non-current borrowings	**5.9**	5.7	**8.5**	18.5	**49.2**	-
Other non-current liabilities	**1.0**	1.2	**-**	-	**-**	-
TOTAL LIABILITIES	**123.0**	132.6	**12.8**	20.8	**52.2**	-
NET ASSETS	**24.8**	26.6	**10.6**	13.7	**19.2**	-
Reconciliation to carrying amount						
Group interest in net assets at 1 July	**13.3**	13.0	**6.9**	7.9	**-**	-
Share of total comprehensive income	**1.8**	10.7	**1.0**	0.8	**-**	-
Dividend received during the year	**(3.1)**	(12.3)	**(1.5)**	(3.5)	**-**	-
Effect of changes in exchange rates	**(0.7)**	2.9	**(0.1)**	(0.4)	**-**	-
Additions	**-**	-	**-**	-	**14.4**	
Other	**1.1**	(1.0)	**(1.0)**	2.1	**-**	-
CARRYING AMOUNT AT 30 JUNE	**12.4**	13.3	**5.3**	6.9	**14.4**	-

17. OTHER FINANCIAL ASSETS

$'m	2014	2013
RATCH Australia Corporation Limited (RAC)	**93.2**	93.2
Other investments	**0.4**	0.4
OTHER FINANCIAL ASSETS	**93.6**	93.6

a) Classification and measurement of Investment in RAC

The investment in RAC comprises unquoted equity shares and loan receivables. It is classified as an available-for-sale financial asset recorded at fair value with revaluation increments/decrements recorded in reserves in equity.

b) Estimate of fair value of investment in RAC

The investment in RAC is classified as a level 3 financial asset within the fair value hierarchy (see Note 35).

Its fair value was determined by the Board with input from a valuation expert using the discounted cash flow method and assessed against comparable multiples for reasonableness.

The fair value is sensitive to movements in discount rate and long term estimates of power pricing. The table below sets out the impact on the Group's equity of changes in these assumptions that are deemed reasonably possible at 30 June 2014.

$'m	%	2014 Equity	2013 Equity
Discount rate	+1.0	**(14.6)**	(5.3)
Discount rate	-1.0	**17.4**	6.2
Power pricing	+10	**2.1**	6.7
Power pricing	-10	**(2.1)**	(6.7)

18. PROPERTY, PLANT AND EQUIPMENT

$'m	Land and leasehold improvements	Plant and equipment	Leased plant & equipment	Capital work in progress	Total
At 1 July 2013 (Restated)	**21.7**	**311.0**	**28.9**	**142.2**	**503.8**
Exchange differences	**0.2**	**1.1**	**(1.9)**	**-**	**(0.6)**
Additions	**0.6**	**16.7**	**6.1**	**47.3**	**70.7**
Reclassifications	**4.6**	**128.2**	**7.9**	**(140.7)**	**-**
Depreciation	**(5.9)**	**(53.3)**	**(8.2)**	**-**	**(67.4)**
Disposals and write-offs	**(2.0)**	**(21.1)**	**(3.6)**	**(0.1)**	**(26.8)**
AT 30 JUNE 2014	**19.2**	**382.6**	**29.2**	**48.7**	**479.7**
Cost	**39.3**	**688.4**	**58.1**	**48.7**	**834.5**
Accumulated depreciation	**(20.1)**	**(305.8)**	**(28.9)**	**-**	**(354.8)**
AT 30 JUNE 2014	**19.2**	**382.6**	**29.2**	**48.7**	**479.7**
At 1 July 2012 (Restated)	25.6	277.8	40.1	124.5	468.0
Exchange differences	0.3	1.3	0.3	-	1.9
Reclassifications	(0.6)	116.6	(4.1)	(111.9)	-
Additions	2.1	24.0	1.1	132.2	159.4
Acquisition of subsidiaries	-	4.4	-	-	4.4
Depreciation	(5.3)	(68.0)	(6.1)	-	(79.4)
Impairment	-	(33.0)	-	-	(33.0)
Disposals and write-offs	(0.4)	(12.1)	(2.4)	(2.6)	(17.5)
AT 30 JUNE 2013 (RESTATED)	21.7	311.0	28.9	142.2	503.8
Cost	41.9	627.4	47.0	142.2	858.5
Accumulated depreciation	(20.2)	(316.4)	(18.1)	-	(354.7)
AT 30 JUNE 2013 (RESTATED)	21.7	311.0	28.9	142.2	503.8

The Group capitalised $7.9m in finance costs attributable to qualifying assets during the year (2013: $9.3m).

At 30 June 2014, there are no secured items of property, plant and equipment other than items under finance lease.

19. INTANGIBLE ASSETS

$'m	Goodwill	Contract intangibles	Trademarks and brands	Customer relationships	Others	Total
At 1 July 2013	**481.3**	**10.7**	**8.9**	**60.3**	**1.4**	**562.6**
Exchange differences	**4.5**	**0.3**	**-**	**0.8**	**-**	**5.6**
Additions	**-**	**-**	**-**	**-**	**-**	**-**
Disposals	**(1.1)**	**-**	**(0.5)**	**(0.4)**	**-**	**(2.0)**
Amortisation charge	**-**	**(3.8)**	**(0.9)**	**(9.3)**	**(0.1)**	**(14.1)**
AT 30 JUNE 2014	**484.7**	**7.2**	**7.5**	**51.4**	**1.3**	**552.1**
Cost	**717.3**	**50.0**	**27.1**	**142.7**	**5.5**	**942.6**
Accumulated amortisation	**-**	**(41.9)**	**(9.0)**	**(58.7)**	**(1.8)**	**(111.4)**
Impairment losses	**(232.6)**	**(0.9)**	**(10.6)**	**(32.6)**	**(2.4)**	**(279.1)**
AT 30 JUNE 2014	**484.7**	**7.2**	**7.5**	**51.4**	**1.3**	**552.1**
At 1 July 2012	650.1	36.8	21.5	102.6	3.6	814.6
Exchange differences	18.1	2.1	-	(0.4)	(0.1)	19.7
Additions	23.4	-	-	0.1	0.5	24.0
Net transfers	22.3	(22.3)	(0.6)	0.6	-	-
Impairment	(232.6)	(0.9)	(10.6)	(32.6)	(2.4)	(279.1)
Amortisation charge	-	(5.0)	(1.4)	(10.0)	(0.2)	(16.6)
AT 30 JUNE 2013	481.3	10.7	8.9	60.3	1.4	562.6
Cost	713.9	49.7	27.6	142.3	5.5	939.0
Accumulated amortisation	-	(38.1)	(8.1)	(49.4)	(1.7)	(97.3)
Impairment losses	(232.6)	(0.9)	(10.6)	(32.6)	(2.4)	(279.1)
AT 30 JUNE 2013	481.3	10.7	8.9	60.3	1.4	562.6

a) Impairment testing for cash generating units ('CGU') containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating business units and geographic locations that represent the lowest level within the Group at which goodwill is monitored for internal management purposes. The recoverable amount of all CGUs was based on value in use in both the current and prior year, except for MEA where fair value less costs of disposal was used in 2013.

The aggregate carrying amounts of goodwill allocated to the Group's business units are as follows:

$'m	2014	2013
ANZ Resources & Energy	**233.6**	233.6
New Zealand	**117.6**	107.2
Australia Infrastructure	**62.3**	62.3
MATERIAL CGUs	**413.5**	**403.1**
Chilean Resources & Energy	**40.4**	45.6
Americas Infrastructure - Transport markets	**22.1**	22.7
US Resources & Energy - Upstream markets	**8.7**	8.8
Middle East & Asia	**-**	1.1
TOTAL CARRYING VALUE	**484.7**	481.3

b) Key assumptions used for value in use calculations

Value in use was determined by discounting the future cash flows generated from the continuing use of the CGU. Cash flows were projected based on actual operating results, the Board approved budget and five year business plans.

Cash flows were extrapolated for a further five-year period, as this reflects the period of time over which businesses are expected to develop to a steady state of maturity. Extrapolations to 10 years were performed using rates which do not exceed the long-term average growth rate for the industry and economy. Terminal growth rates are then applied to the cash flows, which did not exceed 3%.

Assumptions used to determine future cash flows, such as gross margin, are based on management's best estimate of the CGUs performance, taking into account past performance. In calculating the value in use for each CGU, the Group has applied post-tax discount rates to discount post-tax cash flows. The discount rates used reflect specific risks relating to the relevant CGUs and countries in which they operate.

The following key assumptions were used to determine the recoverable amounts for the Group's material CGUs:

%	Growth rate*		Discount rate post-tax	
	2014	2013	2014	2013
ANZ Resources & Energy	**3.2**	2.8	**11.5**	11.5
Australia Infrastructure	**5.0**	6.6	**10.6**	10.7
New Zealand	**2.2**	2.1	**11.8**	11.1

* The growth rate represents the compound annual growth rate of revenue over the ten year forecast period.

No reasonably possible change in the assumptions for these CGUs would give rise to an impairment.

Impairment

During the comparative reporting period, in conjunction with an internal strategic portfolio review, the Group identified indicators of impairment in the Easternwell, Americas and MEA segments. As such, the Group assessed the recoverable value of the cash generating units (CGUs) within these businesses and recognised the following impairment losses:

2013	$'m
By Cash Generating Units	
Easternwell Minerals Exploration	115.5
Easternwell Minerals Production	45.2
Easternwell Marine Geotechnical	18.6
Easternwell Other	8.5
United States -Downstream Maintenance	87.2
Chile	33.5
Continuing operations	308.5
Middle East & Asia	9.3
IMPAIRMENT BEFORE TAX	317.8
Tax impact of impairment	(19.6)
IMPAIRMENT	298.2

	$'m
By category of assets	
Intangible assets	279.0
Property, plant and equipment	33.0
Other assets	5.8
IMPAIRMENT BEFORE TAX	317.8
Tax impact of impairment	(19.6)
IMPAIRMENT	298.2

TAXATION

20. INCOME TAXES

$'m	2014	2013
Current tax	**30.7**	9.7
Deferred tax	**(26.6)**	(28.6)
Adjustments for current tax of prior periods	**(10.1)**	4.1
INCOME TAX BENEFIT	**(6.0)**	(14.8)
Income tax expense included in loss from discontinued operations	**1.2**	0.6
Income tax benefit arising from continuing operations	**(7.2)**	(15.4)
NET INCOME TAX BENEFIT	**(6.0)**	(14.8)
Deferred income tax benefit included in income tax benefit above comprises:		
Increase in deferred tax assets (Note 21)	**(7.3)**	(15.6)
Decrease in deferred tax liabilities (Note 22)	**(19.3)**	(13.0)
MOVEMENTS IN DEFERRED TAX	**(26.6)**	(28.6)
Numerical reconciliation of income tax expense to prima facie tax		
Profit / (loss) from continuing operations before income tax expense	**59.2**	(259.3)
Loss from discontinued operations before income tax expense	**(12.4)**	(10.0)
Profit / (loss) before income tax expense	**46.8**	(269.3)
Income tax calculated at 30% (2013: 30%)	**14.0**	(80.8)
Tax effects of amounts which are not taxable / deductible in calculating taxable income:		
Non-taxable income	**(6.2)**	(1.4)
Non-deductible impairment booked	**0.5**	77.2
Dividends received	**0.8**	1.4
Tax losses (brought to account) / written off	**4.2**	(10.1)
Share of net profits of associates and joint venture entities	**(3.8)**	(6.6)
Research and development expenditure	**(0.9)**	(1.4)
Other	**12.4**	7.6
	21.0	(14.1)
Differences in overseas tax rates and benefits on overseas income and expenses	**(17.3)**	(5.2)
Withholding and other taxes	**-**	0.4
Adjustments for current tax of prior periods	**(9.7)**	4.1
INCOME TAX BENEFIT	**(6.0)**	(14.8)

21. DEFERRED TAX ASSETS

$'m	2014	2013
Amount expected to be recovered after more than 12 months	**56.4**	49.8
Amount expected to be recovered within 12 months	**108.9**	104.9
Gross deferred tax assets	**165.3**	154.7
Set off deferred tax liabilities within common jurisdictions	**(86.1)**	(101.5)
NET DEFERRED TAX ASSETS	**79.2**	53.2

$'m	Creditors/ Deferred income	Tax losses	Employee benefits	Doubtful debts	Other	Total
At 1 July 2013	**55.3**	**40.6**	**37.9**	**5.8**	**15.1**	**154.7**
(Charged) / credited						
- profit or loss	**(0.8)**	**7.6**	**0.6**	**(0.6)**	**0.5**	**7.3**
- other comprehensive income	**-**	**-**	**-**	**-**	**3.7**	**3.7**
Effect of exchange rates changes	**0.1**	**(0.6)**	**0.2**	**(0.1)**	**-**	**(0.4)**
AT 30 JUNE 2014	**54.6**	**47.6**	**38.7**	**5.1**	**19.3**	**165.3**
At 1 July 2012	31.6	42.0	34.7	2.0	17.9	128.2
(Charged) / credited to						
- profit or loss	17.2	(5.0)	2.9	3.7	(1.6)	17.2
- other comprehensive income	-	-	-	-	(1.6)	(1.6)
Acquisition of subsidiaries	5.8	-	-	-	-	5.8
Effect of exchange rates changes	0.7	3.6	0.3	0.1	0.4	5.1
AT 30 JUNE 2013	55.3	40.6	37.9	5.8	15.1	154.7

22. DEFERRED TAX LIABILITIES

$'m	2014	2013
Amount to be settled after more than 12 months	**37.5**	40.0
Amount to be settled within 12 months	**53.4**	68.2
Gross deferred tax liabilities	**90.9**	108.2
Set off deferred tax assets within common jurisdictions	**(86.1)**	(101.5)
NET DEFERRED TAX LIABILITIES	**4.8**	6.7

$'m	Inventories and work in progress	Plant and equipment	Receivables and other assets	Intangible assets	Other	Total
At 1 July 2013	**49.5**	**13.8**	**16.7**	**26.2**	**2.0**	**108.2**
Charged / (credited) to						
- profit or loss	**(18.8)**	**5.8**	**0.6**	**(8.7)**	**1.8**	**(19.3)**
- other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**
Effect of exchange rates changes	**1.5**	**0.2**	**-**	**0.2**	**0.1**	**2.0**
AT 30 JUNE 2014	**32.2**	**19.8**	**17.3**	**17.7**	**3.9**	**90.9**
At 1 July 2012	37.0	11.3	20.1	45.3	3.3	116.9
Charged / (credited) to						
- profit or loss	10.6	2.3	(3.4)	(21.1)	-	(11.6)
- other comprehensive income	-	-	-	-	(1.2)	(1.2)
Effect of exchange rates changes	1.9	0.2	-	2.0	-	4.1
AT 30 JUNE 2013	49.5	13.8	16.7	26.2	2.0	108.2

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 a disposal of a subsidiary.

NET DEBT

23. CASH AND CASH EQUIVALENTS

$'m	2014	Restated 2013
Cash at bank and on hand	**215.2**	182.9
Cash on deposit – at call	**-**	3.3
	215.2	186.2
Restricted cash	**9.6**	9.9
CASH AND CASH EQUIVALENTS	**224.8**	196.1

The fair value of cash and cash equivalents is considered to be the same as the carrying value.

Floating interest rates on deposits were from 0 per cent to 3.25 per cent (2013: 0 per cent to 5.05 per cent) per annum.

Floating interest rates on cash at bank were from 0 per cent to 2.63 per cent (2013: 0 per cent to 3.68 per cent) per annum.

Restricted cash is cash held in escrow relating to the sale of USM IN 2011.

24. OPERATING PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

$'m	2014	Restated 2013
Total operating profit / (loss) after income tax	**52.8**	(254.5)
Add: Deficit of net cash finance costs over accounting cost	**8.6**	4.6
Add: Share based payments	**(1.5)**	0.1
Add: Depreciation	**67.4**	90.5
Add: Amortisation	**14.1**	16.9
Add: Impairment	**1.5**	317.8
Unrealised foreign exchange gain	**(2.0)**	(1.6)
Disposal of operations and maintenance business recognised in investing activities	**-**	(26.7)
Disposal of controlled entities and interest in joint ventures	**(12.1)**	-
Difference between share of joint ventures' results and distributions/dividends received	**(0.3)**	4.3
Other non-cash items	**(7.1)**	(2.4)
Change in operating assets and liabilities (net of effects from purchase or sale of controlled entities and joint ventures)		
Decrease in trade and other receivables	**7.9**	44.4
Decrease / (increase) in inventories	**28.7**	(78.8)
Increase in deferred tax assets	**(7.8)**	(31.3)
Increase in other operating assets	**(2.4)**	(2.2)
Decrease in income tax receivable	**-**	16.5
Increase in income tax payables	**4.7**	6.1
(Decrease) / increase in trade and other payables	**(149.0)**	109.5
(Decrease) / increase in provision for deferred tax liabilities	**(8.7)**	1.7
Increase in employee and other provisions	**14.7**	6.0
NET CASH INFLOW FROM OPERATING ACTIVITIES	**9.5**	220.9

25. LOANS AND BORROWINGS

$'m	2014 Current	2014 Non-current	Restated 2013 Current	Restated 2013 Non-current
Cash advances	-	-	171.3	354.8
High Yield Bond	-	**348.0**	-	-
United States Private Placement	-	-	-	186.0
Unsecured	-	**348.0**	171.3	540.8
Cash advances	**60.5**	**153.0**	-	-
United States Private Placement	**21.2**	**159.2**	-	-
Lease liabilities	**8.5**	**27.7**	10.8	22.1
Secured	**90.2**	**339.9**	10.8	22.1
Less: Unamortised borrowing costs*	**(5.5)**	**(14.1)**	(3.0)	(3.4)
LOANS AND BORROWINGS	**84.7**	**673.8**	179.1	559.5

* Refer to Note 34(b) for information on prior year comparative restatement information.

a) Risk management

Information on financial risk management policies and fair values is included in Note 8.

b) Available facilities

During the period the Group issued US$325m of senior unsecured notes in the United States, maturing in May 2020. The Group also renegotiated the terms of cash advances and the United States Private Placement debt.

Unrestricted access was available at the reporting date to the following facilities:

$'m	2014	2013
Used	**741.9**	712.1
Unused	**215.2**	320.2
BANK OVERDRAFTS AND LOAN FACILITIES	**957.1**	1,032.3

These consist of bank overdraft facilities of AU$21.0 m which are used for the day-to-day working capital requirements of the business and the following combination of syndicated multi-currency debt facility, bilateral facilities, long term senior unsecured notes to institutional investors (United States Private Placement - 'USPP') and High Yield Bonds ("HYB"):

Currency millions	Syndicated debt facility			Bilateral facilities			USPP*	HYB**
Maturity date	AUD	USD	NZ	CAD	CLP	NZ	USD	USD
At call	-	-	-	-	-	-	-	-
November 2014	-	-	-	-	-	**15.0**	-	-
December 2014	-	-	-	-	**9,000.0**	-	**20.0**	-
March 2015	-	-	-	**25.0**	-	-	-	-
June 2015	-	-	-	-	**12,290.0**	-	-	-
December 2016	-	-	-	-	-	-	**50.0**	-
July 2017	**236.0**	**50.0**	**63.0**	-	-	-	-	-
December 2019	-	-	-	-	-	-	**100.0**	-
May 2020	-	-	-	-	-	-	-	**325.0**
TOTAL	**236.0**	**50.0**	**63.0**	**25.0**	**21,290.0**	**15.0**	**170.0**	**325.0**

* The issue of these notes was completed on 29 December 2009 at a weighted average coupon rate of 5.99 per cent.

** These senior unsecured notes attract a coupon rate of 8.375 per cent.

c) Lease liabilities

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.

EQUITY

26. CONTRIBUTED EQUITY

$'m	2014	2013
Ordinary shares – fully paid	**1,131.7**	1,131.7
Shares held by equity compensation plans (Treasury shares)	**(0.3)**	(0.4)
CONTRIBUTED EQUITY	**1,131.4**	1,131.3

a) 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.

Movements in ordinary shares

	2014 $'m	2014 Shares	2013 $'m	2013 Shares
Opening balance	**1,131.7**	**512,457,716**	1,151.5	523,264,938
On market buy back	**-**	**-**	(19.8)	(10,807,222)
CLOSING BALANCE	**1,131.7**	**512,457,716**	1,131.7	512,457,716

b) 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, Transhare Executive Performance Award Plan and to facilitate the employee share plan (TranShare Plan) (refer Note 27).

Movements in Treasury Shares

	2014 $'m	2014 Shares	2013 $'m	2013 Shares
Opening balance	**0.4**	**238,414**	1.1	593,727
Acquisition of shares on market	**-**	**-**	0.4	214,000
Shares transferred to employees	**(0.1)**	**(91,692)**	(1.1)	(569,313)
CLOSING BALANCE	**0.3**	**146,722**	0.4	238,414

27 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 pages 22 to 44.

The table below sets out the number of performance rights granted under the Plan:

	2014 LTI	2014 MTI	2013 LTI	2013 MTI
As at 1 July	**11,376,438**	**800,760**	8,249,198	1,180,240
Granted during the year	**8,735,700**	**1,701,114**	5,563,700	543,700
Exercised during the year	**(30,180)**	**(55,887)**	(318,930)	(243,237)
Forfeited during the year	**(3,472,813)**	**(376,173)**	(2,117,530)	(679,943)
AS AT 30 JUNE	**16,609,145**	**2,069,814**	11,376,438	800,760
Exercisable at 30 June	**106,000**	**2,700**	15,798	-

Performance rights outstanding at the end of the year have the following expiry date:

Grant date	Expiry date	2014 LTI	2014 MTI	2013 LTI	2013 MTI
31-Aug-08	31-Aug-14	**-**	**-**	15,798	-
26-Sep-09	26-Sep-15	**106,000**	**-**	1,087,268	-
6-Oct-10	6-Oct-14	**1,165,111**	**-**	2,033,439	-
30-Sep-11	30-Sep-14	**2,354,434**	**2,700**	2,884,600	257,060
14-Dec-12	30-Sep-15	**4,673,100**	**366,000**	5,355,333	307,800
1-Mar-13	1-Mar-15	**-**	**235,900**	-	235,900
20-Dec-13	30-Sep-16	**8,310,500**	**755,500**	-	-
28-Aug-14	30-Sep-16	**-**	**709,714**		
PERFORMANCE RIGHTS		**16,609,145**	**2,069,814**	11,376,438	800,760
Weighted average remaining contractual life (years)		**1.54**	**1.12**	1.82	1.76

All performance rights were granted for no consideration, have a $nil exercise price and carry no dividend or voting rights.

Performance rights granted on 28 August 2014 relate to rights issued under the 2014 STI deferral program. Of the 709,714 rights issued, the Group has estimated the value for 539,784 rights, as their issuance is subject to approval by members of the parent at the Group's Annual General Meeting.

Fair value of performance rights granted

The assessed fair values at grant date of LTI and MTI performance rights granted during the year ended 30 June 2014 are set out below. They are independently determined using the following pricing model and key inputs:.

20 December 2013		LTI performance rights			MTI awards
Award type	Tranche 1	Tranche 2	Tranche 3	Tranche 1	Tranche 2
Option pricing model	**Binomial**	**Monte-Carlo**	**Binomial**	**Binomial**	**Binomial**
Exercise price and consideration	**$Nil**	**$Nil**	**$Nil**	**$Nil**	**$Nil**
Vesting conditions	**EPS growth**	**Relative TSR**	**ROCE growth**	**EBITDA hurdle**	**EBITDA hurdle**
Expiry date	**30-Sep-16**	**30-Sep-16**	**30-Sep-16**	**30-Sep-14**	**30-Sep-15**
Share price at grant date	**$0.82**	**$0.82**	**$0.82**	**$0.82**	**$0.82**
Expected share price volatility	**50%**	**50%**	**50%**	**50%**	**50%**
Expected dividend yield	**2.40%**	**2.40%**	**2.40%**	**2.40%**	**2.40%**
Risk free interest rate	**2.87%**	**2.87%**	**2.87%**	**2.41%**	**2.61%**
Fair value at grant date	**$0.76**	**$0.37**	**$0.76**	**$0.80**	**$0.78**

Expected volatility is based on an evaluation of the Company's share price, particularly over the historical period commensurate with the expected term.

The fair value of performance rights granted under the 2014 STI deferral program is determined based on the volume weighted average price for the 5 days preceding the grant date.

b) Deferred Retention Incentive Plans

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 short term incentive (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 Plan but are not eligible to participate in the Company's long term incentive (LTI) Plan 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 achieving the earnings targets and is subject to forfeiture in the event that employment within the Group is terminated within three years from the date the ST-DI payment determination date, or as per the contracted term.

General Medium-term Incentive (General MTI)

The Group's general MTI plan replaced a similar plan called the short-term deferred retention incentive (ST-DRI), which was in place until 30 June 2010. Eligible employees retained their entitlements under the ST-DRI scheme however new awards are granted under the General MTI scheme which is issued under the TranShare Executive Performance Awards Plan. The Company delivers the General MTI component of its remuneration structure to employees who previously would have been eligible for the ST-DRI. Under the General MTI, eligible employees receive an award of performance rights based on a percentage of their total fixed remuneration. These performance rights are subject to vesting conditions based on the Company maintaining its earnings performance for 12 and 24 months from the base year. The number of performance rights to be offered to the participant under the general MTI is calculated by dividing the general MTI amount by the ten-day average closing price of the Company's shares on the date the general MTI amount is approved. Shares are subject to forfeiture in the event that employment with the Group is terminated within two years from the date of grant.

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. The acquisition of shares under the TranShare Plan was suspended on 19 May 2009 following changes to the equity plan taxation legislation. The final restructure end dates for shares acquired under the plan were 24 June 2012 for the Australian participants and 23 June 2012 for New Zealand participants.

Expenses arising from share-based payment transactions

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

$'m	2014	2013
Performance rights expensed under TranShare Executive Performance Awards Plan	**(1.1)**	1.1
Short-term deferred retention incentives expensed	**-**	-
EXPENSE BEFORE TAX ARISING FROM SHARE-BASED PAYMENT TRANSACTIONS	**(1.1)**	1.1

28. DIVIDENDS

$'m	2014	2013
Ordinary shares		
2012 final dividend of 9.0 cents per fully paid share (2011: 9.0 cents)	**-**	46.3
2013 interim dividend of 3.0 cents per fully paid share unfranked (2012: 5.0 cents)	**-**	15.3
TOTAL DIVIDENDS PROVIDED FOR OR PAID	**-**	61.6

Based on the Group's capital management policies, the Directors have determined that it is not appropriate to pay a final dividend for the period.

$'m	2014	2013
Franking credits	**-**	1.1

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 historic full franking of dividends has caused the franking credit balance to deplete over time such that the Group expects to pay dividends in future periods at less than a fully franked level.

OTHER INFORMATION

29 RELATED PARTY TRANSACTIONS

a) Parent entity and ultimate controlling party

The parent and ultimate controlling entity of the Group is Transfield Services Limited.

b) Transaction with key management personnel (KMP)

Compensation

$'000	2014	2013
Short-term employee benefits (cash salary & fees, cash bonuses and non-monetary benefits)	**8,391**	7,377
Long-term employee benefits	**172**	70
Post-employment benefits	**148**	211
Share-based payments	**303**	1,652
Termination benefits	**302**	613
TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL	**9,316**	9,923

Detailed remuneration disclosures of KMP can be found in the Remuneration Report on pages 22 to 44.

Other transactions

KMP that are shareholders have rights to receive dividends on the same terms and conditions than other shareholders. They did not receive any dividend during the period (2013: $7,418,183).

c) Other related entities transactions

	Transaction value for the year ended 30 June		Unsecured balance outstanding at 30 June	
$'000	2014	2013	2014	2013
Sale of goods and services				
Joint ventures	**52,512**	47,763	**4,769**	2,229
Purchase of goods				
Joint ventures	**565**	192	**-**	14

All transactions with related parties were made on normal commercial terms and conditions and at market rates. Some loans to related party entities carry no fixed terms for repayment.

No provision for doubtful debts or expense has been recognised in respect of amount owed by related parties.

The parent entity provides performance guarantees from time to time on behalf of related parties. These guarantees will only crystallise if the respective guaranteed parties fail to meet their performance obligations.

30. REMUNERATION OF AUDITORS

During the year the following amounts were paid to the auditor of the parent entity, its related practices and non-related audit firms.

$	2014	2013
Audit services and review of financial reports	**2,140,300**	2,109,400
Other assurance and due diligence services	**698,300**	556,500
Other advisory services	**249,200**	-
TOTAL FEES PAID TO KPMG	**3,087,800**	2,665,900
Audit services	**152,700**	4,307
Taxation services	**2,137,200**	1,958,218
Other advisory services	**2,800,800**	3,243,600
TOTAL FEES PAID TO OTHER FIRMS	**5,090,700**	5,206,125

GROUP STRUCTURE

31. SUBSIDIARIES

a) Material subsidiaries

The group principal subsidiaries at 30 June 2014 are set out below:

Entity	Country of	Class of	Ultimate equity holding	
%	incorporation	shares	2014	2013
Transfield Services (Australia) Pty Limited	Australia	Ordinary	**100**	100
Transfield Services (New Zealand) Limited	New Zealand	Ordinary	**100**	100
Transfield Services Americas Inc,	USA	Ordinary	**100**	100
Transfield Services Infrastructure Inc.	USA	Ordinary	**100**	100
Transfield Services (Canada) Limited	Canada	Ordinary	**100**	100
TIMEC Company Inc.	USA	Ordinary	**100**	100
APP Corporation Pty Limited	Australia	Ordinary	**100**	100
Easternwell Group Pty Limited	Australia	Ordinary	**100**	100

The group has no subsidiaries with a material non-controlling interest or any protective rights that restrict the Group's ability to access or use its assets or settle its liabilities.

32. DEED OF CROSS GUARANTEE

The following entities are parties to a deed of cross guarantee under which each company guarantees the debts of the others.

- 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
- Transfield Services Engineering Group Pty Limited
- ICD Asia Pacific Pty Limited
- Transfield Services (Oil & Gas) Pty Limited
- Easternwell Group Pty Limited
- Piver Pty Limited, Easternwell WA Pty Limited
- Gorey & Cole Holdings Pty Limited
- Gorey & Cole Drillers Pty Limited
- Australian Drilling Solutions Pty Limited
- Sides Drilling Pty Limited
- Sides Drilling Contractors Pty Limited (trading in its own right)
- Sides Drilling Contractors Pty Limited ATF the Sides Drilling Contractors Trust
- Easternwell Group Investments Pty Limited
- Easternwell Group Operations Pty Limited
- OGC Services Pty Limited
- Easternwell Drilling Holdings Pty Limited

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.

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'.

a) Consolidated statement of profit or loss and other comprehensive income

Set out below is a consolidated Statement of profit or loss and other comprehensive income and summary of movements in consolidated retained profits for the Closed Group.

$'m	2014	Restated 2013
Revenue from continuing operations	**2,843.4**	2,403.5
Share of profits of joint ventures	**4.8**	32.1
Subcontractors, raw materials and consumables	**(931.6)**	(1,040.4)
Employee benefits expense	**(1,440.4)**	(1,175.2)
Depreciation, amortisation and impairment	**(211.7)**	(227.7)
Other expenses	**(230.0)**	(83.2)
Net finance costs	**(22.0)**	(35.5)
Profit / (loss) before income tax	**12.5**	(126.4)
Income tax benefit	**29.0**	0.6
PROFIT / (LOSS) FROM CONTINUING OPERATIONS AFTER INCOME TAX EXPENSE	**41.5**	(125.8)
Retained profits at the beginning of the financial year	**(175.9)**	(2.2)
Net profit / (loss) for the year	**41.5**	(125.8)
Less: Dividends paid	**-**	(47.9)
RETAINED LOSSES AT THE END OF THE FINANCIAL YEAR	**(134.4)**	(175.9)

b) Statement of financial position

Set out below is a consolidated statement of financial position for the Closed Group.

$'m	2014	Restated 2013
Cash and cash equivalents	**158.8**	149.5
Trade and other receivables	**863.4**	840.2
Income tax receivable	**-**	6.1
Inventories	**67.4**	99.9
Prepayments and other current assets	**9.3**	11.0
Derivatives	**1.8**	3.3
Total current assets	**1,100.7**	1,110.0
Prepayments and other non-current assets	**34.0**	37.1
Investments accounted for using the equity method	**87.0**	92.2
Other financial assets	**131.3**	133.3
Property, plant and equipment	**249.6**	304.5
Deferred tax assets	**55.5**	18.3
Intangible assets	**345.4**	333.4
Total non-current assets	**902.8**	918.8
TOTAL ASSETS	**2,003.5**	2,028.8
Trade and other payables	**392.8**	479.0
Loans and borrowings	**-**	53.5
Provision for employee benefits	**113.0**	125.5
Derivatives	**0.5**	0.8
Other provisions	**25.8**	25.6
Total current liabilities	**532.1**	684.4
Loans and borrowings	**406.4**	322.4
Provision for employee benefits	**39.1**	40.9
Derivatives	**14.8**	1.9
Other provisions	**6.9**	5.0
Total non-current liabilities	**467.2**	370.2
TOTAL LIABILITIES	**999.3**	1,054.6
NET ASSETS	**1,004.2**	974.2
Contributed equity	**1,131.4**	1,131.8
Reserves	**7.2**	18.3
Retained profits	**(134.4)**	(175.9)
Parent entity interest	**1,004.2**	974.2
Non-controlling interest	**-**	-
TOTAL EQUITY	**1,004.2**	974.2

33. PARENT ENTITY FINANCIAL INFORMATION

a) Summary financial information

$'m	2014	2013
Current assets	**1,329.6**	1,316.3
Non-current assets	**200.0**	206.2
TOTAL ASSETS	**1,529.6**	1,522.5
Current liabilities	**19.3**	3.0
Non-current liabilities	**394.7**	366.2
TOTAL LIABILITIES	**414.0**	369.2
Contributed equity	**1,131.4**	1,131.7
Reserves	**7.2**	19.7
Retained (losses) / profits	**(23.0)**	1.9
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	**1,115.6**	1,153.3
Profit or loss for the period	**(24.9)**	8.0
Other comprehensive income	**(12.9)**	3.9
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**(37.8)**	11.9

b) Guarantees and contingent liabilities

Details and estimated maximum amounts of contingent liabilities, bank guarantees and letters of credit are disclosed in note 9.

The parent entity is required to guarantee and indemnify related parties for their contractual performance and financial obligations in the normal course of business. These will only give rise to a liability where the related entity fails to meet its obligations and the guarantee is called upon. 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 in relation to these guarantees.

There is also a cross guarantee given by entities within the Extended Closed Group as described in note 32. 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 this guarantee, as the fair value of the guarantees is immaterial.

c) Capital commitments

The parent entity has no capital commitments at 30 June 2014 (2013: $Nil).

34. CHANGE IN ACCOUNTING POLICIES AND PRESENTATION OF COMPARATIVES

a) Change in accounting policies

Principles of consolidation – subsidiaries

As a result of AASB 10, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. AASB 10 introduces a new control model that is applicable to all investees, by focusing on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. In particular, AASB 10 requires the Group to consolidate investees that it controls on the basis of de facto circumstances.

The group has reviewed its investments in other entities to assess whether the consolidation conclusion in relation to these entities is different under AASB 10 than under AASB 127. No differences were found and therefore no adjustments to any of the carrying amounts in the financial statements are required as a result of the adoption of AASB 10.

Principles of accounting for joint arrangements

Under AASB 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement. When making this assessment, the Group is required to consider the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously the structure of the arrangement was the sole focus of classification.

The Group has reviewed the nature of its joint arrangements and determined that a number of its interests in joint ventures that were previously classified as jointly controlled entities under AASB 131 should be classified as joint operations under AASB 11 on the basis that the Group has rights to the respective entities' assets and obligations for their liabilities. As a result, for these arrangements, the Group now recognises its direct right to the jointly held assets, liabilities, revenues and expenses and has incorporated them in the financial statements under the appropriate headings.

As required under AASB 11, the change in policy has been applied retrospectively. As a consequence, adjustments were recognised in the statement of financial position as of 1 July 2012 and comparative figures have been restated.

b) Change in presentation of prior year comparative information

The Group has reclassified $16,900,000 from trade and other receivables to trade and other payables to recognise a right to offset and net settle these amounts, in line with the current year presentation. The Group also reclassified $26,100,000 from trade and other payables to employee benefits provisions, to better reflect the nature of these items, and has reclassified $6,400,000 of unamortised borrowing costs from other assets to loans and borrowings in line with the requirements of AASB 139. Annual leave provisions of $9,300,000 have also been reclassified from non-current employee benefits provisions to current employee benefits provisions to better reflect the Group's present obligation.

Impact on financial statements

The tables below show the effect of the change in accounting policy, discontinued operations and other changes in presentation in each affected line of the financial statements.

Consolidated statement of financial position	30 June 2013			
$'m	Previously reported	Impact of AASB 11	Changes in presentation	Restated
Cash and cash equivalents	178.5	17.6	-	196.1
Trade and other receivables	485.0	56.5	(16.9)	524.6
Equity accounted investments	161.2	(29.6)	-	131.6
Other	1,519.5	3.5	(6.4)	1,516.6
Total assets	2,344.2	48.0	(23.3)	2,368.9
Trade and other payables	666.9	53.7	(43.0)	677.6
Employee benefits	124.5	7.9	26.1	158.5
Other	814.4	0.4	(6.4)	808.4
Total liabilities	1,605.8	62.0	(23.3)	1,644.5
EQUITY	738.4	(14.0)	-	724.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2014

Consolidated statement of financial position	1 July 2012			
$'m	Previously reported	Impact of AASB 11	Changes in presentation	Restated
Cash and cash equivalents	78.9	6.0	-	84.9
Trade and other receivables	536.8	49.1	(17.3)	568.6
Equity accounted investments	135.8	(28.5)	-	107.3
Other	1,634.7	1.4	(9.8)	1,626.3
Total assets	2,386.2	28.0	(27.1)	2,387.1
Trade and other payables	578.0	33.1	(39.2)	571.9
Employee benefits	132.3	6.5	9.4	148.2
Other	614.3	2.4	2.7	619.4
Total liabilities	1,324.6	42.0	(27.1)	1,339.5
EQUITY	1,061.6	(14.0)	-	1,047.6

Consolidated statement of comprehensive income	Year ended 30 June 2013			
$'m	Previously reported	Impact of AASB 11	Impact of discontinued operations	Restated
Revenue	3,451.5	293.9	(51.1)	3,694.3
Share of profit of associates and joint ventures	54.6	(27.2)	(1.7)	25.7
Expenses	(3,298.8)	(266.5)	52.8	(3,512.5)
Impairment	(317.8)	-	9.3	(308.5)
Depreciation and amortisation	(107.4)	-	0.8	(106.6)
Net finance costs	(51.4)	(0.2)	(0.1)	(51.7)
Tax benefit/(expense)	14.8	-	0.6	15.4
Loss from discontinued operations	-	-	(10.6)	(10.6)
Loss for the period	(254.5)	-	-	(254.5)
Other comprehensive income	15.4	-	-	15.4
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(239.1)	-	-	(239.1)

Consolidated statement of cash flows	Year ended 30 June 2013		
$'m	Previously reported	Impact of AASB 11	Restated
Net cash inflow from operating activities	210.3	10.6	220.9
Net cash outflow from investing activities	(162.8)	1.1	(161.7)
Net cash inflow from financing activities	48.7	(0.1)	48.6
NET INCREASE IN CASH HELD	96.2	11.6	107.8

35. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the changes explained in note 34, the Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

a) Basis of preparation of the financial report

These financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. They are presented in Australian dollars, which is the Company's functional and presentation currency.

These financial statements also comply with IFRS as issued by the International Accounting Standards Board.

The Company is a for-profit entity for the purpose of preparing the financial statements.

New and amended standards adopted by the Group

The Group had to change its accounting policies in respect of controlled entities, joint ventures and equity accounted investments as a result of the new AABS 10 Consolidated Financial Statements and AASB 11 Joint Arrangements which became effective for the annual reporting period commencing on 1 July 2013.

The effects of the change in accounting policy on the financial statements are disclosed in note 34(b).

Other new or revised standards that are applicable for the first time in the year ended 30 June 2014 are AASB 13 Fair Value Measurement, AASB 119 Employee Benefits, AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities and AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle. These standards have introduced new disclosures for the annual report but did not have any material effect on the Group's accounting policies or any of the amounts recognised in the financial statements.

b) Basis of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Joint ventures

Interests in joint ventures are accounted for using the equity method. Under this method, the interests are initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income in profit or loss and other comprehensive income respectively.

Joint operations

The Group recognises its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate headings.

c) Business combinations

Business combinations are accounted for using the acquisition method. For every business combination the Group identifies the acquirer, which is the combining entity that obtains control of the combining entities or businesses. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill arising in a business combination is measured at the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, as measured at the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of previously existing relationships between the Group and the acquiree, then the lower of the termination amount as contained in the agreement, and the value of the off-market element, is deducted from the consideration transferred and recognised in other expenses.

A contingent liability of the acquiree is only assumed in a business combination if such a liability represents a present obligation and arises from a past event and its fair value can be measured reliably.

Transaction costs other than those associated with the issue of debt or equity securities, that the Group incurs in connection with the business combination are expensed as incurred.

c) Foreign currency transactions

Transactions and balances

Foreign currency transactions are translated into Australian dollars 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 items denominated in foreign currencies are recognised in profit or loss except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items carried at fair value are reported as part of the fair value gain or loss.

Foreign operations

Assets and liabilities, including goodwill and fair value adjustments arising on consolidation of foreign operations, are translated into Australian currency at year-end exchange rates, while income and expenses are translated at average exchange rates.

Exchange differences arising on translation, including financial liabilities designated as a hedge of a net investment in a foreign operation, are recognised in other comprehensive income and accumulated in the foreign currency translation reserve within equity to the extent that the hedge is effective.

When a foreign operation is sold a proportionate share of such exchange differences is recognised in the profit or loss as part of the gain or loss on sale.

d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director and Chief Executive Officer. `

e) Revenue

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. No margin is recognised where the outcome of the contract cannot be reliably estimated. 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.

Operations and maintenance and facilities management services revenue

Service revenue is recognised when the service is completed in accordance with the terms of the 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.

Asset and project management revenue

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

Construction revenue

Construction revenue relates to contracts for the construction of assets on behalf of third parties. Construction revenue is recognised based on the percentage of completion method when recovery of the consideration is probable, there is no continuing ownership interest with the assets and the amount of revenue can be measured reliably.

Drilling and related services revenue

Drilling and related services revenue is recognised when the service is completed in accordance with the terms of the drilling 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 milestone is reached.

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.

Key performance indicator (KPI) revenue

The Group derives KPI revenue from certain contracts when contract performance hurdles are met. These hurdles are typically safety and performance related. KPI revenue is only recognised when it is probable that the economic benefits associated with the transaction will flow to the entity. The Group's policy is to recognise KPI income on a pro-rata basis to the extent that the Group is capable of achieving the desired outcomes under the terms of the contract and the value of the KPI revenue can be reliably estimated. When an uncertainty arises about the collectability of an amount already recognised as revenue, the uncollectible amount, or the amount in respect of which recovery has ceased to be probable, is recognised as an adjustment to the amount of revenue originally recognised.

f) 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.

Tax consolidation legislation

The head entity, Transfield Services Limited, and its wholly owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003.

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 the head entity for any current tax payable assumed and are compensated by the head entity for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the head entity 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.

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. Transfield Services Limited and the controlled entities in the Australian tax consolidated 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.

g) Leases

Leases 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 asset and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in loans and borrowings.

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 profit or loss 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 asset acquired under finance leases are depreciated over the shorter of the asset's useful life or the lease term where there is no certainty that ownership of the asset will transfer.

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 profit or loss 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.

h) Impairment of assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. 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. 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. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

For the purposes of goodwill impairment testing, cash generating units to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes.

At each reporting date, the Group reviews non-financial assets other than goodwill that have been previously impaired for indications that the conditions that resulted in the impairment have reversed.

Impairment policies in respect of non-derivative financial assets are set out in Note 1(m) and Note 1(o).

i) Trade receivables

All trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method, less provision for impairment. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

Recoverability of trade receivables is reviewed on an on-going 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 profit or loss as 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 provision. Subsequent recoveries of amounts previously written off are credited in profit or loss against other expenses.

j) 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 the estimated sale costs.

Work in progress

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

Work in progress for contracts that are recognised on a percentage of completion basis are stated at the aggregate of contract costs incurred to date plus recognised profit less recognised losses and less progress billings.

Where progress billings exceed the aggregate costs incurred plus profits less losses, the resulting work in progress is included in current 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 Group's general maintenance activities.

k) Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the consolidated statement of financial position.

l) Discontinued operations and non-current assets held for sale

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 statement of profit or loss.

Non-current assets that are expected to be recovered primarily through sale rather than continuing use, are classified as held for sale. Immediately before classification as held for sale the assets are re-measured in accordance with the Group's accounting policies. Thereafter the assets are measured at the lower of their carrying value and fair value less cost to sell.

m) Non-derivative financial assets

Recognition

Regular purchases and sales of non-derivative financial assets are recognised on trade date being the date on which the Group commits to purchase or sell the asset. Non-derivative 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.

Classification

The Group classifies its non-derivative financial assets as either loans or receivables or available-for-sale financial assets, depending on the purpose for which the investments were acquired. Management determines the classification of its non-derivative financial assets 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 statement of financial position date, which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

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

Available-for-sale financial assets

Available-for-sale financial assets, principally comprising equity securities, are non-derivatives that are either designated in this category or not classified in any other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of balance date and the sale is highly probable.

Available-for-sale financial assets are measured at fair value plus transaction costs with revaluation gains and losses recognised in reserves within equity. When an investment is derecognised, the cumulative gain or loss in equity is reclassified to profit or loss.

Where there is no traded market value, the fair value of available-for-sale financial assets is based on the present value of expected net cash inflows.

Impairment

The Group assesses at each statement of financial position 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 profit or loss.

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss.

n) 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 probable forecast transactions (cash flow 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 on-going basis, of whether the derivatives that are used in hedging transactions have been and will continue to be 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 profit or loss.

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 profit or loss within other income or other expense.

Amounts accumulated in equity are recycled to profit or loss 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 profit or loss within finance costs. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging transactions is recognised in profit or loss within revenue. However, when the forecast transaction that is hedged results in the recognition of a non-financial item (for example, inventory) the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the carrying amount of the asset or liability.

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 profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

o) Fair value estimation

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 statement of financial position 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 available to the Group for similar financial instruments.

Fair values of financial assets and liabilities carried at fair value are analysed by valuation, defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted process included within Level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

p) Property, plant and equipment

Land is shown at cost. All other plant and equipment is stated at cost less accumulated depreciation. 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 finance 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 profit or loss as incurred.

Land is not depreciated. Where the expected pattern of consumption of future economic benefits is most accurately reflected by the completion of increased units of production and the total units of production over the asset's life can be determined reliably, the cost is allocated based on the proportional completion of the total units of production over the asset's life. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful live as follows:

- buildings: 25 - 40 years
- leasehold improvements: remaining lease term
- plant and equipment: 2 - 20 years
- software and IT equipment: 3 to 15 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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(h)).

Gains or losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

Capital work in progress

Expenditure on development activities for the design 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, finance 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.

Capital work in progress includes 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. Other development expenditure is recognised in profit or loss as an expense as incurred.

q) Intangible assets

Goodwill is measured as described in note 35(c) and included in intangible assets. It is not amortised but tested for impairment annually or more frequently if indicators of impairment are identified. It is carried at cost less accumulated impairment losses.

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

The fair value of other intangible assets acquired in a business combination is based on the aggregated discounted cash flows expected to be derived from the use and the sale of the assets.

Other intangible assets have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method over their estimated useful as follows:

- Trademarks and brands: 5 - 22 years
- Contract intangibles: 3 - 15 years
- Customer relationships: 6 - 22 years
- Customer/supplier databases: 15 - 22 years
- Other: 5 years

r) Pre-contract costs

Pre-contract costs are costs incurred in relation to securing a contract. These costs include costs incurred prior to and during the contract bidding process as well as costs incurred upon set-up and mobilisation of a contract upon award. They are capitalised in other assets in the statement of financial position when there is a probable expectation that they will be recovered. They are recognised over the life of the contract in profit or loss within depreciation expense. Where a contract award is subsequently unsuccessful, any capitalised costs are immediately expensed to profit or loss as other expenses.

s) Trade and other payables

Trade and other payables represent liabilities for unpaid goods and services provided to the Group prior to the end of the financial period.

t) Short-term and long-term loans and borrowings

Loans and borrowings are initially recognised at fair value, net of transaction costs incurred and subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss 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.

Loans and borrowings are derecognised from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference 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.

Loans and 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 reporting period.

u) 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, in accordance with the Group's remuneration policy, 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 and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in 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 at 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 reporting date of national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date.

Short-term incentive plans

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present obligation to pay this amount as a result of past service provided and the obligation can be estimated reliably.

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

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value. The liabilities for termination benefits are recognised in other payables 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 through the TranShare Executive Performance Awards Plan, the

Transfield Services Executive Options Scheme and the Deferred Retention Incentive Scheme.

Performance Awards

The fair value of Performance Awards granted under the Transfield Services Executive Options Scheme or 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 Performance Awards.

Shares under the Deferred Retention Incentive Scheme

Shares acquired under the Deferred Retention Incentive Scheme are held by the TranShare PlanTrust and included in treasury shares as a reduction in equity until they are allocated to individual employees. The expense is recognised and the liability is accrued over the vesting period.

The fair value at grant date of Performance Awards is independently determined using a binomial and Monte Carlo model that takes into account the exercise price, the term of Performance Award, the vesting and performance criteria, the impact of dilution, the non-tradable 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 fair value of the 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 Performance Awards that are expected to become exercisable. At each statement of financial position date, the entity revises its estimate of the number of 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 Performance Awards, the balance of the share-based payments reserve relating to those 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.

v) Provisions

Provisions 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 statement of financial position 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.

w) 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 at the statement of financial position date using market yields 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.

x) Finance costs

Finance 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(t)). They 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.

Finance costs incurred for the construction of qualifying assets 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 finance costs to be capitalised is the weighted average interest rate applicable to the Group's outstanding borrowings during the year.

y) Government grants

Government grants are recognised initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions attached. Grants that compensate the Group for expenses are recognised in profit or loss in the same period as the expense that they compensate is recognised. Grants that compensate the Group for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

z) Contributed equity

Ordinary shares

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.

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.

When ordinary shares are repurchased the amount of the consideration paid including directly attributable costs (net of income tax) is recognised as a deduction from equity. These shares are classified as treasury shares and presented in other reserves. When they are subsequently sold or reissued, the amount received is recognised as an increase in equity and any resulting surplus or deficit is presented in accumulated losses.

aa) 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 statement of financial position date.

ab) Earnings / (loss) per share

Basic earnings / (loss) 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 adjusts the figures used in the determination of basic earnings / (loss) per share to take into account the post 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.

ac) 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.

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 within other receivables or payables in the statement of financial position.

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.

ad) Rounding of amounts

The Company is of a kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission dated 10 July 1998 relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded in accordance with that Class Order to the nearest hundred thousand dollars or, in certain cases, the thousand dollars as stated.

ae) 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 37).

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.

Hedging reserve – cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument that is designated and qualifies for recognition as a cash flow hedge, as described in Note 1(n). 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.

Other reserve

Other reserve is comprised of revaluation reserve, share capital contribution and statutory reserve. Revaluation reserves relates to the revaluation of other financial assets classified as available for sale financial assets.

af) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are effective for annual periods beginning after 1 July 2013. The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 Financial Instruments, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (amendments effective from December 2009 and December 2010)

The amendments add requirements for the classification and measurement of financial liabilities that are generally consistent with the requirements of AASB 139 Financial Instruments: Recognition and Measurement as well as requirements in relation to the derecognition of financial assets and liabilities consistent with AASB 139. The changes to AASB 9 Financial Instruments also simplify the measurement model and establish two primary measurement categories for financial assets, amortised costs and fair value. These changes are not expected to have a material impact on the Group.

IFRS 15 Revenue from contracts with Customers (effective date 1 January 2017)

The IASB has issued a new standard for the recognition of revenue on 28 May 2014. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The adoption of this standard may have a significant impact on how and when the Group recognises revenue and introduces new disclosure requirements. The Group is yet to assess the potential impact if any of adopting this new standard.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

On 6 May 2014 the IASB issued a new amendment in relation to Accounting for Acquisitions of Interests in Joint Operations. The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. The amendments apply prospectively for annual periods beginning on or after 1 January 2016.

DIRECTORS DECLARATION

Year ended 30 June 2014

In the Directors' opinion the financial statements and notes set out on pages 46 to 96 are in accordance with the Corporations Act 2001, including:

- complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the financial year ended on that date.

There are reasonable grounds to believe that:

- the Group will be able to pay its debts as and when they become due and payable at the date of this declaration; and
- the members of the Extended Closed Group identified in Note 32 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 32.

The Directors draw attention to Note 35(a) to the financial statements which includes a statement of compliance with International Financial Reporting Standards.

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

Signed in accordance with a resolution of the directors:

Diane Smith-Gander

Chairman

Graeme Hunt

Managing Director and Chief Executive Officer

At Sydney

29 August 2014

KPMG

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 consolidated statement of financial position as at 30 June 2014, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 35 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 35, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply 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 of the financial report that gives a true and fair view 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.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

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 the Group is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 35.

Report on the remuneration report

We have audited Section 3 to 9 of the remuneration report included in the directors' report for the year ended 30 June 2014. 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 auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Transfield Services Limited for the year ended 30 June 2014, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

S J Marshall
Partner

Sydney
29 August 2014

CORPORATE DIRECTORY

Year ended 30 June 2014

Directors		
	Diane Smith-Gander	Chairman
	Graeme Hunt	Managing Director and Chief Executive Officer
	Steven Crane	
	Douglas Snedden	
	Roy McKelvie	
	Katherine Hirschfeld	
	Dean Pritchard	
Company Secretary	Angelique Nesbitt	
Notice of annual general meeting	The annual general meeting of Transfield Services Limited	
	will be held at	Museum of Sydney
		37 Philip Street (Corner Bridge Street)
		Sydney, NSW 2000
	on	Wednesday, 5 November 2014 at 1:30pm
Principal registered office in Australia	Level 10, 111 Pacific Highway	
	North Sydney, NSW 2060	
Share register	Computershare Investor Services Pty Limited	
	Level 3, 60 Carrington St	
	Sydney NSW 2000	
Auditors	KPMG	
	10 Shelley Street	
	Sydney, NSW 2000	
Securities exchange listing	Transfield Services Limited shares are listed on the Australian Securities Exchange under the code ‘TSE’.	
Website address	www.transfieldservices.com	

CORPORATE DIRECTORY

Year ended 30 June 2014

Subsidiaries

The following is a list of the entities controlled by the Group at any point during the year end 30 June 2014:

Entity	Country of	Class of	Ultimate equity holding	
%	incorporation	shares	2014	2013
ACN 164 381 417 Pty Limited	Australia	Ordinary	**100**	100
APP Corporation Pty Limited	Australia	Ordinary	**100**	100
Aquas Holdings Pty Limited	Australia	Ordinary	**100**	100
Australian Drilling Solutions Pty Limited	Australia	Ordinary	**100**	100
Australian Quality Assurance & Superintendence Pty Limited	Australia	Ordinary	**100**	100
Broadspectrum Australia (QLD) Pty Limited	Australia	Ordinary	**100**	100
Broadspectrum Australia (WA) Pty Limited	Australia	Ordinary	**100**	100
Broadspectrum Australia Pty Limited	Australia	Ordinary	**100**	100
Chesterton International (NSW) Pty Limited	Australia	Ordinary	**100**	100
Colby Corporation Pty Limited	Australia	Ordinary	**100**	100
Colby Unit Trust	Australia	Ordinary	**100**	100
Collinsville Operations Pty Limited	Australia	Ordinary	**100**	100
Eastern Catering Services Holdings Pty Limited	Australia	Ordinary	**100**	100
Eastern Catering Services Pty Limited	Australia	Ordinary	**100**	100
Eastern Pressure Control Pty Limited	Australia	Ordinary	**51**	51
Easternwell Drilling Assets Pty Limited	Australia	Ordinary	**100**	100
Easternwell Drilling Holdings Pty Limited	Australia	Ordinary	**100**	100
Easternwell Drilling Labour Hire Pty Limited	Australia	Ordinary	**100**	100
Easternwell Drilling Pty Limited	Australia	Ordinary	**100**	100
Easternwell Energy Rigs Pty Ltd	Australia	Ordinary	**100**	100
Easternwell Engineering Pty Limited	Australia	Ordinary	**100**	100
Easternwell Group Assets Pty Limited	Australia	Ordinary	**100**	100
Easternwell Group Investments Pty Limited	Australia	Ordinary	**100**	100
Easternwell Group Operations Pty Limited	Australia	Ordinary	**100**	100
Easternwell Group Pty Limited	Australia	Ordinary	**100**	100
Easternwell Service No2 Pty Limited	Australia	Ordinary	**100**	100
Easternwell Training Pty Limited	Australia	Ordinary	**100**	100
Easternwell TS Pty Limited	Australia	Ordinary	**100**	100
Easternwell WA Pty Limited	Australia	Ordinary	**100**	100
ETSH Pty Limited	Australia	Ordinary	**100**	100
EWG Aircraft Pty Limited	Australia	Ordinary	**100**	100
EWS Aircraft Pty Limited	Australia	Ordinary	**100**	100
Gorey & Cole Drillers Pty Limited	Australia	Ordinary	**100**	100
Gorey & Cole Holdings Pty Limited	Australia	Ordinary	**100**	100
ICD (Asia Pacific) Pty Limited	Australia	Ordinary	**100**	100
O.G.C Services Pty Limited	Australia	Ordinary	**100**	100
Peak Drilling Pty Limited	Australia	Ordinary	**100**	100
Piver Pty Limited	Australia	Ordinary	**100**	100
Porcelain Holdings Pty Limited	Australia	Ordinary	**100**	100

CORPORATE DIRECTORY

Year ended 30 June 2014

Entity %	Country of incorporation	Class of shares	Ultimate equity holding 2014	2013
SDC Plant & Equipment Pty Limited	Australia	Ordinary	**100**	100
SDC Plant & Equipment Trust	Australia	Ordinary	**100**	100
Sides Drilling Contractors Pty Limited	Australia	Ordinary	**100**	100
Sides Drilling Contractors Trust	Australia	Ordinary	**100**	100
Sides Drilling Pty Limited	Australia	Ordinary	**100**	100
Silver City Drilling (QLD) Pty Limited	Australia	Ordinary	**100**	100
Transfield Metrolink Pty Limited	Australia	Ordinary	**100**	100
Transfield Services (Asset Management Optimisation) Pty Ltd	Australia	Ordinary	**100**	100
Transfield Services (Australia) Pty Limited	Australia	Ordinary	**100**	100
Transfield Services (Brisbane Ferries) Pty Limited	Australia	Ordinary	**100**	100
Transfield Services (Chile) Pty Limited	Australia	Ordinary	**100**	100
Transfield Services (Finance) Pty Limited	Australia	Ordinary	**100**	100
Transfield Services (Holdings) Pty Limited	Australia	Ordinary	**100**	100
Transfield Services (India) Pty Limited	Australia	Ordinary	**100**	100
Transfield Services (International) Pty Limited	Australia	Ordinary	**100**	100
Transfield Services (NWDF) Pty Limited	Australia	Ordinary	**100**	100
Transfield Services (Oil & Gas) Pty Limited	Australia	Ordinary	**100**	100
Transfield Services (Sydney Ferries) Pty Limited	Australia	Ordinary	**100**	100
Transfield Services (USM) Holdings Pty Ltd	Australia	Ordinary	**100**	100
Transfield Services Engineering Group Pty Limited	Australia	Ordinary	**100**	100
Transfield Services Share Plan Trust	Australia	Ordinary	**100**	100
TranShare Plan Company Pty Limited	Australia	Ordinary	**100**	100
TS (Procurement) Pty Ltd	Australia	Ordinary	**100**	-
Transfield Services Holdings (Delaware) Pty Limited LLC	Australia / USA	Ordinary	**100**	100
Transfield Services (Alberta) Limited	Canada	Ordinary	**100**	100
Transfield Services (Canada) Limited	Canada	Ordinary	**100**	100
Transfield Services (Ontario) Limited	Canada	Ordinary	**100**	100
Transfield Services Canada (Holdings) Limited	Canada	Ordinary	**100**	100
Ingeneria Ambiental y Servicios S.A. (Chile)	Chile	Ordinary	**83**	90
Inser-Transfield Services SA (Chile)	Chile	Ordinary	**83**	90
Inversiones Transfield Services (Chile) Holdings Limitada	Chile	Ordinary	**100**	100
Inversiones Transfield Services (Chile) Limitada	Chile	Ordinary	**100**	100
Hofincons Infotech Industrial Services Pvt Limited	India	Ordinary	**-**	100
TS (Technology and Consulting) Private Limited	India	Ordinary	**100**	100
Global Broadspectrum Sdn Bhd (In Members Voluntary Liquidation)	Malaysia	Ordinary	**100**	100
Transfield Services (Asia) Sdn Bhd	Malaysia	Ordinary	**100**	100
Transfield Services (Malaysia) Sdn Bhd (In Members Voluntary Liquidation)	Malaysia	Ordinary	**100**	100
Transfield Services Mauritius Limited	Mauritius	Ordinary	**100**	100
APP Corporation (NZ) Limited	New Zealand	Ordinary	**100**	100
Transfield Services (New Zealand) Limited	New Zealand	Ordinary	**100**	100

CORPORATE DIRECTORY

Year ended 30 June 2014

Entity	Country of	Class of	Ultimate equity holding	
%	incorporation	shares	2014	2013
TSNZ Pulp and Paper Maintenance Services Limited	New Zealand	Ordinary	**100**	100
Transfield Services (Qatar) WLL	Qatar	Ordinary	**49***	49*
Transfield Services Mannai Oil and Gas Services WLL (in members voluntary liquidation)	Qatar	Ordinary	**49***	49*
Broadspectrum Pte Limited	Singapore	Ordinary	**100**	100
Intergulf General Contracting LLC	UAE	Ordinary	**-**	49*
Transfield Emdad Services LLC	UAE	Ordinary	**-**	49*
HRI, Inc	USA	Ordinary	**100**	100
TIMEC Company Inc.	USA	Ordinary	**100**	100
TIMEC Operating Company, Inc	USA	Ordinary	**100**	100
TIMEC Specialty Services, Inc	USA	Ordinary	**100**	100
Transfield Services (Delaware) General Partnership	USA	N/A	**100**	100
Transfield Services Americas Inc	USA	Ordinary	**100**	100
Transfield Services Infrastructure Inc. (trading as Transfield Services North America Transportation Infrastructure)	USA	Ordinary	**100**	100
Transfield Services Oilfields, LLC	USA	Ordinary	**100**	100
Transfield Services Upstream Holdings, LLC	USA	Ordinary	**100**	100

* Legal ownership is 49 per cent however commercial ownership is 80 per cent. these entities are consolidated for Group reporting purpose.