Transfield Services Infrastructure Limited ACN 106 617 332

Financial report – 30 June 2009

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Directors	Peter Young AM – Chairman David Mathlin Kate Spargo Anthony Shepherd* Peter Goode* * Nominee of Transfield Services Limited (Transfield Services)
Secretary	Marianne Suchanek **
Executive managers	Steve MacDonald - Chief Executive Officer *** Steve Loxton – Chief Financial Officer *** Geoff Dutton – General Manager Assets *** ** Employed by Transfield Services (Australia) Pty Limited (Manager), a subsidiary of Transfield Services *** Employed by Transfield Services (Australia) Pty Limited (Manager), a subsidiary of Transfield Services, and seconded to TSI Fund
Notice of Annual General Meeting	The Annual General Meeting of Transfield Services Infrastructure Limited will be held at: The AGL Theatre, Museum of Sydney Level 2, 37 Phillip Street (corner Bridge Street) SYDNEY NSW 2000 Time: 10.00 am Date: Wednesday, 14 October 2009
Principal registered office in Australia	Level 10, 111 Pacific Highway NORTH SYDNEY NSW 2060
Share and debenture registers	Computershare Investor Services Pty Limited Level 3, 60 Carrington Street SYDNEY NSW 2000
Auditors	PricewaterhouseCoopers Chartered Accountants Darling Park Tower 2 201 Sussex Street SYDNEY NSW 2000
Securities exchange listing	Transfield Services Infrastructure Limited shares are stapled to shares in TSI International Limited and units in Transfield Services Infrastructure Trust and together these are listed on the Australian Securities Exchange as Transfield Services Infrastructure Fund (ASX Code: TSI).
Website address	www.tsinfrastructurefund.com

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

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

Peter Young AM (Chairman)
David Mathlin
Kate Spargo
Peter Watson (resigned 1 April 2009)
Peter Goode (appointed 1 April 2009)
Anthony Shepherd
Matthew Irwin (alternate Director for Peter Goode and Peter Watson)
Kate Munnings (alternate Director for Peter Goode and Peter Watson)

Principal activities
During the year the principal continuing activities of the consolidated entity consisted of infrastructure ownership in the power generation and water filtration sectors.

Stapling arrangement
Transfield Services Infrastructure Limited shares are stapled to shares in TSI International Limited (TSIIL) and units in Transfield Services Infrastructure Trust (TSIT) and together these are listed on the Australian Securities Exchange as Transfield Services Infrastructure Fund (TSI Fund).

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

	2009	2008
	$000	$000
Final distribution for year ended 30 June 2008 paid on 17 September 2008	**24,005**	-
Interim distribution for year ended 30 June 2009 paid on 31 March 2009	**13,337**	25,339
	37,342	25,339
	Cents	Cents
Final distribution for year ended 30 June 2008 paid on 17 September 2008	**9.0**	-
Interim distribution for year ended 30 June 2009 paid on 31 March 2009	**5.0**	9.5
	14.0	9.5

Review of operations

A detailed review of operations is set out on pages [xx-xx] of the annual report.

A summary of financial performance by line of business is set out below:

Income by line of business	30 June 2009 $'000	30 June 2008 $'000 (restated)	% change
Operating revenue			
- Power Stations	**139,444**	155,272	(10.2%)
- Wind Farms	**29,245**	10,994	166%
	168,689	166,266	1.5%
Other revenue			
- Power Stations	**4,163**	5,218	(20.2%)
- Water Filtration Plants	**115**	249	(53.8%)
- Wind Farms	**84**	76	10.5%
- Corporate Revenue	**994**	1,875	(45.4%)
	5,356	7,418	(27.8%)
Total revenue	**174,045**	173,684	0.2%
Other Income			
- Power Stations	**3,058**	5,000	(38.8%)
- Wind Farms	**822**	84	
	3,880	5,084	(23.7%)
Share of net profits of associates accounted for using the equity method			
- Power Stations	**3,445**	4,461	(22.8%)
- Water Filtration Plants	**3,128**	2,901	7.8%
	6,573	7,362	(10.7%)
EBITDA by line of business			
EBITDA			
Power Stations	**99,542**	94,426	5.4%
Water Filtration Plants	**3,244**	3,150	3.0%
Wind Farms	**22,833**	6,366	358.7%
Corporate	**(10,423)**	(12,471)	16.4%
EBITDA including interest on shareholder loans	**115,196**	91,471	25.9%
IFRIC 12 adjustment	**1,505**	1,526	1.4%
Underlying EBITDA	**116,701**	92,997	25.5%
Depreciation, amortisation and impairment			
Power Stations - depreciation and amortisation	**33,037**	29,104	
Collinsville impairment	**79,903**	-	
Wind Farms - depreciation and amortisation	**13,742**	6,562	
	126,682	35,666	
EBIT			
Power Stations	**(13,398)**	65,322	
Water Filtration Plants	**3,244**	3,150	
Wind Farms	**9,091**	(196)	
Corporate	**(10,423)**	(12,471)	
	(11,486)	55,805	
Net interest expense / (income)			
Power Stations	**(6,766)**	(11,477)	
Water Filtration Plants	**(115)**	(249)	
Wind Farms	**(74)**	3,855	
Corporate	**50,997**	30,686	
Net interest expense / (income) per statutory accounts	**44,042**	22,815	
Add: interest from investments reclassified for management accounts	**4,219**	5,162	
Net interest expense / (income) per management accounts	**48,261**	27,977	
Profit before tax attributable to stapled security holders			
Power Stations	**(6,632)**	71,886	
Water Filtration Plants	**3,244**	3,150	
Wind Farms	**9,165**	(4,051)	
Corporate	**(65,524)**	(43,157)	
	(59,747)	27,828	

Significant changes in the state of affairs

The following significant changes in the state of affairs occurred during the year:

i) In December 2008 the Directors announced a Distribution Reinvestment Plan (DRP) offering a 5% discount to the market price of the Group's securities. The DRP was effective for the interim distribution paid in March 2009 and achieved a positive response from institutional and retail security holders with a participation rate of 16%.

ii) On 9 February 2009 the Directors revised distribution levels and declared a distribution for the six months to 31 December 2008 of 5.0 cents per stapled security. The revised distribution levels reflect a conservative cash management approach that will improve the flexibility of the TSI Fund, operational issues at Loy Yang A which saw no cash distribution to TSI Fund in FY 2009, and a decision to fund part of its capex with cash. TSI Fund also provided guidance that its final distribution was expected to be in the order of 7.0 cents per stapled security.

iii) On 18 June 2009 the Directors announced it had decided not to invest in the 130MW Barn Hill wind farm development project, the first of the wind farm sites to be developed by Transfield Services since its acquisition of the wind farm development portfolio in December 2007. The decision reflected the uncertain state of the capital markets and highlighted the need for access to cost effective capital to deliver on the Group's growth strategy. The Group retains the right of first refusal to invest in Transfield Services' wind development portfolio, comprising 11 prospective sites with an installed capacity of approximately 900MW.

iv) On 18 June 2009, the Directors announced that TSI Fund had commenced a Capital Structure Review aimed at maximising value for securityholders. The capital structure review is considering a broad range of options to best position the TSI Fund for future growth, both through the Transfield Services wind farm development portfolio and other opportunities. Macquarie Capital Advisers have been appointed to assist with the Capital Structure Review.

Other than the above, there have been no significant changes in the state of affairs of the Group.

Matters subsequent to the end of the financial year

i) On 24 July 2009, the Directors announced an impairment of its Collinsville Power Station assets, effective on 30 June 2009, resulting in an after tax diminution of $60.1 million. This impairment charge is a non-cash item and has no bearing on the ongoing trading capability of the Group.

ii) On 17 August 2009 the Directors resolved to amend the Management Services Agreement (MSA) management fees and costs arrangement from 1 July 2009 following the expiration of the initial agreement which has applied since IPO. The new fee structure changes the previous Base Fee and Expense Amount in the MSA to a transparent cost reimbursement plus a capped performance-based margin. The new arrangement will more closely align the Manager's remuneration with the direct provision of services. The quantum of the FY10 MSA fee is expected to be broadly in line with that of FY09. For further explanation of the Group's relationship with the Manager (Transfield Services (Australia) Pty Limited) refer to page 8 of the Directors' Report.

iii) On 17 August 2009, the Directors of Infrastructure Fund Management Limited, as responsible entity for Transfield Services Infrastructure Trust declared a final distribution of 7.0 cents per stapled security to be paid on 30 September 2009 to stapled securityholders of TSI Fund at as 30 June 2009.

Other than the above, there have been no matters or circumstances that have arisen since 30 June 2009 that have significantly affected, or may significantly affect:

a) the consolidated entity's operations in future financial years
b) the results of those operations in future financial years, or
c) the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

Other than the outcome of the Capital Structure Review identified above, information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation and greenhouse gas and energy data reporting requirements

The Group owns assets in a number of states in Australia. The operation of these assets are regulated by a range of State and Federal Government legislation, so it is essential that the Group has a systematic and adaptable approach to environmental management across all of its activities.

To manage risk and to ensure protection of the environment, the Manager has developed and implemented an Environmental Management System. This system is based on the International Standard: AS/NZS ISO 14001:1996 for environmental management systems, and is integrated into the Transfield Services Operational Systems Manual (which is in turn certified against the AS/NZS ISO: 9001:2000 Quality Management Systems standard). This service is provided under the terms of the Management Services Agreement between The Group and the Manager.

The Group is subject to the reporting requirements of the *National Greenhouse and Energy Reporting Act 2007*. However, the exemption applying to stationary power generation assets from the reporting requirements of the *Energy Efficiency Opportunities Act 2006* was extended in 2009 for a further four years, so this legislation does not apply to the Group's power generation assets.

The *National Greenhouse and Energy Reporting Act 2007* requires the Group to report its annual greenhouse gas emissions, energy production and energy use. The first measurement period for this Act runs from 1 July 2008 until 30 June 2009. The Manager on behalf of the Group has implemented systems and processes for the collection and calculation of the data required to enable it to prepare and submit the initial report to the Greenhouse and Energy Data Officer (GEDO) by 31 October 2009. TSI Fund will register with the GEDO before the deadline of 31 August 2009 and its report will include the greenhouse gas emissions and energy use of the Group's assets.

Meetings of Directors

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2009, and the numbers of meetings attended by each Director were:

Director	Board Meetings		Risk, Audit and Compliance Committee	
	A	B	A	B
Peter Young AM	14	14	-	1^
David Mathlin	14	13	7	7
Kate Spargo	14	13	7	6
Anthony Shepherd	14	14	-	2^
Peter Watson *	10	9	6	3
Peter Goode **	4	4	1	1
Kate Munnings #		-		1
Matthew Irwin #		1		2

A Number of meetings held during the time the Director held office or was a member of the committee during the year
B Number of meetings attended
* resigned 1 April 2009
** appointed 1 April 2009
\# Acted as alternate for Peter Watson
^ Attended by invitation

The Board also have an Investment Review Committee (IRC) and Disclosure Committee (DC). All matters relevant to the IRC and DC were considered at Board meetings which were attended by all IRC and DC members.

Information on Directors
Details of the Director's responsibilities, qualifications and shareholdings are set out below.

Director	Special responsibilities	Particulars of Directors' interests in shares of Transfield Services Infrastructure Limited	Indirect interest in Transfield Services Infrastructure Limited through shares owned in Transfield Services Limited
Peter Young AM	Independent Chairman and Chairman of the Investment Review Committee.	444,922*	-
David Mathlin	Independent Non-Executive Director and member of the Risk, Audit and Compliance Committee and Investment Review Committee.	284,208*	4,440
Kate Spargo	Independent Non-Executive Director, Chairperson of the Risk, Audit and Compliance Committee, member of the Investment Review Committee and member of Disclosure Committee.	71,272	-
Anthony Shepherd	Transfield Services' nominee	147,380*	100,000
Peter Goode	Transfield Services' nominee	-	-

* Includes shares that are held by a related party.

Details of the Director's qualifications and experience are included on pages xx-xx of the Annual Report.
Directorships of other listed companies in the last 3 years.

Peter Young AM
- Fairfax Media Ltd – appointed September 2005

Kate Spargo
- IOOF Holdings Ltd – resigned 30 April 2009

David Mathlin – no other listed company directorships

Anthony Shepherd
- Transfield Services Ltd – appointed 6 March 2001
- ConnectEast Group – appointed 28 September 2004

Peter Goode
- Transfield Services Ltd – appointed 1 April 2009

Other officer information

Marianne Suchanek - Company Secretary
Bachelor of Arts
Bachelor of Law

Marianne is the Company Secretary for the Company and the other stapled entities comprising TSI Fund. Marianne has legal counsel, corporate governance and compliance responsibilities and works in the Legal and Company Secretarial Department of the Manager.

Remuneration report

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

A	Principles used to determine the nature and amount of remuneration
B	Details of remuneration
C	Service agreements
D	Performance Awards provided as remuneration
E	Transfield Services Infrastructure Fund Notional Securities Scheme provided as remuneration
F	Additional information including at-risk remuneration

Under the MSA, the Manager sources new investment opportunities and provides management, corporate and administrative services (Services) to TSI Fund. The Manager makes available its employees to TSI Fund, on a dedicated or as needed basis. Their remuneration is paid by TSI Fund as part of a management fee, which is an agreed estimate of certain expenses incurred by the Manager in performance of its obligations for providing the Services (Expense Amount). In the 2009 financial year, the Manager was entitled to an Expense Amount of $5.3 million. The entitlement to an Expense Amount under the MSA expired on 30 June 2009. The management fee has been renegotiated by adopting a transparent cost reimbursement plus a capped performance-based margin arrangement effective 1 July 2009.

The Chief Executive Officer (CEO), Chief Finance Officer (CFO) and General Manager Assets (GM Assets) are employed by the Manager and seconded to TSI Fund (Seconded Employees). The Seconded Employees are dedicated to meeting the business requirements of TSI Fund and in performing their functions act in the best interests of TSI Fund securityholders. TSI Fund does not have employees and relies on the executive personnel under the MSA to implement operational decisions and carry out/ensure administration functions are discharged.

A. Principles used to determine the nature and amount of remuneration

The executive remuneration framework detailed below sets out the policies of the Manager as they refer to the Seconded Employees. The amount of remuneration is calculated based on the total remuneration awarded by the Manager from the date of secondment to TSI Fund. The Independent Non Executive Directors (NEDs) are appointed directly by TSI Fund, and their remuneration is set by the TSI Fund Board with reference to external peers.

The objective of the Manager's executive remuneration framework is to ensure reward for performance is competitive in the markets where it competes to recruit executives, and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic business objectives to create value for TSI Fund securityholders, and conforms with market best practice for delivery of reward. The executive reward framework is:

- market competitive and reasonable;
- performance linked; and
- transparent.

In consultation with external remuneration consultants, the Manager has structured an executive remuneration framework that aligns executive performance with securityholders' interests. Alignment to securityholders' interests is achieved through the following performance measures:

- financial measures including growth, market metrics, earnings and distributions; and
- strategic and value enhancing non financial drivers

Alignment to executives' interests to ensure it attracts and retains high-calibre executives is achieved by offering rewards that:

- are commensurate with the contributions made;
- are sufficient to provide appropriate recognition;
- are competitive in respective executive employment markets; and
- are earned within a clear and well communicated structure.

The framework provides a mix of fixed and variable pay, including short term and long term incentives. Not all the Manager's employees participate in the short term and long term incentive programs. Participation in both plans is selectively applied to people in positions able to materially influence business performance. The proportion of variable or 'at risk' remuneration is higher for the more senior executives.

Independent Non-Executive Directors'
Fees and payments to NEDs reflect the demands which are made on, and the responsibilities of, the Directors. NEDs' fees and payments are reviewed annually by the Board. The Board has also taken advice from independent remuneration consultants to ensure NEDs' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of NEDs based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration. NEDs do not receive equity based remuneration under the Transfield Services Infrastructure Fund Notional Securities Scheme. NEDs receive a minimum 20 percent of their remuneration in TSI Fund units, which are acquired prospectively on-market in January and July each year pursuant to the Transfield Services Infrastructure Fund Tax Deferred Plan. The operation of this Plan was suspended on 26 June 2009 pending further government guidance on the taxation measures introduced in the 2009 May Federal budget. If the new taxation measures allow, TSI intends to reinstate the Transfield Services Infrastructure Fund Tax Deferred Plan, alternatively the deferred amounts will be paid as cash.

NEDs receive a Directors' fee inclusive of superannuation. The Directors' fee was set with effect from 26 April 2007, with a review annually thereafter. However, the Directors' fee has not increased since 26 April 2007. NEDs who chair or serve on a committee receive additional yearly fees.

Directors' fees
NEDs' fees are determined within the aggregate Directors' fee pool limit of $750,000. The current Directors' fee is $80,000 per Director per annum and the Chairman's fee is $200,000 per annum. Committee members currently each receive $8,000 per annum per committee and the Committee Chair each receives $15,000 per annum per committee.

Transfield Services Nominee Directors
Peter Goode replaced Peter Watson as the Managing Director and CEO of the Manager on 1 April 2009. Mr Goode is an executive officer of Transfield Services and is not paid a fee for serving as a director of TSI Fund. Mr Shepherd is paid by Transfield Services to represent Transfield Services on the TSI Fund Board.

Retirement allowances for Directors
Retirement allowances are not paid to Directors.

Executive reward
The executive pay and reward framework has four components:

- fixed remuneration including superannuation;
- short term performance incentives;
- long term incentives through participation in the TranShare Executive Performance Awards Plan (which is otherwise known as Performance Awards and issued by Transfield Services) and/or Transfield Services Infrastructure Fund Notional Securities Scheme (which is otherwise known as the Scheme); and
- other benefits.

The combination of these elements comprises the executive's total remuneration.

Cash salary and fees
The fixed remuneration component is structured as a total employment cost package, which may be delivered as a combination of cash and prescribed non-financial benefits at the executive's discretion. Executives are offered a competitive base pay package that comprises the fixed component of pay and rewards. External remuneration consultants provide analysis and advice to ensure fixed base pay is set to reflect the relevant market for comparable roles in peer companies. Fixed remuneration for senior executives is reviewed annually to ensure the executive's pay remains aligned to policy and competitive with the market in which they operate. The last review was 1 July 2008. An executive's pay is also reviewed on promotion. There are no guaranteed base pay increases included in executives' contracts.

Other benefits
Executives may receive benefits including executive health management, home insurance and salary continuance insurance.

Post-employment benefits
Retirement benefits are delivered under the Transfield Services Superannuation Plan (or another complying plan of the executive's choice) which provide defined contribution benefits.

Short Term Incentives
The short term performance incentive (STI) component of remuneration is provided to nominated executives. Participation is restricted to executives and selected individuals who can materially impact the TSI Funds' financial and operational performance. Cash incentives are payable following audit clearance of the annual financial statements each year.

Each executive has a target STI opportunity depending on the accountabilities of the role and impact on TSI Fund. The target opportunity of total fixed remuneration for the CEO, CFO, and GM Assets ranges from 20% to 100%.

Each year, Transfield Services Human Resources Committee, following consultation with the TSI Fund Board, oversees the targets and key performance indicators (KPIs) for the CEOs' STI plan and the level of payout for achievement of targets. This includes setting any maximum payout under the STI plan for out - performance, and minimum levels of financial performance required to trigger payment of STI. 100% of the STI opportunity of employees seconded to TSI Fund are based on TSI Fund related performance targets. The STI target annual payment is reviewed annually.

For the year ended 30 June 2009, the STI plan KPIs were based on TSI Fund's financial and strategic objectives. The KPIs included achieving specific targets in relation to earnings before interest, tax, depreciation and amortisation expense (EBITDA), TSI Fund growth and distributions, as well as other key, strategic and non-financial measures linked to drivers of performance in future reporting periods. Transfield Services' Human Resources Committee has oversight of performance outcomes against the KPIs for the CEO and CFO. To help make this assessment, the Transfield Services' Human Resources Committee receives detailed reports on performance against the KPIs.

Long Term Incentive (LTI) structure for Seconded Employees
The CEO is the only seconded employee to participate in the LTI (previously both the CEO and CFO). The vesting conditions and performance hurdles of the CEO's LTI's are measured 50/50 against the achievement of both TSI Fund's and Transfield Services respective business objectives. In addition, the award of TSI Fund notional securities and Transfield Services shares are proportioned 50/50.

The TSI Fund notional securities awarded to the CEO are issued under the TSI Fund Notional Securities Scheme and the Transfield Services shares awarded to the CEO are issued under the TransShare Executive Performance Awards Plan.

The current CFO commenced employment on 18 May 2009 and is not eligible to receive any LTI's under his contract.

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

The vesting conditions for the notional securities are as follows:

Tranche	Allocation Percentage	Performance hurdles	Vesting Schedule	
			Vesting of awards	Performance conditions
A	50%	TSI Fund return	20%#	TSI Fund Return* > Benchmark Return** by $350,000 (50% increase);
			80%	TSI Fund Return > Benchmark Return by > $1,750,000 (500% increase);
B	50%	TSI Fund Market Capitalisation	100%	TSI Fund Market Capitalisation doubles from listing to 30 June 2010

Pro-rata vesting will apply up to 100% once the primary performance hurdle for Tranche A has been achieved.

* TSI Fund return is the cumulative return of TSI Fund for 30 June financial years ending 2008, 2009, and 2010.

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

Long Term Incentive - TranShare Executive Performance Awards Plan
The TranShare Executive Performance Awards Plan provides Performance Awards to the CEO of TSI Fund. Performance Awards for shares in Transfield Services are granted annually and generally vest no earlier than three years from grant date. The performance conditions of each grant of Performance Awards are subject to Transfield Services' Board review and assessed against its business plan and cycle. Transfield Services has determined that relative total shareholder return (TSR) combined with absolute earnings per share (EPS) growth were the most appropriate hurdles for its executives during this financial year. These performance conditions were chosen to ensure that executives are only rewarded when profit grows in real terms and Transfield Services achieves superior shareholder growth relative to the performance of the S&P ASX 200 Industrials index.

The EPS vesting schedule is:

Compound EPS growth pa	% of Performance Awards that vest
<10%	Nil
10% - 12.5%	Progressive vesting on a straight-line basis from 40% to 69%
12.5% - 14.99%	Progressive vesting on a straight-line basis from 70% to 99%
At or above 15%	100%

The relative TSR vesting schedule is:

Percentile	% of Performance Awards that vest
Below 50th percentile	Nil
50th – 74th percentile	Progressive vesting on a straight-line basis from 30% to 99%
At or above the 75th percentile	100%

The operation of purchases under TranShare Executive Performance Awards Plan was suspended on 26 June 2009 pending further government guidance on the taxation measures introduced in the 2009 May Federal budget.

B. Details of remuneration

Amounts of remuneration
Details of the remuneration of the Directors and the key management personnel of the Company are set out in the tables below.

The key management personnel of Transfield Services Infrastructure Limited and TSI Fund are those persons having authority and responsibility for planning, directing and controlling the activities of Transfield Services Infrastructure Limited, directly or indirectly and includes the Directors and the following executive officers of the entity:

Steve MacDonald	Chief Executive Officer
Steve Loxton*	Chief Financial Officer
Geoff Dutton	General Manager Assets
Charles Mott**	Chief Financial Officer

*Appointed 18 May 2009; **Resigned effective 24 April 2009.

Directors of Transfield Services Infrastructure Limited Group

	Short term benefits		Post employment benefits	Share based payments	
Name	**Cash salary and fees $**	**Non-monetary benefits $**	**Superannuation $**	**Deferred share purchase $**	**Total $**
Non-executive Directors					
Peter Young	**165,126**	-	**11,312**	**36,667**	**213,105**
2008	155,068	-	15,171	47,143	217,382
David Mathlin	**75,939**	-	**6,605**	**14,667**	**97,211**
2008	73,813	-	6,630	18,857	99,300
Kate Spargo^	**90,353**	-	**1,204**	**14,667**	**106,224**
2008	41,308	-	6,087	53,036	100,431
Anthony Shepherd [1]	-	-	-	-	-
2008	-	-	-	-	-
Peter Goode [2]	-	-	-	-	-
Peter Watson [3]	-	-	-	-	-
2008	-	-	-	-	-
Sub-total non-executive Directors					
2009	**331,418**	-	**19,121**	**66,001**	**416,540**
2008	270,189	-	27,888	119,036	417,113
Total Directors					
2009	**331,418**	-	**19,121**	**66,001**	**416,540**
2008	270,189	-	27,888	119,036	417,113
Total for each category					
2009	**331,418**		**19,121**	**66,001**	**416,540**
2008	270,189		27,888	119,036	417,113

^ Kate Spargo has been short paid part of her entitlements which will be corrected in 2010
1. Anthony Shepherd is paid $88,000 by Transfield Services to represent Transfield Services on the TSI Fund Board
2. Peter Goode who is an executive officer of Transfield Services appointed 1 April 2009 is not paid a fee for serving as a Director on the TSI Fund Board
3. Peter Watson who was an executive officer of Transfield Services resigned 1 April 2009 and was not paid a fee for serving as a Director on the TSI Fund Board

Other key management personnel and most highly remunerated officers of the Transfield Services Infrastructure Limited Group and the Company[1]

	Short term benefits			Post employment benefits		Termination Payment	Long term benefits	Share based payments			
Name	**Cash salary and fees $**	**Cash bonus $**	**Non-monetary benefits $**	**Superannuation $**	**Restraint of trade $**		**Long service leave $**	**Cash settled share based payments $**	**Notional securities scheme $**	**Performance Awards $**	**Total[2] $**
Steve MacDonald*	**532,266**	**411,138**	**19,591**	**13,745**	-	-	**13,564**	-	**(45,000)**	**(48,260)**	**897,044**
2008	511,882	390,075	15,657	13,129	-	-	21,946	-	56,667	178,394	1,187,750
Charles Mott#	**281,171**	-	-	**25,817**	-	-	-		**(17,000)**	**(57,778)**	**232,210**
2008	321,107	104,720	-	9,633	-	-	8,450	-	17,000	57,778	518,688
Steve Loxton ^	**38,519**	-	-	**1,145**	-	-	-	-	-	-	**39,664**
2008	-	-	-	-	-	-	-	-	-	-	-
Geoff Dutton	**216,518**	**39,837**	-	**19,486**	-	-	**993**	-	-	-	**276,834**
2008	70,338	13,892	-	6,330	-	-	1,594	-	-	-	92,154
Darce Corsie	-	-	-	-	-	-	-	-	-	-	-
2008	386,612	-	-	36,370	133,400	-	-	86,584	-	-	642,966
Fred Bidwell	-	-	-	-	-	-	-	-	-	-	-
2008	324,226	-	100,000	113,129	-	140,000	5,237	-	-	-	682,592
Totals for each component											
2009	**1,068,474**	**450,975**	**19,591**	**60,193**	-	-	**14,557**	-	**(62,000)**	**(106,038)**	**1,445,752**
2008	1,614,165	508,687	115,657	178,591	133,400	140,000	37,227	86,584	73,667	236,172	3,124,150
Total for each category											
2009		**1,539,040**		**60,193**		-	**14,557**		**(168,038)**		**1,445,752**
2008		2,238,509		311,991		140,000	37,227		396,423		3,124,150

1.As at 30 June 2009 only three management personnel were seconded from the Manager to the TSI Fund
2. 100% of total remuneration from the Manager is attributable to TSI Fund. The Manager makes available its employees to TSI Fund, on a dedicated or as needed basis. Their remuneration is paid by TSI Fund as part of a management fee, which is an agreed estimate of certain expenses incurred by the Manager in performance of its obligations for providing the services. This is known as the Expense Amount.
* Steve MacDonald received additional deferred remuneration components which relate to his prior role as Chief Strategy Officer of Transfield Services (note 34). Some portions of his share-based payments are likely to fail to achieve their performance hurdles and have been reversed.
# Charles Mott resigned on 24 April 2009. As he failed to achieve his service period, 100% of his share-based payments failed to vest and have been reversed.
^ Steve Loxton was appointed CFO on 18 May 2009

Remuneration components as a proportion of total remuneration

The below remuneration mix is based upon the above remuneration table. Directors do not receive any performance-based remuneration.

Key Management Personnel (excluding Non-Executive Directors)	Fixed remuneration (%)	Performance-based remuneration (%)
Steve MacDonald	65	35
Steve Loxton	100	-
Geoff Dutton	86	14

C. Service agreements

Remuneration and other terms of employment for the CEO and the other key management personnel are formalised in service agreements. Each of these agreements provides for the provision of performance-related cash bonuses, other benefits including executive health management, householder insurance, salary continuance insurance and participation, when eligible, in the TranShare Executive Performance Awards Plan and the TSI Fund Notional Securities Scheme. Other major provisions of the agreements are:

Name	Commencement of agreement	Notice period required for the employee to terminate the contract	Termination benefit (amount of annual salary) on early termination by the Company, other than for gross misconduct	A restrictive covenant applies	Other terms
Steve MacDonald *Chief Executive Officer*	1 April 2007	6 months	12 months	12 months	3 year contract plus option for extension
Steve Loxton *Chief Financial Officer*	18 May 2009	3 months	3 months	-	1 year contract plus 3 year option at Manager discretion
Geoff Dutton *General Manager Assets*	3 March 2008	1 month	1 month	-	-

D. Performance Awards provided as remuneration

The terms and conditions of each grant of Performance Awards affecting remuneration in this or future reporting periods are set out below. There is no exercise price payable on the Performance Awards and the issue price of the Performance Awards is nil. The Performance Awards vest subject to the achievement of relative TSR and EPS metrics (see Section A for further details).

Name	Number Granted	Grant Date	Fair value per Performance Award	Total Value	First Date exercisable	Expiry Date
Steve MacDonald *Chief Executive Officer*	28,750	31 May 2007	$11.35	$326,313	31 May 2010	31 May 2013
	28,750	31 May 2007	$7.26	$208,725	31 May 2010	31 May 2013

D. Performance Awards provided as remuneration (continued)

Steve MacDonald has not been granted any further Performance Awards and held 57,500 Performance Awards throughout the financial year. As at 30 June 2009 the exercise hurdles for these Performance Awards were highly unlikely to be achieved and a credit has been applied for the reversal of previously expensed amounts attributed to these Performance Awards for the financial year ended 30 June 2009. Steve MacDonald received additional deferred remuneration components which relate to his prior role as Chief Strategy Officer of Transfield Services. Details of these deferred remuneration components are not included in this report but are set out in note 34.

No other key management personnel hold Performance Awards.

E. Transfield Services Infrastructure Fund Notional Securities Scheme provided as remuneration

The terms and conditions of each grant of Notional Securities affecting remuneration in this or future reporting periods are set out below. Tranche A is subject the TSI Fund outperforming the benchmark return and Tranche B is subject to TSI Market Capitalisation doubling from listing to 30 June 2010 (see Section A for further details). No exercise price is payable on either of the tranches and the issue price of the Notional Securities is nil. The Notional Securities lapse on the earlier of ceasing employment and 180 days after the Vesting Date.

Name	Tranche	Number Granted	Grant Date	Value per Notional Security	Fair value at 30 June 2009	Vesting Date*
Steve MacDonald	A	166,667	15/11/07	$0.066	$11,000	30/06/10
Chief Executive Officer	B	166,667	15/11/07	$0.004	$667	30/06/10

*Vesting date also refers to the first date that the Notional Securities can be exercised.

Steve MacDonald has not been granted any further Notional Securities and held 333,334 Notional Securities throughout the financial year. As at 30 June 2009 the exercise hurdles for these Notional Securities were highly unlikely to be achieved and a credit has been applied for the reversal of previously expensed amounts attributed to these Notional Securities for the financial year ended 30 June 2009.

No other key management personnel hold Notional Securities.

F. Additional information

Principles used to determine the nature and amount of remuneration: relationship between remuneration and Company performance

The Company's earnings before interest, taxation, depreciation and amortisation (EBITDA), securityholder wealth and executive remuneration will be measured progressively over the next 5 years. The cash bonuses are dependent on the satisfaction of performance conditions as set out in the section headed 'Short term incentives' on page 10 and the LTIs do not vest unless performance conditions are met. All other elements of fixed remuneration are not directly related to Company performance.

Performance of Transfield Services Infrastructure Fund over 2 years

The overall level of executive reward takes into account the performance of the Fund over a number of years, with greater emphasis given to the current and immediately preceding year. Over the past 2 years, the Fund's EBITDA has grown by a cumulative average 25.94% per annum. During the same period, average executive remuneration has reduced. Short term incentive bonus as a percentage of total annual reward for Key Management Personnel (KMP) is presented in the following table for each year.

	2009	2008 (restated)
EPS (cents)	(14.2) cents	8.2 cents
EBITDA $'000	115,196	91,471
NPAT $'000	(38,017)	21,985
KMP eligible for STI payment	2	3
Value of STI paid	450,975	508,687
KMP Total Annual Reward	1,445,752	3,124,150
STI as % of executive KMP Total Annual Reward	31.1%	16.3%

Details of remuneration: at-risk remuneration

The percentage of each executive's cash bonus that was paid and forfeited, based on performance, is outlined in the table below. No part of the bonuses is payable in future years. No Performance Awards and Notional Securities vested, were exercised, or lapsed during year. As Performance Awards and Notional Securities will lapse if performance conditions are not achieved, the minimum value of these shares and securities is nil.

The maximum value of the Performance Awards yet to vest has been determined based on the fair value at grant date. The value of these Performance Awards at grant date was $535,038. As 30 June 2009 it was unlikely that the performance hurdles would be met at vesting date and this outcome is reflected in the remuneration tables. Steve MacDonald is the only current key management personnel to have been granted Performance Awards.

The maximum value of the Notional Securities yet to vest has been determined based on the fair value at 30 June 2008. The value of these Notional Securities at 30 June 2009 was $11,667 ($2008: $56,667). Steve MacDonald is the only current key management personnel to have been granted Notional Securities.

Details in relation to at-risk short-term incentives applicable to key management personnel are as follows:

	Cash Bonus		
Name	**Paid** %	**Forfeited** %	**Year granted**
Steve MacDonald	75	25	2009
	74	26	2008
Geoff Dutton	84	16	2009
	91	9	2008

Insurance of officers
During the financial year, Transfield Services Infrastructure Limited paid a premium of $142,471 to insure the Directors and Secretary of the Company and its controlled entities. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated entity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

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

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

Non-audit services
The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the consolidated entity are important.

PricewaterhouseCoopers were paid $276,735 during the year for non-audit services. 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 29.

The Board of Directors has considered the position and, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out in note 29, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor.
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

Auditors' independence declaration

A copy of the auditor's independence declaration as required under section 307C of *Corporations Act 2001* is set out on page 18.

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

Auditor
PricewaterhouseCoopers continues in office in accordance with Section 327 of the *Corporations Act 2001*.

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

Peter Young AM	**Kate Spargo**
Chairman	**Director**
at Sydney	
17 August 2009	

PRICEWATERHOUSECOOPERS

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Auditor's Independence Declaration

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

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

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

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

R L Gavin
Partner
PricewaterhouseCoopers

Sydney
17 August 2009

Transfield Services Infrastructure Limited ACN 106 617 332

Financial Report – 30 June 2009

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

The financial report is presented in Australian currency.

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

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

The financial report was authorised for issue by the Directors on 17 August 2009. The Company has the power to amend and reissue the financial report.

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations in the Annual Report.
Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the Company. All press releases, financial reports and other relevant information are available at our Media and Investor Centre on our website www.tsinfrastructurefund.com.

For queries in relation to our reporting please call (02) 9464 1000 or email info@tsifund.com.

Transfield Services Infrastructure Limited and controlled entities
Income Statements
For the year ended 30 June 2009

	Note	Consolidated 2009 $000	Consolidated 2008 $000 (restated note 8)	Parent entity 2009 $000	Parent entity 2008 $000 (restated note 8)
Revenue from continuing operations	5	**174,045**	173,684	**4,962**	6,220
Other income	5	**3,880**	5,084	**1,050**	
Share of net profits of associates accounted for using the equity method	38	**6,573**	7,362	**-**	-
Operating costs		**(62,184)**	(85,870)	**(8,487)**	(9,726)
Depreciation and amortisation	6	**(46,779)**	(35,666)	**-**	-
Impairment	6	**(79,903)**	-	**-**	-
Interest costs	6	**(49,398)**	(30,233)	**(75,225)**	(51,039)
Other expenses		**(5,981)**	(6,533)	**(1,932)**	(2,364)
(Loss)/profit before income tax		**(59,747)**	27,828	**(79,632)**	(56,909)
Income tax benefit/(expense)	7	**21,730**	(5,843)	**29,774**	15,462
Net (loss)/profit attributable to stapled securityholders of Transfield Services Infrastructure Fund		**(38,017)**	21,985	**(49,858)**	(41,447)
Attributable to:					
Unitholders of Transfield Services Infrastructure Trust and shareholders of TSI International Limited (minority interest)		**19,204**	18,180	**-**	-
(Loss)/profit attributable to shareholders of Transfield Services Infrastructure Limited		**(57,221)**	3,805	**(49,858)**	(41,447)
Net (loss)/profit attributable to stapled securityholders of Transfield Services Infrastructure Fund		**(38,017)**	21,985	**(49,858)**	(41,447)

Earnings/(loss) per share for profit from continuing operations attributable to the ordinary shareholders of the Company		**2009 Cents**	2008 Cents (restated)
Basic earnings / (loss) per share	40	**(21.4)**	1.4
Diluted earnings / (loss) per share	40	**(21.4)**	1.4

Earnings per share for profit from continuing operations attributable to the ordinary securityholders of the Transfield Services Infrastructure Fund		**2009 Cents**	2008 Cents (restated)
Basic earnings per share	40	**(14.2)**	8.2
Diluted earnings per share	40	**(14.2)**	8.2

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

Transfield Services Infrastructure Limited and controlled entities
Balance Sheets
As at 30 June 2009

	Note	Consolidated 2009 $000	Consolidated 2008 $000 (restated)	Parent entity 2009 $000	Parent entity 2008 $000 (restated)
Current assets					
Cash and cash equivalents	9	**19,524**	18,970	**19,157**	12,664
Trade and other receivables	10	**18,892**	33,487	**610,199**	695,840
Income tax receivable		**1,022**	-	**964**	-
Prepayments and other current assets	11	**5,499**	12,791	**2,955**	2,798
Inventories	12	**12,958**	10,194	**-**	-
Derivative financial instruments	13	**-**	8,469	**-**	8,469
Total current assets		**57,895**	83,911	**633,275**	719,771
Non-current assets					
Receivables	14	**44,554**	37,090	**44,554**	37,090
Other non-current assets	15	**5,869**	6,694	**5,869**	6,694
Investments accounted for using the equity method	16	**79,766**	77,731	**-**	-
Available for sale financial assets	17	**136,285**	136,285	**136,285**	136,285
Other financial assets	18	**-**	-	**412,773**	412,773
Property, plant and equipment	8,19	**851,899**	884,310	**-**	-
Deferred tax assets	24	**-**	-	**10,851**	-
Intangible assets	20	**155,851**	199,861	**-**	-
Derivative financial instruments	13	**-**	29,762	**-**	29,762
Total non-current assets		**1,274,224**	1,371,733	**610,332**	622,604
Total assets		**1,332,119**	1,455,644	**1,243,607**	1,342,375
Current liabilities					
Trade and other payables	21	**40,653**	30,355	**10,182**	3,460
Short-term borrowings	22	**48,683**	63,146	**398,321**	428,814
Current tax liabilities		**-**	7,371	**-**	7,371
Derivative financial instruments	13	**15,004**	-	**15,004**	-
Total current liabilities		**104,340**	100,872	**423,507**	439,645
Non-current liabilities					
Long-term borrowings and payables	23	**722,500**	708,404	**720,500**	708,404
Deferred tax liabilities	24	**100,330**	135,492	**-**	14,181
Provisions	25	**3,084**	2,969	**-**	-
Derivative financial instruments	13	**20,920**	-	**20,920**	-
Total non-current liabilities		**846,834**	846,865	**741,420**	722,585
Total liabilities		**951,174**	947,737	**1,164,927**	1,162,230
Net assets		**380,945**	507,907	**78,680**	180,145
Equity					
Contributed equity	26	**131,252**	130,951	**131,252**	130,951
Reserves	27 (a)	**(22,143)**	31,109	**(20,806)**	31,102
Retained profits	27 (b)	**(49,085)**	8,136	**(31,766)**	18,092
		60,024	170,196	**78,680**	180,145
Minority interest (attributable to equity holders of TSIT and TSIIL)	28	**320,921**	337,711	**-**	-
Total equity		**380,945**	507,907	**78,680**	180,145

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

Transfield Services Infrastructure Limited and controlled entities
Statements of Cash Flows
For the year ended 30 June 2009

	Note	Consolidated 2009 $000	Consolidated 2008 $000	Parent entity 2009 $000	Parent entity 2008 $000
Cash flows from operating activities					
Receipts from customers		**195,538**	186,446	-	-
Payments to suppliers, subcontractors and employees		**(90,295)**	(105,122)	**(5,187)**	(7,494)
		105,243	81,324		(7,494)
Dividends received		**2,995**	4,200	**1,050**	-
Interest received		**6,492**	7,374	**6,098**	5,898
Taxation paid		**(686)**	(7,118)	**(410)**	(10,542)
Net cash inflow / (outflow) from operating activities	39	**114,044**	85,780	**1,551**	(12,138)
Cash flows from investing activities					
Net cash (outflow) / inflow on purchase of controlled entities		-	(340,788)	-	-
Loans to related parties		-	-	-	(274,370)
Proceeds from related parties		-	-	**99,938**	
Payments for property, plant and equipment and intangible assets (net of unpaid creditors and capitalised interest)		**(36,941)**	(36,806)	-	-
Proceeds from disposal of plant and equipment		**11,453**	-	-	-
Proceeds from disposal of land and investment		-	3,568	-	-
Redemption of loan notes		-	2,119	-	2,119
Investment in loan notes		**(4,414)**	-	**(4,414)**	-
Net cash (outflow)/inflow from investing activities		**(29,902)**	(371,907)	**95,524**	(272,251)
Cash flows from financing activities					
Proceeds from DRP		**2,120**	-	**772**	-
Equity transaction costs		-	(178)	-	(66)
Proceeds from Corporate Borrowing Facility		-	344,543	-	344,543
Proceeds from acquisition bridge debt		-	220,808	-	75,000
Repayment of acquisition bridge debt		-	(220,808)	-	(75,000)
Proceeds from borrowings from associates		**2,883**	3,254	**2,883**	2,548
Proceeds from Corporate Borrowing Facility		**16,000**	-	**16,000**	-
Repayment of Corporate Borrowing Facility		**(20,404)**	-	**(20,404)**	-
Distributions paid		**(37,342)**	(25,339)	-	-
Finance costs and principal paid on loan from Transfield Services Infrastructure Trust		-	-	**(36,360)**	(24,344)
Finance costs paid		**(46,845)**	(39,187)	**(53,473)**	(41,517)
Net cash inflow/(outflow) from financing activities		**(83,588)**	283,093	**(90,582)**	281,164
Net (decrease) /increase in cash held		**554**	(3,034)	**6,493**	(3,225)
Cash at the beginning of the financial year		**18,970**	22,004	**12,664**	15,889
Cash at the end of the financial year	9	**19,524**	18,970	**19,157**	12,664

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

Transfield Services Infrastructure Limited and controlled entities
Statements of Changes in Equity
For the year ended 30 June 2009

	Note	Consolidated 2009 $000	Consolidated 2008 $000 (restated)	Parent entity 2009 $000	Parent entity 2008 $000 (restated)
Total equity at the beginning of the financial year as previously stated		**510,236**	498,341	**179,472**	209,094
Impact of first-time adoption of IFRIC 12	8	**(140)**	1,386	**673**	673
Correction of prior year error (net of tax)	8	**(2,189)**	-	-	-
Restated total equity at the beginning of the financial year		**507,907**	499,727	**180,145**	209,767
Change in fair value of cash flow hedge (net of tax)	27	**(53,252)**	12,171	**(51,908)**	12,350
Net income recognised directly in equity		**(53,252)**	12,171	**(51,908)**	12,350
Profit for the year as previously stated		**(38,017)**	25,700	**(49,858)**	(41,447)
Impact of first-time adoption of IFRIC 12 on share of profits	8	-	(1,526)	-	-
Correction of prior year error (net of tax)	8	-	(2,189)	-	-
Profit for the year		**(38,017)**	21,985	**(49,858)**	(41,447)
Total recognised income/(loss) and equity for the year (restated)		**(91,269)**	34,156	**(101,766)**	(29,097)
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs	26,28	**2,120**	(66)	**772**	(66)
Release of deferred tax asset on float costs		**(471)**	(459)	**(471)**	(459)
Distributions paid or provided for		**(37,342)**	(25,339)	-	-
Minority interest in contributions of equity, net of transaction costs		-	(112)	-	-
		(35,693)	(25,976)	**301**	(525)
Total equity at the end of the financial year		**380,945**	507,907	**78,680**	180,145
Total recognised income and equity for the year is attributable to:					
Shareholders of Transfield Services Infrastructure Limited		**(110,473)**	15,976	**(101,766)**	(29,097)
Unitholders of Transfield Services Infrastructure Trust and shareholders of TSI International Limited		**19,204**	18,180	-	-
		(91,269)	34,156	**(101,766)**	(29,097)

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

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Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of this financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Transfield Services Infrastructure Limited as an individual entity and the consolidated entity consisting of Transfield Services Infrastructure Limited and its subsidiaries and controlled entities as defined in note 1(b).

a) Basis of preparation

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

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

Early adoption of Standards
The Group has elected to apply the following pronouncements to the annual reporting period beginning 1 July 2008:
- AASB 2008-5 Amendments to Australian Accounting Standards arising from Annual Improvements Project.

This includes the revised pronouncement to the comparatives in accordance with AASB108 *Accounting Policies, Changes in Accounting Estimates and Errors.* None of the items in the financial statements had to be restated as a result of applying this standard.

Change in Accounting Standard
As a result of IFRIC 12 *Service Concession Arrangements* which applies from the first accounting period commencing after 1 January 2008 the Group has restated its equity investment (including associated loan) and share of profit in its 50% owned associate Yan Yean Water Pty Limited and restated its share of profit in its 50% owned associate Macarthur Water Pty Limited, both from 1 July 2007.

The impact of this restatement is set out in note 8.

Historical cost convention
These financial statements have been prepared under the historical cost convention as modified by the revaluation of derivative financial instruments at fair value through equity and revaluation of available for sale financial assets.

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

b) Principles of consolidation

Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of Transfield Services Infrastructure Limited (Company or Parent entity) as at 30 June 2009 and the results of all subsidiaries for the year then ended. Transfield Services Infrastructure Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

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

Note 1. Summary of significant accounting policies (continued)

b) Principles of consolidation (continued)

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

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

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

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

Application of AASB Interpretation 1002- Post date of transition stapling arrangements
For the purposes of AASB Interpretation 1002 *Post date of transition stapling arrangements,* Transfield Services Infrastructure Limited has been identified as the Parent entity in relation to the stapling event that took place on 27 April 2007. In accordance with AASB Interpretation 1002 the results and equity of entities, not directly owned by Transfield Services Infrastructure Limited have been treated and disclosed as minority interest. The stapled securityholders of Transfield Services Infrastructure Limited are the same as the stapled securityholders of Transfield Services Infrastructure Trust and TSI International Limited.

Associates
Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the Parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill identified on acquisition (net of any accumulated impairment loss), refer note 38.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the Parent entity's income statement, while in the consolidated financial statements they reduce the carrying amount of the investment. Refer to note 1 (a) which refers to a change in accounting policy pursuant to the application of IFRIC 12.

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

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

c) Segment reporting

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

Note 1. Summary of significant accounting policies (continued)

d) Foreign currency transactions

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

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

e) Revenue recognition

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

- Revenue

Power supply contract revenue

Power supply contract revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the consolidated entity and the revenue can be reliably measured.

Revenue from power supplied is recognised once there has been delivery to the customer and is measured through a regular review of usage meters and in accordance with individual contracts as appropriate.

- Other revenue

Interest income
Interest income is recognised on an accruals basis.

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

f) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the notional income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

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 or taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet 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.

Note 1. Summary of significant accounting policies (continued)

f) Income tax (continued)

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.

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 current tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

g) Tax consolidation legislation

Transfield Services Infrastructure Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as of 12 June 2007. The Australian Taxation Office has been notified of this decision and confirmation has been received.

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

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

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

Any differences between the amounts assumed and amounts receivable or payable under the tax funding agreements are recognised as a contribution to (or distribution from) wholly–owned tax consolidated entities.

h) Leases

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

i) Business Combinations

The purchase method of accounting is used for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured at the fair value of the assets given, liabilities incurred or assumed at the date of the acquisition plus incidental costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of cost of acquisition over the fair value of the Group's share of identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Note 1. Summary of significant accounting policies (continued)

j) Impairment of assets

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

k) Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are governed by long term contractual arrangements.

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

l) Inventories

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

Raw materials – Liquid Fuel
Liquid fuel holdings are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

m) Cash and cash equivalents

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

Note 1. Summary of significant accounting policies (continued)

n) Investments and other financial assets

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

Available for sale financial assets
Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.
The fair values of investments utilised the most recent transaction price established on the acquisition of the additional interest in available for sale assets, adjusted for any subsequent impairment.

o) Derivatives

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

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges), or
- hedges of highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of a derivative transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items. The fair value of various derivative financial instruments used for hedging purposes is disclosed in note 13. Movements in the hedging reserve in shareholders equity are shown in note 27.

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

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within finance costs. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging transactions is recognised in the income statement.

However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement in the initial cost or carrying amount of the asset or liability.

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

Note 1. Summary of significant accounting policies (continued)

p) Fair value estimation

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

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

q) Property, plant and equipment

Power generation plant
Power generation assets comprise land and buildings, the plant, equipment, fixtures and fittings of the Group's wholly-owned power stations and wind farms. In the opinion of the Directors, these assets comprise a separate class of assets.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Land is not depreciated. Depreciation is calculated on a straight-line basis to allocate the net cost of each item of plant over its expected useful life to the Group. Estimates of remaining useful lives are made on a regular basis of all classes of assets, with annual reassessments for major items.

The power generation assets have been componentised in the following categories and are being depreciated over their estimated useful lives as follows:

- gas, steam, and wind turbines	20 - 30 years
- electrical interface	20 - 30 years
- instrument and control systems	15 years
- ancillary systems	20 - 30 years
- civil works	20 - 45 years
- short-lived assets	4 -12 years
- buildings	20 - 40 years

Power generation assets of the Group are required to be overhauled on a regular basis. This is managed as part of an ongoing major cyclical maintenance program. The costs of this maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated in accordance with the component classifications above. Other routine operating maintenance, repair costs and minor renewals are also charged as expenses as incurred.

Note 1. Summary of significant accounting policies (continued)

q) Property, plant and equipment (continued)

All repair and maintenance expenses are charged to the income statement during the financial period in which they are incurred.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount, note 1(j).

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

Restoration, rehabilitation and environmental expenditure
The estimated costs of dismantling and removing an asset and restoring the site are included in the cost of the asset as the obligation arose during the course of construction.

The provision is reviewed at each balance sheet date and the liability is measured at the amount required to settle the present obligation at the reporting date, discounted to net present value where material.

r) Intangible assets

Contract intangible
Contract intangibles have a finite useful life and are carried at cost less accumulated amortisation and impairment losses.
Amortisation is calculated using the straight-line method to allocate the cost of contract intangibles over their estimated useful lives of based on the contract period, generally 20-25 years.

Computer software and licences
Computer software is either purchased or developed by the operation and maintenance provider and is recorded at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method over the effective useful lives of three years for application software to ten years for licenses and other items.

Note 1. Summary of significant accounting policies (continued)

s) Trade and other payables

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

t) Borrowings

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

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

u) Provision for employee benefits

Wages, salaries, sick leave, annual leave and long service leave benefits are the responsibility of the manager and are reimbursed through the terms of the MSA.

Equity-based compensation benefits
Share-based compensation disclosed in the remuneration report relates to equity granted in Transfield Services Limited, the holding company of the Manager and to notional securities of TSI Fund at the expense of the Manager.

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

v) Provisions

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

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

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

w) Borrowing costs

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

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

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

Note 1. Summary of significant accounting policies (continued)

x) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

y) Dividends

Provision is made for the amount of any dividend/distribution declared on or before the end of the year but not distributed at balance date.

z) Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to shareholders 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 per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and 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.

aa) Earnings per stapled security

As the stapling is a business combination by contract alone, the total ownership interest in Transfield Services Infrastructure Trust and TSI International Limited is presented as minority interest in these consolidated financial statements. Transfield Services Infrastructure Limited, Transfield Services Infrastructure Trust and TSI International Limited have common equity holders with the effect that total equity and total earnings belong to securityholders.

ab) Financial instrument transaction costs

Transaction costs relating to financial instruments are capitalised to the carrying amounts of the financial instrument.

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 with other receivables or payables in the balance sheet.

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

ad) Rounding of amounts

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

Note 1. Summary of significant accounting policies (continued)

ae) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The Group's and parent entity's assessment of the impact of these new standards and interpretations is set out below (as deemed relevant to the Group).

(i) AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8* which are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 advocates a change in the approach to Segment Reporting as it requires the adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and how to allocate resources to operating segments. The Group will adopt AASB 8 from 1 July 2009. Management do not consider that the Standard will result in significant change to the existing 'Geographically based' reporting which is currently adopted in the financial report.

(ii) Revised AASB 123 *Borrowing Costs* and AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123*. (Effective from 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and – when adopted – will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact to the financial report of the Group, as the Group already capitalises borrowing costs on qualifying assets.

(iii) Revised AASB 101 *Presentation of Financial Statements* and AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*. (Effective 1 January 2009). The September 2007 revised AASB 1012 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment, or has reclassified items in the financial statements, it will need to disclose a third balance sheet, at the beginning of the comparative period. The Group will apply the revised standard from 1 July 2009.

(iv) Revised AASB 3 *Business Combinations*, AASB 127 *Consolidated and Separate Financial Statements and* AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127* (effective from 1 July 2009). The main impact that this standard will have on the Group is that it limits the circumstances where transaction costs may be capitalised to goodwill. The Group will apply the revised standard from 1 July 2009.

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

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

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

Note 1. Summary of significant accounting policies (continued)

ae) New accounting standards and interpretations (continued)

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

Note 2. Financial risk management

The Group's activities expose it to a variety of financial risks; market risk, credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts and interest rates swaps to hedge certain risk exposures. Derivatives are used exclusively for hedging purposes. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative reasons.

Risk management is carried out by the Manager (Transfield Services (Australia) Pty Limited) under the Management Services Agreement (MSA) in conjunction with the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in conjunction with the business' operating units under Group policy arrangements. The Board provides written principles for overall risk management.

a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to securityholders though the optimisation of the mix of debt and equity funding.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in notes 22 and 23, cash and cash equivalents, and equity.

The Group's operating cash flows are used primarily for working capital, capital expenditure purposes, interest and principal payments on debt facilities and funding distributions to securityholders.

The Group has a borrowing facility at the Parent entity level to meet funding requirements. At balance date the debt covenants measurement criteria had been successfully achieved and management meets regularly to forecast financial performance, cash flow projections and expected debt covenant ratios.

The Group's Chief Financial Officer reviews the capital structure on a regular basis. As a part of this review the Chief Financial Officer considers the Group's capital structure on a regular basis. As part of this review the Chief Financial Officer considers the Group's capital expenditure and working capital funding needs, the surplus cash available to the Group, the duration and terms of available debt facilities and securityholder distributions. The review also involves an assessment of the risks associated with refinancing the existing debt facilities prior to their expiry on acceptable terms, and develops strategies to optimise the refinancing outcome.

Note 2. Financial risk management (continued)

	Consolidated		Parent entity	
	2009 $000	2008 $000 (restated)	**2009 $000**	2008 $000 (restated)
Debt (i)	**745,000**	749,404	**745,000**	749,404
Total capital (ii)	**1,125,945**	1,257,311	**823,680**	929,549
Total debt to total capital ratio	**66.2%**	59.6%	**90.4%**	80.6%
Closing gross debt/underlying EBITDA	**6.4 times**	8.1 times		
Closing net debt/underlying EBITDA	**6.2 times**	7.9 times		
Year end debt service cover ratio	**1.8 times**	2.1 times		

(i) Debt is defined as the long and short-term borrowings, as detailed in Notes 22 and 23, excluding loans from associates, and loans from entities that are within the wholly-owned group.

(ii) Total capital is comprised of debt (as described above) and equity (which includes all capital and reserves).

The Group is subject to external capital requirements as a result of its Corporate Borrowing Facility which is described in Note 23. The Group is required to maintain a certain Debt Service Coverage Ratio (DSCR). DSCR is a measure of the amount of cash flow available to meet annual interest and principal payments on debt. In order to be in compliance with its Corporate Borrowing Facility, the Group is required to maintain a total DSCR that is greater than 1.3 times its annual interest and principal payments on its debt. The Group's DSCR at 30 June 2009 was 1.80 (2008: 2.01)

b) Categories of financial instruments

	Balance Sheet	
Consolidated	**2009 $000**	2008 $000
Financial assets		
Cash and cash equivalents	**19,524**	18,970
Derivative instruments in designated hedge accounting relationships	-	38,231
Loans and receivables	**64,767**	71,283
Available for sale financial assets	**136,285**	136,285
	220,576	264,769
Financial liabilities		
Loans and payables	**811,836**	801,905
Derivative instruments in designated hedge accounting relationships	**35,924**	-
	847,760	801,905

	Balance Sheet	
Parent	**2009 $000**	2008 $000
Financial assets		
Cash and cash equivalents	**19,157**	12,664
Derivative instruments in designated hedge accounting relationships	-	38,231
Loans and receivables	**655,098**	733,118
Available for sale financial assets	**136,285**	136,285
	810,540	920,298
Financial liabilities		
Derivative instruments in designated hedge accounting relationships	**35,924**	-
Loans and payables	**1,129,003**	1,140,678
	1,164,927	1,140,678

Note 2. Financial risk management (continued)

c) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has concentrations of credit risk since most of its revenues are contracted under long-term agreements with a small number of parties. However counterparties are generally Australian government authorities and large public or private corporations and the risk perceived is low. Derivative counterparties and cash transactions are limited to high credit quality financial institutions.

The maximum credit risk exposure on receivables is limited to the amount of the receivables booked. The credit risk on cash and cash equivalents and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

d) Liquidity risk management

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group has managed its liquidity risk by negotiating a corporate debt facility which provides flexibility to manage the Group's cash position.

A description of the Corporate Borrowing Facility is provided in Note 23.

The following tables detail the Company's and the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Consolidated

	Less than 1 month $000	1-3 months $000	3 months to 1 year $000	1-5 year $000	5+ years $000
2009					
Non-interest bearing	-	40,653	-	2,000	-
Variable interest rate instruments	-	-	48,683	62,239	658,261
Derivatives	10,429	-	10,400	18,075	(20,933)
2008					
Non-interest bearing	-	30,355	7,371	-	-
Variable interest rate instruments	-	-	63,146	77,725	630,679

Parent

	Less than 1 month $000	1-3 months $000	3 months to 1 year $000	1-5 year $000	5+ years $000
2009					
Non-interest bearing	-	3,460	7,371	-	-
Variable interest rate instruments	-	-	48,683	62,239	658,261
Derivatives	10,429	-	10,400	18,075	(20,933)
Related party loans	-	-	349,638	-	-
2008					
Non-interest bearing	-	3,460	7,371	-	-
Variable interest rate instruments	-	-	63,146	77,725	630,679
Related party loans	-	-	365,668	-	-

Note 2. Financial risk management (continued)

e) Foreign exchange risk

The Group operates domestically with all assets located within Australian borders. Members of the Group undergo ongoing maintenance of their capital equipment which may require the acquisition of foreign-sourced parts and inventories. This capital equipment may require long lead times for delivery. In such instances, Group Treasury will hedge the foreign currency to minimise exposure to foreign exchange currency risks. Hedging is performed on a transaction by transaction basis.

f) Fair value of financial instruments

Financial assets and liabilities

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions that are traded on active liquid markets are determined with reference to quoted market prices
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions
- the fair value of derivative instruments, are calculated using quoted prices. Where such prices are not available use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives, and
- the fair value of financial guarantee contracts is determined using option pricing models where the main assumptions are the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default.

Derivatives

Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Unlisted equity shares

The financial statements include holdings in unlisted shares which are measured at fair value using the policies described in note 1(n). Fair value is estimated using a discounted cash flow model, which includes some assumptions that are not directly observable

Note 2. Financial risk management (continued)

g) Cash flow and fair value interest rate risk

The Group's interest-rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk. Under the Corporate Borrowing Facility the Parent entity is required to fix the rates for 75% of its net borrowings for the first ten years.

As at 30 June 2009 the Group has hedged 90% (2008: 87%) of its exposure to interest rates by utilising amortising interest rate swaps matching the drawn profile of the Corporate Borrowing Facility which reduces the exposure to interest rates as a means of managing the Group's exposure to prevailing levels of interest rates.

The Group manages its cash flow interest-rate risk by using floating-to-fixed amortising interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates that are lower than those available if the Group borrowed at fixed rates directly. Under the interest-rate swaps, the Group agrees with other parties to exchange, at specified intervals (annually or semi-annually), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amortising principal amounts.

The interest rate swap contracts require settlement of net interest receivable or payable every 6 months. The floating rate on the interest rate swaps is the bank bill swap bid rate (BBSY).

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount deferred in equity is recognised in profit or loss over the period that the floating interest payments on debt impact profit or loss.

Interest rate sensitivity analysis
The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

At reporting date, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's:

- net profit would increase by $517,710 and decrease by $517,710 (2008: net profit would increase by $610,321 and decrease by $610,321), and
- other equity reserves would increase by $40,347,300 and decrease by $46,382,700 (2008: other equity reserves would increase by $36,609,400 and decrease by $42,217,905).

h) Risk exposures

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of asset or derivative financial asset set out in the financial report.

Note 3. Critical accounting 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. Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different circumstances and may materially affect financial results or the financial position reported in future periods.

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

Impairment of assets- modelling
The Group tests annually whether assets have suffered any impairment in accordance with the accounting policy stated in notes 1(j). The recoverable amounts of cash-generating units have been determined based on value in use adopting a 'whole of life' model of future cash flows. This model has been adopted as management considers it the most appropriate valuation technique. Where there is scope for future escalations in contract price (for example wind farm off take arrangements) market value estimates have been adopted.

Further to the cashflow estimates used in the 'whole of life' valuation models, management has sought expertise from independent advisers to both test the model integrity and provide guidance on appropriate discount rates in order to bring the future cash flows to net present value to provide the basis for any impairment charge. The calculations in any such model require the use of assumptions. These assumptions are regularly monitored and updated where necessary to reflect market conditions at review dates.

The assets of the Group include assets whose inputs and outputs are sensitive to proposed Government legislation pertaining to the Carbon Pollution Reduction Scheme (CPRS) and Renewable Energy Targets (RET). As there is no certainty as to the application of the proposed legislation management has not at this time incorporated into its valuation models an estimate of the impact of CPRS or RET on its future cash flows or asset values. The Directors believe that this approach is consistent with industry practice.

Provision for rehabilitation costs
The Group estimates the future rehabilitation costs for assets for which it has a legal obligation to restore to the acceptable level determined by statute or contract applicable to the relevant asset. The calculation of this provision requires management to make assumptions regarding the application of contract and environmental legislation. The carrying amount for the provision for restoration is disclosed in note 25.

Note 4. Impact of impairment testing

Impairment is tested at the individual asset level of each business segment in the TSI Fund. The Group may test for impairment using either of two methods:

- Value in use (VIU), or
- Fair value less cost to sell.

Individual asset models have been prepared on the basis of unlevered, pre-tax cash flows over the contracted and/or expected life of future cash flows, discounted at an appropriate rate.

Critical judgements in the design of the model are set out in Note 3 – Critical accounting judgements.

Note 4. Impact of impairment testing (continued)

a) Key assumptions used in value-in-use (VIU) calculations

In order to assess asset VIUs, pre-tax, pre-financing cashflows were projected to the end of asset useful lives based on a combination of contracted cashflows, management's expectation of post-contract operations and expected contract pricing. No terminal values were included in the VIU calculations. The asset cashflows were discounted to their present value using a pre-tax long term weighted average cost of capital (WACC) which was determined with the assistance of an expert adviser. The WACCs used ranged from 8% to 12%, depending on the risks inherent in each asset. .

In respect of the wind farm portfolio, goodwill arising on acquisition is monitored for internal management purposes over the portfolio of assets rather than on an asset by asset basis. The wind farm portfolio VIU model outcomes exceed the carrying value of net assets comprising this cash generating unit.

b) Impact of possible changes in key assumptions

Numerous factors including interest rates, climate, consumer demand and asset management costs are able to impact the VIU outcomes, however, a significant change would be brought about by any Carbon Pollution Reduction Scheme (CPRS) enacted by the Government. Uncertainty over this legislation at the date of this report makes it unreasonable to factor undefined assumptions into the asset valuation models. Should the CPRS legislation be passed in Parliament, management would consider that the application of *AASB 136 – Impairment of Assets* would constitute a "trigger event" for remeasuring VIU's to determine whether any impairment charges resulted.

c) Impairment charge

The following impairment has arisen as at 30 June 2009:

CGU/Asset	Total impairment $'000	Class of assets impacted	Asset class impaired $'000
Collinsville	79,903	Goodwill	13,974
		Other intangible assets	25,962
		Power generation assets	39,967
			79,903

Note 5. Revenue

	Consolidated		Parent entity	
	2009 $000	2008 $000 (restated)	**2009 $000**	2008 $000
Revenue from continuing operations				
Power supply contract revenue - thermal	**139,444**	155,272	-	-
Power supply contract revenue - wind	**29,245**	10,994	-	-
	168,689	166,266	-	-
Other revenue				
Interest	**5,356**	7,418	**4,962**	6,220
Total revenue from continuing operations	**174,045**	173,684	**4,962**	6,220
Other income				
Profit on sale of plant and equipment	**3,880**	-	-	-
Other	-	5,084	-	-
Dividends	-	-	**1,050**	-
	3,880	5,084	**1,050**	-
Total	**177,925**	178,768	**6,012**	6,220

Note 6. Expenses

Depreciation				
Property, plant and equipment	**42,468**	32,876	-	-
Total depreciation	**42,468**	32,876	-	-
Amortisation				
Intangible assets	**4,311**	2,790	-	-
Total amortisation	**4,311**	2,790	-	-
Total depreciation and amortisation	**46,779**	35,666	-	-
Impairment				
Intangible assets	**39,936**	-	-	-
Plant and equipment	**39,967**	-	-	-
Total impairment	**79,903**	-	-	-
Interest and borrowing costs				
Interest and borrowing costs capitalised	**5,695**	15,840	-	-
Interest expensed in income statement	**49,398**	30,233	**75,225**	51,039
Interest and borrowing charges paid/payable	**55,093**	46,073	**75,225**	51,039
Rental expense relating to operating leases				
Minimum lease payments	**493**	273	-	-

Note 7. Income tax

	Consolidated		Parent entity	
(a) Income tax expense attributable to continuing operations	**2009 $000**	2008 $000 (restated)	**2009 $000**	2008 $000
Current tax	**(4,552)**	8,630	**(23,954)**	(19,177)
Deferred tax	**(13,565)**	(3,422)	**(784)**	1,685
Prior year under / (over) provision	**(3,613)**	635	**(5,036)**	2,030
Income tax (benefit)/expense	**(21,730)**	5,843	**(29,774)**	(15,462)
Deferred income tax (benefit) expense included in income tax expense comprises:				
Decrease/(increase) in deferred tax assets (note 24)	**(1,089)**	(152)	**(1,210)**	51
(Decrease)/increase in deferred tax liabilities (note 24)	**(12,476)**	(3,270)	**426**	1,634
	(13,565)	(3,422)	**(784)**	1,685

	Consolidated		Parent entity	
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit from continuing operations before income tax expense	**(59,747)**	27,828	**(79,632)**	(56,909)
Income tax calculated at the Australian tax rate of 30% (2008: 30%)	**(17,924)**	8,348	**(23,890)**	(17,073)
Deductible interest paid to Transfield Services Infrastructure Trust	**(5,761)**	(5,454)	-	-
Non-deductible interest	**3,528**	3,256	-	-
Impairment of goodwill	**4,192**	-	-	-
Fully franked dividends	-	-	**(315)**	-
Deductible float costs	**(471)**	(459)	**(471)**	(459)
Share of net profits of associates	**(938)**	(994)	-	-
R & D benefit	**(62)**	-	**(62)**	-
Investment allowance	**(498)**	-	-	-
Other	**(183)**	461	-	40
Income tax expense adjusted for other non-taxable items:	**(18,117)**	5,208	**(848)**	(17,492)
(Over)/under provision – prior year/tax consolidation	**(3,613)**	635	**(5,036)**	2,030
Income tax (benefit)/expense	**(21,730)**	5,843	**(29,774)**	(15,462)

(c) Amounts recognised directly in equity

Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity				
Net deferred tax –debited directly to equity (note 24)	**21,776**	5,752	**21,776**	5,752

(d) Unrecognised temporary differences

There are no deferred tax assets or liabilities that have not been recognised.

Note 7. Income tax (continued)

(e) Tax consolidation legislation

Transfield Services Infrastructure Limited and its wholly-owned Australian subsidiaries have implemented the tax consolidation legislation as of 12 June 2007. The accounting policy to this legislation is set out in note 1(g).

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 Infrastructure Limited.

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

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of the financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current inter-Company receivables or payables (refer notes 10 and 22).

Note 8. Restatement of Comparative Information

Correction of depreciation disclosed in the corresponding comparative period

The comparative financial information for the year ended 30 June 2008 has been restated to include an increase in the depreciation of Townsville power station. The effect of this amendment is that depreciation and amortisation costs previously reported for the year ended 30 June 2008 were understated by $3,127,000, the consolidated liability for deferred taxation and consolidated total liabilities by $938,000, and consolidated retained profits and consolidated equity by $2,189,000. The error also had the effect of overstating consolidated profit before income tax by $3,127,000, consolidated income tax expense by $938,000 and consolidated profit after income tax by $2,189,000 for the year ended 30 June 2008.

By restating each of the financial statement lines for the prior year, as described above, the financial information for the comparative period has been corrected.

Basic and diluted earnings per share for the prior year have also been restated. The amount of the correction for both the basic and diluted earnings per share was a reduction of 0.80 cents per share.

Introduction of IFRIC 12 to the recognition of investment in and loans to and from associates

As a result of IFRIC 12 which applies from the first accounting period commencing after 1 January 2008, the Group has restated its equity investment, intercompany balances and share of profits in its 50% owned associates, Macarthur Water Pty Limited (Macarthur) and Yan Yean Water Pty Limited (Yan Yean) for the years ended 30 June 2008.

The impact of this restatement is:

- an increase in the carrying value of the investment in associates (including loans receivable and payable) at 1 July 2007 of $1.4 million (Parent $0.7 million).
- a decrease in the share of profit from associates for the year ended 30 June 2008 of $1.5 million.

Basic and diluted earnings per share for the prior year have also been restated. The amount of the restatement for both the basic and diluted earnings per share was a reduction of 0.57 cents per share.

Note 9. Current assets – Cash and cash equivalents

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
Cash at bank and on hand	**19,524**	18,970	**19,157**	12,664
The above figures are reconciled to cash at the end of the financial year as shown in the statements of cash flows as follows:				
Balances per statement of cash flows	**19,524**	18,970	**19,157**	12,664

Cash at bank
Cash at bank earned floating interest rates between 2.9% and 7.15% (2008: 6.15% and 7.15%) per annum during the year.

Note 10. Current assets – Trade and other receivables

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
Trade receivables (i)	**7,397**	16,321	**-**	-
Loan notes (ii)	**2,671**	5,721	**2,671**	5,721
Other receivables (iii)	**8,527**	9,825	**2,825**	4,426
	18,595	31,867	**5,496**	10,147
Related party receivables**	**-**	475	**-**	-
Loans to associates	**297**	1,145	**297**	1,145
Loans to controlled entities *	**-**	-	**604,406**	684,548
	297	1,620	**604,703**	685,693
	18,892	33,487	**610,199**	695,840

*The terms of these receivables are set out in note 33.
** These receivables are interest free and have no fixed repayment terms.

(i) The average credit period on the rendering of services is 30 days. No interest is charged on trade receivables. Due the nature of the business and the Group's past experience, no allowance has been made for estimated irrecoverable trade receivable amounts arising from the past rendering of services. The Group's customer base is largely comprised of Australian government entities and large public and private corporations. As such the Group believes that it will recover 100% of its receivables balance. Before accepting any new customers, the Group assesses the prospective customer's credit rating. The Group's concentration of credit risk is limited due to the nature of the customer base.

(ii) The loan notes represent part of the investment in Great Energy Alliance Corporation Pty Ltd which owns the Loy Yang A Power Station. The loan notes attract an interest rate of 10% with interest being paid on a semi-annual basis. Interest income earned on the loan notes is classified within other revenue. Interest income on the loan notes is not affected by the performance of Loy Yang A.

(iii) These amounts generally arise from transactions outside the usual operating activities of the Group. Interest may be charged at commercial rates where the term of repayment exceeds six months. Collateral is not normally obtained. For the Parent entity, these include receivables from tax consolidated entities under the tax funding agreement.

Note 11. Current assets – Prepayments and other current assets

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
Prepayments and deferred expenses	**4,178**	12,085	**2,610**	2,610
Deposits	**1,321**	706	**345**	188
	5,499	12,791	**2,955**	2,798

Note 12. Current assets – Inventories

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
Raw materials and stores – at cost	**10,768**	10,194	-	-
Fuel reserves	**2,190**	-	-	-
	12,958	10,194	-	-

Note 13. Derivative financial instruments

Cash flow hedges	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
Current assets				
Interest rate swap contracts	-	8,469	-	8,469
Current liabilities				
Interest rate swap contracts	**15,004**	-	**15,004**	-
Non-current assets				
Interest rate swap contracts	-	29,762	-	29,762
Non-current liabilities				
Interest rate swap contracts	**20,920**	-	**20,920**	-
Net asset/(liability)	**(35,924)**	38,231	**(35,924)**	38,231

a) Instruments used by the Group and fair values

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

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

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

Swaps currently in place hedge 90% of the outstanding loan principals and are timed to expire as each loan repayment falls due. The average contracted fixed interest swap rate is 6.60% per annum (2008: 6.60%). The variable rate is AUD-BBR-BBSY plus a margin based on 180 day rollovers. As at balance date the average variable rate was 7.51% per annum (2008: 7.55%).

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

Note 13. Derivative financial instruments (continued)

Cash flow hedges

Outstanding floating for fixed contracts	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2009 %	2008 %	**2009 $000**	2008 $000	**2009 $000**	2008 $000
Consolidated						
Less than 1 year	-	-	-	-	-	-
1 to 5 years	-	-	-	-	-	-
5 years +	**6.60%**	6.60%	**670,756**	670,756	**(35,924)**	38,231
Parent entity						
Less than 1 year	-	-	-	-	-	-
1 to 5 years	-	-	-	-	-	-
5 years +	**6.60%**	6.60%	**670,756**	670,756	**(35,924)**	38,231

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

At balance date for the Group and Parent entity these contracts were in a liability position with a fair value of $35,924,000 (2008: asset position of $38,231,000) (included in current and non-current derivative financial instruments). In the year ended 30 June 2009 the Group and parent entity before tax loss from the decrease in fair value was $74,155,000 (2008: increase of $17,464,000). These amounts were recognised in equity, net of tax.

b) Interest risk exposures

It is a requirement under the Corporate Borrowing Facility that borrowings are hedged. Specifically, hedge agreements must be entered into for interest payable such that not less than 75% of principal outstanding is hedged.

c) Other risk exposures

Information about the Group's and parent entity's exposure to capital risk, credit risk, liquidity risk, foreign exchange and interest rate risk is provided in note 2. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of derivative financial asset disclosed above.

Note 14. Non-current assets –Receivables

	Consolidated		Parent entity	
	2009 $000	2008 $000	**2009 $000**	2008 $000
Loan notes	**44,554**	37,090	**44,554**	37,090
Movements:				
At the beginning of year	**37,090**	40,170	**37,090**	40,170
Additions (capitalised interest receivable)	**4,414**	-	**4,414**	-
Reallocation from/(to) current receivables	**3,050**	(3,080)	**3,050**	(3,080)
At end of year	**44,554**	37,090	**44,554**	37,090

Note 14. Non-current assets –Receivables (continued)

a) Fair values

The fair values are consistent with their carrying values and have been calculated using market interest rates.

d) Risk exposure

Information about the Group's and parent entity's exposure to capital risk, credit risk, liquidity risk, foreign exchange and interest rate risk is provided in note 2. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable disclosed above.

Note 15. Non-current assets –Other

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
Deferred expenses	**5,869**	6,694	**5,869**	6,694

Note 16. Non-current assets – Investments accounted for using the equity method

	Note	Consolidated		Parent entity	
		2009	2008	**2009**	2008
		$000	$000	**$000**	$000
Investments in associates	38	**79,766**	77,731	-	-

Note 17. Non-current assets – Available for sale financial assets

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
At the beginning of year	**136,285**	136,285	**136,285**	136,285
Additions	-	-	-	-
Fair value adjustment through equity	-	-	-	-
At end of year	**136,285**	136,285	**136,285**	136,285

The available for sale financial asset represents unquoted shares in General Energy Alliance Corporation Pty Limited which owns the Loy Yang A Power Station.

Note 18. Non-current assets – Other financial assets

	Note	Consolidated		Parent entity	
		2009	2008	**2009**	2008
		$000	$000	**$000**	$000
Investments in associates	38	-	-	**44,070**	44,070
Investments in controlled entities – at cost	36	-	-	**368,703**	368,703
		-	-	**412,773**	412,773
Movements:					
Investments in controlled entities and associates – at cost					
At the beginning of year		-	-	**412,773**	412,773
Additions		-	-	-	-
At end of year		-	-	**412,773**	412,773

Note 19. Non-current assets – Property, plant and equipment

Consolidated	Land and buildings $000	Rehabilitation provision $000	Gas, steam, and wind turbines $000	Civil works $000	Electrical interface $000	Instrument and control system $000	Ancillary systems $000	Short-lived assets and Capital work in progress $000	Total $000
Year ended 30 June 2009									
Opening net book amount	12,113	844	588,683	47,005	63,662	39,324	58,681	73,998	884,310
Correction to fair values under AASB 3	-	-	493	-	-	-	-	-	493
Additions *	-	-	33,900	32	630	27	270	22,245	57,104
Disposals	(1,670)	-	-	-	(5,390)	-	(154)	(359)	(7,573)
Transfers between categories	2,069	759	(21,385)	7,614	4,640	9,733	1,165	(4,595)	-
Depreciation charge	(220)	(82)	(21,656)	(1,600)	(2,700)	(3,858)	(2,548)	(9,804)	(42,468)
Impairment charge/(negative revaluation on acquisition) (note 4)	-	-	(12,666)	(4,097)	6,638	1,009	(31,108)	257	(39,967)
Closing net book amount	12,292	1,521	567,369	48,954	67,480	46,235	26,306	81,742	851,899
At 30 June 2009									
Cost	12,817	1,786	681,349	56,117	82,077	57,803	35,258	103,484	1,030,691
Accumulated depreciation	(525)	(265)	(113,980)	(7,163)	(14,597)	(11,568)	(8,952)	(21,742)	(178,792)
Net book amount	12,292	1,521	567,369	48,954	67,480	46,235	26,306	81,742	851,899

* includes unpaid amounts due over ensuing 13months and capitalised borrowing costs.

Borrowing costs of $5.695 million were capitalised in 2009 (2008: $15.84 million).

The Parent entity had no property, plant and equipment assets during the year (2008: $nil)

Note 19. Non-current assets – Property, plant and equipment (continued)

Consolidated	Land and buildings $000	Rehabilitation provision $000	Gas, steam, and wind turbines $000	Civil works $000	Electrical interface $000	Instrument and control system $000	Ancillary systems $000	Short-lived assets and Capital work in progress $000	Total $000
Year ended 30 June 2008									
Opening net book amount	6,780	896	371,875	32,454	50,688	23,468	59,304	24,617	570,082
Correction of prior year error (note 8)	-	-	(3,127)	-	-	-	-	-	(3,127)
Additions and transfers from work in progress	-	-	25,973	15	466	-	315	3,594	30,363
Additions through acquisition of subsidiary	5,391	-	212,282	15,565	15,073	17,524	164	50,742	316,741
Depreciation charge	(58)	(52)	(18,320)	(1,029)	(2,565)	(1,668)	(1,102)	(4,955)	(29,749)
Closing net book amount	12,113	844	588,683	47,005	63,662	39,324	58,681	73,998	884,310
At 30 June 2008									
Cost	13,400	939	684,010	52,526	76,064	46,446	64,256	88,703	1,026,344
Accumulated depreciation	(1,287)	(95)	(95,327)	(5,521)	(12,402)	(7,122)	(5,575)	(14,705)	(142,034)
Net book amount	12,113	844	588,683	47,005	63,662	39,324	58,681	73,998	884,310

Borrowing costs of $15.84 million were capitalised in 2008 (2007: $5.65 million).

The Parent entity had no property, plant and equipment assets during the year (2007: $nil)

Note 20. Non-current assets – Intangible assets

Consolidated	Power purchase agreements $000	Coal supply agreement $000	Software $000	Development rights $000	Goodwill (restated) $000	Total $000
Year ended 30 June 2009						
Opening net book amount	79,427	15,143	328	-	104,963	199,861
Correction to fair values under AASB 3	-	-	-	-	237	237
Additions through acquisition of subsidiary	-	-	-	-	-	-
Disposals and transfers out	-	-	-	-	-	-
Amortisation charge	(3,572)	(693)	(46)	-	-	(4,311)
Impairment charge (note 4)	(21,740)	(4,222)	-	-	(13,974)	(39,936)
Closing net book amount	54,115	10,228	282	-	91,226	155,851
At 30 June 2009						
Cost	84,438	16,392	447	-	105,200	206,477
Accumulated amortisation	(30,323)	(6,164)	(165)	-	(13,974)	(50,626)
Net book amount	54,115	10,228	282	-	91,226	155,851
Year ended 30 June 2008						
Opening net book amount	118,583	22,608	375	-	-	141,566
Additions through acquisition of subsidiary	-	-	-	3,000	61,128	64,128
Disposals and transfers out	-	-	(9)	(3,000)	(34)	(3,043)
Correction to fair values under AASB 3	(36,845)	(7,024)	-	-	43,869	-
Amortisation charge	(2,311)	(441)	(38)	-	-	(2,790)
Closing net book amount	79,427	15,143	328	-	104,963	199,861
At 30 June 2008						
Cost	84,438	16,392	447	-	104,963	206,240
Accumulated amortisation	(5,011)	(1,249)	(119)	-	-	(6,379)
Net book value	79,427	15,143	328	-	104,963	199,861

Note 21. Current liabilities – Trade and other payables

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
Trade payables*	**23,792**	17,288	**2,541**	2,663
Other payables	**16,861**	13,067	**7,641**	797
	40,653	30,355	**10,182**	3,460

* The average credit period on purchases of goods is 30 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Note 22. Current liabilities – Short-term borrowings

Unsecured	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
Loans from associates (refer (i) below)	**24,183**	22,146	**24,183**	22,146
Loans from related parties*	-	-	**349,638**	365,668
Corporate Borrowing Facility	**24,500**	41,000	**24,500**	41,000
Secured				
Total current borrowings	**48,683**	63,146	**398,321**	428,814

Details of the security relating to each of the secured liabilities and further information on the bank loans as well as interest rate risk, maturity dates and fair values are set out in note 23.

* The terms of these loans are set out in note 33 (k).

(i) Represents loan from Macarthur Water Filtration Plant in lieu of distribution payments. The loan is interest free, it has no maturity date and will be reduced by future distribution payments as received.

Note 23. Non-current liabilities – Long-term borrowings and payables

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
Unsecured				
Corporate Borrowing Facility	**720,500**	708,404	**720,500**	708,404
Other	**2,000**	-	-	-
	722,500	708,404	**720,500**	708,404

a) Fair values and carrying values

Set out below is a comparison, by category, of carrying amounts of the Group's short-term and long-term borrowings recognised in the financial statements.

Note 23. Non-current liabilities – Long-term borrowings and payables (continued)

Consolidated	**2009**		2008	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	$000	**$000**	$000	$000
Non-interest bearing loan, borrowing and payables:				
Loans from associates	**24,183**	**24,183**	22,146	22,146
Other	**2,000**	**2,000**	-	-
Interest bearing loans and borrowings:				
Corporate Borrowing Facility	**745,000**	**745,000**	749,404	749,404
	771,183	**771,183**	771,550	771,550
Parent				
Non-interest bearing loans and borrowings:				
Loans from associates	**24,183**	**24,183**	22,146	22,146
Interest bearing loans and borrowings:				
Loans from related parties	**349,638**	**349,638**	365,668	365,668
Corporate Borrowing Facility	**745,000**	**745,000**	749,404	749,404
	1,118,821	**1,118,821**	1,137,218	1,137,218

b) Corporate Borrowing Facility

The Corporate Borrowing Facility was set in May 2008. The current level of this Facility is $679,000,000. This Facility represents the senior debt, is unsecured and is due for renegotiation in September 2011. The senior debt has an agreed amortisation profile and 1.2% margin with an opportunity to vary the applicable margin in line with semi-annual cover ratio testing.

In May 2008 the Company also entered into a Corporate Borrowing Facility known as the junior debt facility which is also due for renegotiation in September 2011. The current level of this Facility is $66,000,000. This component is for interest only and at a set margin.

During the year, the Company returned all outstanding guarantees which were subsequently cancelled.

c) Financing arrangements

	Consolidated		**Parent**	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
Access was available at balance date to the following:				
Corporate Borrowing Facility - unrestricted	**745,000**	883,000	**745,000**	883,000
Used at balance date	**745,000**	749,404	**745,000**	749,404
Unused at balance date	**-**	133,596	**-**	133,596
	745,000	883,000	**745,000**	883,000

d) Unsecured liabilities

Total unsecured liabilities (current and non-current) are:				
Corporate Borrowing Facility	**745,000**	749,404	**745,000**	749,404

Note 24. Non-current liabilities – Deferred tax liabilities

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
Gross deferred tax liabilities	**118,861**	140,269	**4,550**	15,594
Set off deferred tax assets within common jurisdictions	**(18,531)**	(4,777)	**(15,401)**	(1,413)
Net deferred tax liabilities/(assets)	**100,330**	135,492	**(10,851)**	14,181
Gross deferred tax liabilities comprises temporary differences attributable to:				
Depreciation and amortisation temporary differences on property, plant and equipment and intangibles	**112,908**	123,598	-	-
Inventories	**1,154**	848	-	-
Interest accrual	**965**	484	**716**	255
Amortised interest	-	2,009	-	2,009
Capitalised borrowing costs	**1,974**	-	**1,974**	-
	117,001	126,939	**2,690**	2,264
Amounts recognised directly in equity				
Cash flow hedges	-	11,470	-	11,470
Available for sale financial asset	**1,860**	1,860	**1,860**	1,860
Gross deferred tax liabilities	**118,861**	140,269	**4,550**	15,594
Movements in gross deferred tax liabilities				
Opening balance at 1 July	**140,269**	99,308	**15,594**	8,667
Correction of prior year error (note 8)	-	(938)	-	-
Charged to equity	**(11,470)**	5,293	**(11,470)**	5,293
Prior year understatement of deferred tax liability/overstatement of provision for tax (net)	**2,084**	-	-	-
(Credited)/charged to the income statement (note 7)	**(12,476)**	(2,332)	**426**	1,634
Acquisition of subsidiary	**454**	38,938	-	-
Closing balance at 30 June	**118,861**	140,269	**4,550**	15,594
Deferred tax liabilities to be settled after more than 12 months	**110,702**	130,928	**3,439**	13,330
Deferred tax liabilities to be settled within 12 months	**8,159**	9,341	**1,111**	2,264
	118,861	140,269	**4,550**	15,594
Gross deferred tax assets comprises temporary differences attributable to:				
Depreciation temporary differences	**1,633**	1,846	-	-
Restoration obligations and other provisions	**926**	665	-	-
Accruals	**1,333**	854	**762**	-
Income tax losses	**2,920**	-	**2,920**	-
	6,812	3,365	**3,682**	-
Amounts recognised directly in equity				
Cash flow hedge adjustment	**10,777**	-	**10,777**	-
Share issue expenses	**942**	1,412	**942**	1,413
Gross deferred tax assets	**18,531**	4,777	**15,401**	1,413
Movements in gross deferred tax assets:				
Opening balance at 1 July	**4,777**	3,234	**1,413**	2,235
Tax losses and other items recognised/(derecognised)	**2,359**	(234)	**2,472**	(312)
Charged to equity	**10,306**	(459)	**10,306**	(459)
(Charged)/credited to the income statement (note 7)	**1,089**	152	**1,210**	(51)
Acquisition of subsidiary	-	2,084	-	-
Closing balance at 30 June	**18,531**	4,777	**15,401**	1,413
Deferred tax assets to be recovered after more than 12 months	**13,499**	4,318	**11,248**	954
Deferred tax assets to be settled within 12 months	**5,032**	459	**4,153**	459
	18,531	4,777	**15.401**	1,413

Note 25. Non-current liabilities – Provisions

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
Rehabilitation of site	**3,084**	2,969	-	-

Rehabilitation
Provision is made for the estimated rehabilitation of the leasehold property upon which the Group operates the Townsville Power Station and the Windy Hill, Toora, Starfish Hill and Mt Millar wind farms. The leases expire at the completion of the plants' useful lives at which time the lessee is required to perform works on the sites under agreement with the lessors. Based on current environmental conditions, a provision for rehabilitation has been recognised using discounted cash flows. Management reassesses this provision annually.

Movements in provisions
Movements in each class of provision during the financial year are set out below:

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
Consolidated – 2008				
Non-current				
Carrying amount at start of year	**2,969**	1,221	-	-
Provision gained through acquisition of entity	**-**	1,632	-	-
Finance cost	**115**	116	-	-
Carrying amount at end of year	**3,084**	2,969	-	-

Note 26. Contributed equity

Ordinary shares – fully paid	**131,252**	130,951	**131,252**	130,951

Movements in ordinary share capital:

Date		Consolidated and Parent entity		
2009	**Details**	**Number of shares issued**	**Price per share $**	**$000**
1 July 2008	Opening balance	**266,725,000**	-	**130,951**
30 June 2009	Release of deferred tax asset on float costs	**-**	-	**(471)**
30 June 2009	Share issue on dividend reinvestment plan	**3,058,998**	-	**772**
		269,783,998	-	**131,252**
2008				
1 July 2007	Opening balance	266,725,000	-	131,476
30 June 2008	Release of deferred tax asset on float costs	-	-	(459)
30 June 2008	Transaction costs (net of tax)	-	-	(66)
		266,725,000	-	130,951

Note 26. Contributed equity (continued)

a) Ordinary shares

Ordinary shares (which have no par value) entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

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

b) Stapling

Pursuant to a stapling deed dated 8 June 2007, shares in Transfield Services Infrastructure Limited are stapled with shares in TSI International Limited and units in Transfield Services Infrastructure Trust and together they comprise Transfield Services Infrastructure Fund (TSI Fund). TSI Fund was listed on the Australian Securities Exchange on 12 June 2007.

Note 27. Reserves and retained profits

	Consolidated		**Parent entity**	
	2009 $000	2008 $000	**2009 $000**	2008 $000
(a) Reserves				
Hedging reserve – cash flow hedges	**(26,483)**	26,769	**(25,146)**	26,762
Available for sale investments	**4,340**	4,340	**4,340**	4,340
	(22,143)	31,109	**(20,806)**	31,102
Movements:				
Hedging reserve - cash flow hedges (interest rate swaps)				
Balance at 1 July	**26,769**	14,413	**26,762**	14,413
Share of cash flow hedge reserve in associates	**(1,344)**	7	**-**	-
Cash flow hedge revaluation (gross)	**(74,155)**	17,642	**(74,155)**	17,642
Deferred tax	**22,247**	(5,293)	**22,247**	(5,293)
Balance at 30 June	**(26,483)**	26,769	**(25,146)**	26,762
Available for sale investments revaluation reserve				
Balance at 1 July	**4,340**	4,340	**4,340**	4,340
Revaluation (gross)	**-**	-	**-**	-
Deferred tax	**-**	-	**-**	-
Balance at 30 June	**4,340**	4,340	**4,340**	4,340

Note 27. Reserves and retained profits (continued)

Nature and purpose of reserves

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

(ii) *Available for sale investment revaluation reserve*
The fair value reserve records changes in fair value of non-quoted available for sale financial instruments when there is evidence of a change in fair value by reference to a market transaction.

(b) Retained profits / (accumulated losses)	**Consolidated**		**Parent entity**	
	2009 $000	2008 $000	**2009 $000**	2008 $000
Retained profits/(accumulated losses) at the beginning of the financial year	**8,136**	3,130	**18,092**	58,866
Impact of first-time adoption of IFRIC 12	**-**	1,201	**-**	673
Net (loss)/profit attributable to shareholders of Transfield Services Infrastructure Limited	**(57,221)**	3,805	**(49,858)**	(41,447)
(Accumulated losses)/retained profits at the end of the financial year	**(49,085)**	8,136	**(31,766)**	18,092

Note 28. Minority interest

	Consolidated		**Parent entity**	
	2009 $000	2008 $000	**2009 $000**	2008 $000
Balance at 1 July	**337,711**	344,982	**-**	-
Equity contribution, net of transaction costs and tax	**1,348**	(112)	**-**	-
Net profit attributable to unitholders of Transfield Services Infrastructure Trust and shareholders of TSI International Limited	**19,204**	18,180	**-**	-
Distribution paid	**(37,342)**	(25,339)	**-**	-
Balance at 30 June	**320,921**	337,711	**-**	-

Note 29. Remuneration of auditors

	Consolidated		**Parent entity**	
	2009 $	2008 $	**2009 $**	2008 $
During the year the following amounts were paid to the auditor of the parent entity.				
1. Audit services				
Fees paid to PricewaterhouseCoopers (PwC)				
Audit and review of financial reports and other work under the *Corporations Act 2001*	**452,031**	291,259	**430,718**	280,666
2. Other assurance services				
Transaction and support services	**194,900**	231,259	**194,900**	224,682
3. Taxation services	**81,835**	-	**55,285**	-
Total remuneration	**728,766**	522,518	**680,903**	505,348

It is the Group's policy to employ PwC on assignments additional to their statutory audit duties where PwC's expertise and experience with the Group are important. Competitive tenders are offered for all major consulting projects and successful providers are appointed on a competitive basis.

Note 30. Contingent liabilities

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

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
Letters of credit	-	8,300	-	8,300
Insurance bond	-	-	-	-
	-	8,300	-	8,300

The Company has entered into an unsecured Corporate Borrowing Facility agreement under which bank guarantees and letters of credit are provided.

The consolidated entity, in the normal course of business, may be called upon to give guarantees and indemnities in respect of the performance by controlled entities of their contractual obligations. These guarantees and indemnities only give rise to a liability where the respective entity fails to perform its contractual obligations. The Directors are not aware of any material claims on the Parent entity or consolidated entity.

No material losses are anticipated in respect of any issued guarantees and indemnities in respect of performance by controlled entities of their contractual obligations.

Note 31. Operating Leases

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
Operating lease payables				
Leasing arrangements				
The lease expenses include royalty payments on land leased by the Group. The term of these leases vary between 25 and 99 years. Due to the variable nature of wind the lease commitments at balance date represent only the fixed portion under contract.				
No longer than one year	**317**	155	-	-
Longer than one year and not longer than five years	**1,267**	620	-	-
Longer than five years	**6,229**	2,619	-	-
Total	**7,813**	3,394	-	-

Note 32. Commitments for expenditure

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
Capital commitments				
Commitments for the acquisition of power generation equipment and construction costs contracted for at reporting date but not recognised as liabilities, payable within one year	-	13,756	-	-

Note 33. Related party transactions

(a) Parent entity

The parent entity within the Group is Transfield Services Infrastructure Limited.

(b) Controlled entities

Interests in controlled entities are set out in note 36.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 34.

(d) Remuneration and retirement benefits

Disclosures relating to remuneration and retirement benefits are set out in the Remuneration Report on pages 8-16.

(e) Directors and Director-related entities

Anthony Shepherd, a Director of Transfield Services Limited indirectly holds 100,000 shares in Transfield Services Limited which itself owns 48.4% of the shares of Transfield Services Infrastructure Limited.

David Mathlin also holds 4,440 shares in Transfield Services Limited.

TSI Fund is managed under a Management Services Agreement (MSA) with Transfield Services (Australia) Pty Limited, a subsidiary of Transfield Services Limited to source new investments and to provide management, corporate, administrative and operations and maintenance services in relation to TSI Fund under normal commercial terms and conditions.

The wholly-owned power stations and some of the wind farms within the Group are also operated and maintained by Transfield Services (Australia) Pty Limited under separate agreements.

As a consequence of changes in the means by which Director's were remunerated, an income tax liability imposed upon the Directors was triggered during the year. As this transaction is a service under the MSA, the Directors were reimbursed the following amounts to cover the tax liability during the year. These amounts do not form part of their annual remuneration.

- Peter Young $20,654
- David Mathlin $7,928
- Kate Spargo $18,537

Note 33. Related party transactions (continued)

Aggregate amounts of each of the above types of other transactions with Directors and their Director-related entities recognised as expenses:

	Consolidated		Parent	
	2009	2008	**2009**	2008
	$	$	**$**	$
Management services provided by Transfield Services (Australia) Pty Limited	**8,085,581**	9,561,026	**8,085,581**	9,561,026
Operations and maintenance services provided by Transfield Services (Australia) Pty Limited	**46,208,875**	24,406,187	**-**	-

Aggregate amounts of each of the above types of other transactions with Directors and their Director-related entities capitalised:

	Consolidated		Parent	
	2009	2008	**2009**	2008
	$	$	**$**	$
Success and development fees and major works costs associated with Kemerton Power Station upgrade, Townsville Blade upgrade, wind farm acquisition and development and other capital projects.	**185,703**	9,339,000	**185,703**	9,339,000

The following amounts are (payable to)/receivable from Director related entities at 30 June 2009:

	Consolidated		Parent	
	2009	2008	**2009**	2008
	$	$	**$**	$
Transfield Services (Australia) Pty Limited	**64,598**	-	**-**	-
Transfield Services (Australia) Pty Limited	**(5,796,803)**	(6,352,974)	**-**	-
Transfield Services Limited*	**-**	658,000	**-**	-

* This relates to monies payable to TSI Fund incorrectly deposited into Transfield Services Limited bank account, the monies were repaid post 30 June 2008.

(f) Loans to Directors and Director-related entities

There were no loans to Directors of entities in the consolidated entity or their personally related entities during the year or outstanding at the end of the year.

(g) Loans to executives and executive-related entities

Steve MacDonald, the CEO of TSI Fund and a full time secondee from Transfield Services (Australia) Pty Limited (TSAPL), the Manager under the MSA has a commercial loan arrangement with TSAPL, the terms and conditions of which are set out below:

Effective date	20 October 2008
Amount	$470,000
Term	Earlier of 30 September 2009 or ceasing to be an employee
Interest rate	10.0% from inception to 31 March 2009 6.83% from 1 April 2009 to 30 September 2009
Interest payments	Interest is payable together with principal at termination date

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

Other than the above, there were no loans to executives of entities in the consolidated entity or their personally related entities during the year or outstanding at the end of the year.

Note 33. Related party transactions (continued)

(h) Transactions of Directors and Director-related entities concerning shares of Transfield Services Infrastructure Limited

Aggregate numbers of shares of Transfield Services Infrastructure Limited acquired or disposed of by the Directors or their Director-related entities from the Company:

	Parent entity and Consolidated entity	
	2009 Number	2008 Number
Acquisitions	**273,808**	497,881

Aggregate acquisition of ordinary shares includes deferred share purchase arrangement as set out in the remuneration report.

There were no disposals

(i) Other transactions with Directors and Director-related entities

There have been no other transactions entered into between the consolidated entity and Directors and/or Director related entities since 1 July 2008.

(j) Wholly-owned group

The wholly-owned group consists of Transfield Services Infrastructure Limited and its wholly-owned controlled entities which are set out in note 36.

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

(i) loans advanced by Transfield Services Infrastructure Limited
(ii) loans repaid to Transfield Services Infrastructure Limited
(iii) loan advanced by Infrastructure Fund Management Limited
(iv) dividends and distributions paid to Transfield Services Infrastructure Limited, and
(v) transactions between Transfield Services Infrastructure Limited and its wholly-owned Australian controlled entities under the tax sharing and tax funding agreement.

With the exception of the loan advanced by:

(i) Transfield Services Infrastructure Trust which bears interest at 6% per annum, and
(ii) Infrastructure Fund Management Limited, which bears interest at 6% per annum,

loans advanced to and by Transfield Services Infrastructure Limited to its controlled entities are interest free and repayable on demand.

Note 33. Related party transactions (continued)

	Note	Parent entity 2009 $	Parent entity 2008 $
Aggregate amounts receivable from entities in the wholly-owned group at balance date:			
Current receivables (loans)	10	**604,405,864**	684,548,264
Aggregate amounts payable to entities in the wholly-owned group at balance date:			
Current payables (loans)	22	**349,637,844**	365,667,151
Tax consolidation legislation			
Current tax payable assumed from wholly-owned tax consolidated entities		**19,183,693**	26,724,000

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

(k) Other related parties

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

	Consolidated 2009 $	Consolidated 2008 $	Parent entity 2009 $	Parent entity 2008 $
Interest expense	-	-	**19,128,565**	18,476,289
Dividend, interest and cash distributions revenue	-	-	**2,995,000**	4,200,000

Transactions relating to dividends were on the same terms and conditions that applied to other shareholders. Other transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of loans between the parties. The interest rate on the interest-bearing loans during the year was 6%.

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

	Note	Consolidated 2009 $	Consolidated 2008 $	Parent entity 2009 $	Parent entity 2008 $
Current receivables					
Associates	10	**297,656**	1,145,000	**297,656**	1,145,000
Current payables					
Associates	22	**24,182,500**	22,146,500	**24,182,500**	22,146,500

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

Note 33. Related party transactions (continued)

Reconciliation of loans to/from related parties

	Consolidated		Parent entity	
	2009 $	2008 $	**2009 $**	2008 $
Loans to subsidiaries/controlled entities				
Beginning of the year	-	-	**684,548,264**	549,725,000
Loans (repaid)/advanced (net)	-	-	**(80,142,400)**	134,823,264
End of year	-	-	**604,405,864**	684,548,264
Loans from subsidiaries/controlled entities				
Beginning of the year	-	-	**365,668,151**	345,921,997
Loans (repaid)/received (net)	-	-	**(16,030,307)**	19,746,154
End of year	-	-	**349,637,844**	365,668,151
Loans to associates				
Beginning of the year	**1,145,000**	91,561	**1,145,000**	91,561
Loans gained on acquisition of associate	-	-	-	-
Loan (repayments) received	**(847,344)**	-	**(847,344)**	-
Loan advanced/reallocation from investment	-	1,053,439	-	1,053,439
Interest charged	-	-	-	-
Interest (received)	-	-	-	-
End of year	**297,656**	1,145,000	**297,656**	1,145,000
Loans from associates				
Beginning of the year	**22,146,500**	20,182,500	**22,146,500**	20,182,500
Loan gained on acquisition of associate	-	-	-	-
Loan (repayments) received	**2,036,000**	1,964,000	**2,036,000**	1,964,000
Loan advanced	-	-	-	-
End of year	**24,182,500**	22,146,500	**24,182,500**	22,146,500

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

(l) Guarantees

The parent entity provides performance guarantees from time to time on behalf of wholly-owned subsidiaries, associates, related parties and joint venture entities and partnerships.

(m) Ownership interests in related parties

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

(i)	controlled entities	Note 36
(ii)	associates	Note 38

Note 34. Key management personnel

(a) Directors

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

Peter Young AM (Chairman)
David Mathlin
Kate Spargo
Anthony Shepherd
Peter Watson (resigned 1 April 2009)
Peter Goode (appointed 1 April 2009)
Matthew Irwin (alternate for Peter Goode and Peter Watson)
Kate Munnings (alternate for Peter Goode and Peter Watson)

(b) Other key management personnel

Steve MacDonald	Chief Executive Officer
Charles Mott	Chief Financial Officer (resigned effective 24 April 2009)
Steve Loxton	Chief Financial Officer (appointed 18 May 2009)
Geoff Dutton	General Manager Assets

All other key management personnel are employed by Transfield Services (Australia) Pty Limited, a subsidiary of Transfield Services Limited and are those persons having authority and responsibility for planning, directing and controlling the activities of TSI Fund, directly or indirectly.

(c) Key management personnel compensation

	Consolidated		**Parent entity**	
	2009	2008	**2009**	2008
	$	$	**$**	$
Short-term employee benefits (cash salary and fees, cash bonuses and non-monetary benefits)	**1,870,458**	2,508,698	**1,870,458**	2,508,698
Termination payment	**-**	140,000	**-**	140,000
Long-term employee benefits	**14,557**	37,227	**14,557**	37,227
Post-employment benefits	**79,314**	339,879	**79,314**	339,879
Share-based payments	**(102,037)**	515,459	**(102,037)**	515,459
	1,862,292	3,541,263	**1,862,292**	3,541,263

(d) Equity instrument disclosures relating to key management personnel

Details of Performance Awards and the Scheme provided as remuneration in Transfield Services Limited shares and TSI Fund notional securities respectively, issued on the exercise of such Performance Awards and notional securities under the Scheme, together with terms and conditions of the Performance Awards and notional securities under the Scheme, can be found in section D of the Remuneration Report on pages 8 to 16. These equity instruments are only available to the CEO, who is employed by the Manager and seconded to TSI Fund.

Note 34. Key management personnel (continued)

(i) *LTI holdings*
No Performance Awards or notional securities under the Scheme have vested in the current year.

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

2009 **Name**	**Balance at the start of the year**	**Other changes during the year acquisitions/ (disposals)**	**Balance at the end of the year**
Ordinary shares			
Directors			
Peter Young AM	293,528	151,394	444,922
David Mathlin	199,413	84,795	284,208
Kate Spargo	35,913	35,359	71,272
Anthony Shepherd	145,120	2,260	147,380
Peter Goode	-	-	-
	673,974	**273,808**	**947,782**
Other key management personnel of the Group			
Steve MacDonald	201,896	(65,124)	136,772
Chief Executive Officer			
Steve Loxton (appointed 18 May 2009)	-	-	-
Chief Financial Officer			
Geoff Dutton	-	-	-
General Manager Assets			
	201,896	**(65,124)**	**136,772**

2008 **Name**	**Balance at the start of the year**	**Other changes during the year acquisitions/ (disposals)**	**Balance at the end of the year**
Ordinary shares			
Directors			
Peter Young AM	182,494	111,034	293,528
David Mathlin	95,000	104,413	199,413
Kate Spargo	23,500	12,413	35,913
Anthony Shepherd	95,120	50,000	145,120
Peter Watson	47,500	220,021	267,521
	443,614	497,881	941,495
Other key management personnel of the Group			
Steve MacDonald	101,896	100,000	201,896
Charles Mott	47,500	7,500	55,000
Geoff Dutton	-	-	-
Darce Corsie	95,000	-	95,000
Fred Bidwell	95,000	75,000	170,000
	339,396	182,500	521,896

Note 34. Key management personnel (continued)

Other transactions with Directors and key management personnel

2009

There were no loans to key management personnel of entities in the consolidated entity or their personally related entities during the year or outstanding at the end of the year except the loan to Steve MacDonald, CEO of TSI Fund, the details of which are set out in Note 33 (g).

Steve MacDonald also received additional deferred remuneration components from his prior role as Chief Strategy Officer of Transfield Services. The additional deferred remuneration components received from Transfield Services during year ended 30 June 2009 are unlikely to vest due to the failure to achieve performance hurdles. This has resulted in the following reversal.

Long-term benefits	**Share-based payments**		***Total*** ***$***
Executive Special Scheme ***$***	***Transfield Services Options*** ***$***	***Performance Awards*** ***$***	
-	-	(310,405)	(310,405)

2008

Details of share-based payments that were granted to Steve MacDonald whilst he was Chief Strategy Officer of Transfield Services Limited which have not yet vested are as follows:

Long-term benefits	**Share-based payments**		***Total*** ***$***
Executive Special Scheme ***$***	***Transfield Services Options*** ***$***	***Performance Awards*** ***$***	
150,000	139,197	81,392	370,589

Distributions and/or dividends received by Directors and key management personnel during the year ended 30 June 2009 amounted to $129,021 (2008 $50,707).

Note 35. Business combinations

There were no business combinations during the year ended 30 June 2009 however, there were adjustments to the provisional fair values following the finalisation of the valuation of assets and liabilities of the wind farm portfolio acquired in the previous financial year. Details are set out below.

(a) Summary of acquisitions

On 20 December 2007, TSI Fund acquired 100% ownership interest in 4 wind farms at Windy Hill, Toora, Starfish Hill and Mt Millar (together the Wind Farm Portfolio) as well as land and wind development rights. The value of the transaction is as follows:

	Provisional $000	Fair value adjustments $000	Total $000
Purchase consideration – refer to (b) below:			
Cash paid	333,400	-	333,400
Direct costs relating to the acquisition	7,388	-	7,388
	340,788	-	340,788
Fair value of net identifiable assets acquired (refer to (c) below):	(279,660)	237	(279,423)
Goodwill	61,128	237	61,365

The Wind Farm Portfolio, together with an intermediate holding company, TSI (Wind Farms) Pty Limited incorporated to facilitate the business combination, contributed revenue to the Group of $11.1 million and a net loss of $2.8 million. Had the acquisition occurred on 1 July 2007, consolidated revenue would have increased by $9.6 million and consolidated net profit would have increased by $1.4 million.

(b) Purchase consideration

	Consolidated		Parent entity	
	2009 $000	2008 $000	**2009 $000**	2008 $000
Outflow of cash to acquire subsidiary, net of cash acquired				
Cash consideration (inclusive of costs)	-	(340,788)	-	-
Less: Balances acquired	-	-	-	-
(Outflow) / inflow of cash	-	(340,788)	-	-

Note 35. Business combinations (continued)

(c) Assets and liabilities acquired*

	Land and development rights** $000		Windy Hill Wind Farm Pty Limited $000		Toora Wind Farm Pty Limited $000		Starfish Hill Wind Farm Pty Limited $000		Mt Millar Wind Farm Pty Limited $000		Total $000	
	Acquiree's carrying amount $000	Fair value $000	Acquiree's carrying amount $000	Fair value $000	Acquiree's carrying amount $000	Fair value $000	Acquiree's carrying amount $000	Fair value $000	Acquiree's carrying amount $000	Fair value $000	Acquiree's carrying amount $000	Fair value $'000
Trade and other receivables		-	50	50	120	120	-	84	-	-	170	254
Prepayments	-	-	-	-	-	-	834	834	-	-	834	834
Property, plant and equipment	1,167	891	6,428	17,177	27,335	34,417	56,097	65,472	122,892	199,000	213,919	316,957
Deferred tax asset	-	-	-	442	-	272	-	496	-	874	-	2,084
Development rights	3,000	3,000	-	-	-	-	-	-	-	-	3,000	3,000
Inventory and WIP	-	-	-	-	373	1,427	-	-	357	357	730	1,784
Trade payables	-	-	(45)	(45)	(4)	(4)	(11)	-	(4,419)	(4,419)	(4,479)	(4,468)
Derivative (liabilities)/assets	-	-	(2,696)	-	(4,484)	-	-	-	-	-	(7,180)	-
Provisions	-	-	(704)	(704)	(602)	(602)	(176)	(176)	(149)	(149)	(1,631)	(1,631)
Deferred tax liability	-	-	-	(1,891)	(32)	(2,737)	(2,297)	(7,190)	(8,663)	(27,573)	(10,992)	(38,391)
Net identifiable assets acquired	4,167	3,891	3,033	15,029	22,706	32,893	54,447	59,520	110,018	168,090	194,371	279,423

* Interim values previously reported at 31 December 2007 were revised as at 30 June 2008.

** The land and development rights were sold at cost price to Transfield Services immediately after acquisition.

Note 35. Business combinations (continued)

(d) Changes to provisional fair values

	Transfield Services Collinsville Pty Limited $000	Transfield Services Collinsville BV $000	Transfield Townsville Pty Limited $000	Total $000
Goodwill provisionally recognised at 30 June 2007	-	-	-	-
Adjustment to fair values:				
Power purchase agreement	3,475	3,475	29,895	36,845
Coal purchase agreement	3,512	3,512	-	7,024
Goodwill	6,987	6,987	29,895	43,869

The increase in goodwill is a result of the finalisation of the valuation of the intangible assets relating to Townsville and Collinsville Power Stations.

Note 36. Investments in controlled entities

	Country of incorporation	Class of shares as applicable	Equity Holding and voting rights		Cost of Parent entity's investment	
			2009 %	2008 %	**2009 $000**	2008 $000
Transfield Services Infrastructure Trust*	Australia	N/A	**N/A**	N/A	-	-
TSI International Limited*	Australia	N/A	**N/A**	N/A	-	-
Transfield Energy Fund (No.2) Pty Limited	Australia	Ordinary	**100**	100	**97,255**	97,255
Transfield Townsville Pty Limited	Australia	Ordinary	**100**	100	-	-
Transfield Collinsville Pty Limited	Australia	Ordinary	**100**	100	**29,619**	29,619
Transfield Services Collinsville BV	The Netherlands	Ordinary	**100**	100	**43,734**	43,734
Transfield Services Kemerton Pty Limited	Australia	Ordinary	**100**	100	-	-
Transfield Services Kwinana Pty Limited	Australia	Ordinary	**100**	100	**3,600**	3,600
Transfield Services Energy (Kwinana) Pte Limited	Singapore	Ordinary	**100**	100	-	-
Infrastructure Fund Management Limited	Australia	Ordinary	**100**	100	**5,050**	5,050
TSI (Wind Farms) Pty Limited	Australia	Ordinary	**100**	100	**189,445**	189,445
Tarong Renewable Energy Pty Limited	Australia	Ordinary	**100**	100	-	-
Windy Hill Wind Farm Pty Limited	Australia	Ordinary	**100**	100	-	-
Toora Wind Farm Pty Limited	Australia	Ordinary	**100**	100	-	-
Starfish Hill Wind Farm Pty Limited	Australia	Ordinary	**100**	100	-	-
Mt Millar Wind Farm Pty Limited	Australia	Ordinary	**100**	100	-	-
TSI International (Holdings) Limited**	Australia	Ordinary	**100**	100	-	-
TSI (Cayman) 1 Holdings LTD**	Cayman Islands	Ordinary	**100**	100	-	-
TSI (Cayman) 2 Holdings LTD**	Cayman Islands	Ordinary	**100**	100	-	-
Inversiones TSI Chile (Holdings) Limitada**	Chile	Ordinary	**100**	100	-	-
Inversiones TSI (Chile) Limitada**	Chile	Ordinary	**100**	100	-	-
					368,703	368,703

* Transfield Services Infrastructure Limited is deemed to have acquired Transfield Services Infrastructure Trust and TSI International Limited at the date of stapling. This acquisition is by contract alone and Transfield Services Infrastructure Limited does not have an equity holding in either entity.
** Subsidiaries of TSI International Limited.

Note 37. Deed of cross guarantee

The following entities are parties to a deed of cross guarantee under which each company guarantees the debt of others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and Directors' report under Class Order 98/1418 (as amended) issued by ASIC:

- Transfield Services Infrastructure Limited
- Transfield Services Kemerton Pty Limited
- Transfield Energy Fund (No 2) Pty Limited
- Transfield Townsville Pty Limited
- Transfield Collinsville Pty Limited
- Transfield Services Kwinana Pty Limited
- TSI (Wind Farms) Pty Limited
- Windy Hill Wind Farm Pty Limited
- Toora Wind Farm Pty Limited
- Tarong Renewable Energy Pty Limited
- Starfish Hill Wind Farm Pty Limited
- Mt Millar Wind Farm Pty Limited, and
- Transfield Services Energy (Kwinana) Pte Limited.

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

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Transfield Services Infrastructure Limited, they also represent the 'Extended Closed Group'. Set out below is a consolidated income statement and a summary of movements in consolidated retained profits for the year ended 30 June 2009 of the Closed Group consisting of :

- Transfield Services Infrastructure Limited
- Transfield Services Kemerton Pty Limited
- Transfield Energy Fund (No 2) Pty Limited
- Transfield Townsville Pty Limited
- Transfield Collinsville Pty Limited
- Transfield Services Kwinana Pty Limited
- TSI (Wind Farms) Pty Limited
- Windy Hill Wind Farm Pty Limited
- Toora Wind Farm Pty Limited
- Tarong Renewable Energy Pty Limited
- Starfish Hill Wind Farm Pty Limited
- Mt Millar Wind Farm Pty Limited, and
- Transfield Services Energy (Kwinana) Pte Limited.

Note 37. Deed of cross guarantee (continued)

(a) Consolidated income statement and a summary of movements in consolidated (accumulated losses)/retained profits (continued)

	2009 $000	2008 $000 (restated)
Income statement		
Revenue from continuing operations	**102,160**	85,634
Other income	**3,909**	5,084
Share of net profits of associates using the equity method	**3,445**	4,461
Operating costs	**(37,177)**	(39,652)
Depreciation and amortisation	**(74,041)**	(24,790)
Finance costs	**(68,486)**	(52,013)
Other expenses	**(4,698)**	(5,160)
(Loss) before income tax	**(74,888)**	(26,436)
Income tax benefit/ (expense)	**21,404**	5,271
(Loss) from continuing operations after income tax expense	**(53,484)**	(21,165)
Net (loss)	**(53,484)**	(21,165)
Summary of movements in consolidated retained earnings		
Retained profits at the beginning of the financial year	**4,306**	25,471
(Loss) for the year	**(53,484)**	(21,165)
(Accumulated losses)/retained profits at the end of the financial year	**(49,178)**	4,306

(b) Balance Sheet

Set out overleaf is a consolidated balance sheet as at 30 June 2009 of the Closed Group consisting of :

- Transfield Services Infrastructure Limited
- Transfield Services Kemerton Pty Limited
- Transfield Energy Fund (No 2) Pty Limited
- Transfield Townsville Pty Limited
- Transfield Collinsville Pty Limited
- Transfield Services Kwinana Pty Limited
- TSI (Wind Farms) Pty Limited
- Windy Hill Wind Farm Pty Limited
- Toora Wind Farm Pty Limited
- Tarong Renewable Energy Pty Limited
- Starfish Hill Wind Farm Pty Limited
- Mt Millar Wind Farm Pty Limited, and
- Transfield Services Energy (Kwinana) Pte Limited.

Note 37. Deed of cross guarantee (continued)

(b) Balance Sheet (continued)

	2009 $000	2008 $000 (restated)
Current assets		
Cash and cash equivalents	**19,157**	12,841
Trade and other receivables	**14,643**	17,725
Inventories	**9,111**	7,394
Income tax receivable	**964**	-
Prepayments and other current assets	**4,873**	12,209
Derivative financial instruments	**-**	8,469
Total current assets	**48,748**	58,638
Non-current assets		
Receivables	**44,554**	37,090
Investments accounted for using the equity method	**73,507**	73,643
Available for sale financial assets	**136,285**	136,285
Property, plant and equipment	**586,526**	587,363
Other financial assets	**41,727**	41,727
Intangible assets	**154,520**	177,856
Prepayments and other non current assets	**5,869**	6,694
Derivative financial instruments	**-**	29,762
Total non-current assets	**1,042,988**	1,090,420
Total assets	**1,091,736**	1,149,058
Current liabilities		
Trade and other payables	**39,850**	16,738
Short-term borrowings	**24,500**	41,000
Related party payables	**125,011**	99,745
Current tax liabilities	**-**	7,371
Derivative financial instruments	**15,004**	-
Total current liabilities	**204,365**	164,854
Non-current liabilities		
Long-term borrowings	**722,500**	708,404
Deferred tax liabilities	**79,757**	106,651
Provisions	**3,084**	2,968
Derivative financial instruments	**20,920**	-
Total non-current liabilities	**826,261**	818,023
Total liabilities	**1,030,626**	982,877
Net assets	**61,110**	166,181
Equity		
Contributed equity	**131,252**	130,951
Reserves	**(20,964)**	30,924
(Accumulated losses)/retained profits	**(49,178)**	4,306
Total equity	**61,110**	166,181

Note 38. Investments in associates

Name of Company	Country of incorporation	Principal activity	Ownership interest		Consolidated carrying amount		Parent entity carrying amount	
			2009	2008	**2009**	2008	**2009**	2008
			%	%	**$000**	$000	**$000**	$000
Yan Yean Water (Holdings) Pty Limited #	Australia	Water filtration plant	**50**	50	**860**	1,028	**-**	-
Macarthur Water (Holdings) Pty Limited #	Australia	Water filtration plant	**50**	50	**49,467**	48,765	**44,070**	44,070
Perth Power Partnership (Kwinana)*	Australia	Power station	**30**	30	**29,439**	27,938	**-**	-
					79,766	77,731	**44,070**	44,070

Reporting date 31 March
* Reporting date 31 December

	Consolidated	
	2009	2008
	$000	$000
Movements in carrying amounts of investments in associates		
Carrying amount at the beginning of the financial year	**77,731**	74,536
Share in associate cash flow hedge equity reserve	**(1,543)**	33
Share of operating profits after income tax (restated for IFRIC 12 adjustment)	**6,573**	7,362
Distributions received	**(2,995)**	(4,200)
Carrying amount at the end of the financial year	**79,766**	77,731

	Consolidated	
	2009	2008
	$000	$000 (restated)
Share of profits of associates		
Operating profits before income tax as previously stated	**7,914**	10,131
Adjustment to share of profits on implementation of IFRIC 12	**-**	(1,526)
Income tax expense	**(1,341)**	(1,243)
Operating profits after income tax	**6,573**	7,362

	Consolidated	
	2009	2008
	$000	$000 (restated)
Share of associates assets and liabilities		
Current assets	**10,927**	10,097
Non-current assets	**99,498**	104,411
Total assets	**110,425**	114,508
Current liabilities	**6,457**	6,117
Non-current liabilities	**53,151**	59,787
Total liabilities	**59,608**	65,905
Net assets	**50,817**	48,604

The associates do not have expenditure commitments at 30 June 2009.

There are no contingent liabilities.

Note 39. Reconciliation of operating profit after income tax to net cash inflow from operating activities

	Consolidated		Parent entity	
	2009 $000	2008 $000	**2009 $000**	2008 $000
Operating (loss)/profit after income tax	**(38,017)**	21,985	**(49,858)**	(41,447)
Finance costs	**49,398**	33,538	**75,225**	54,344
Depreciation and amortisation	**46,779**	35,666	-	-
Impairment	**79,903**	-	-	-
Profit on sale of fixed assets and other non cash items	**(3,880)**	2,806	-	677
Share of profits of associates and joint ventures not received as dividends or distributions	**(3,578)**	(3,162)	-	-
Change in operating assets and liabilities, net of effects from purchase of controlled entity:				
Decrease/(increase) in trade and other receivables	**9,707**	(5,469)	**(21,455)**	(2,099)
Decrease/(increase in prepayments and other current assets	**7,375**	(3,472)	**(75)**	(186)
(Increase)/decrease in inventories	**(2,764)**	1,292	-	-
(Increase)/decrease in deferred tax assets	**-**	3,175	**(11,322)**	1,776
(Decrease)/increase in trade and other payables	**(10,237)**	3,132	**9,305**	105
(Decrease)/increase in provision for income tax payable	**(7,371)**	1,480	**(8,335)**	(25,529)
(Decrease)/increase in provision for deferred tax liabilities	**(13,386)**	(5,309)	**8,066**	221
Increase in provisions	**115**	118	-	-
Net cash inflow from operating activities	**114,044**	85,780	**1,551**	(12,138)

Note 40. Earnings per share

	2009 Cents	2008 Cents (restated)
(a) Basic and diluted (loss) / earnings per share		
Earnings/(loss) per share for loss attributable to the ordinary equity holders of the Company	**(21.4)**	1.4
Earnings per share from continuing operations attributable to the equity holders of the Fund	**(14.2)**	8.2

	2009 $000	2008 $000 (restated)
(b) Reconciliations of earnings used in calculating earnings per share		
Basic and diluted additional earnings per share		
Net profit/(loss) attributable to shareholders of the Company used in calculating basic earnings per share	**(57,221)**	3,805
Net profit from continuing operations attributable to the equity holders of TSI Fund used in calculating basic earnings per share	**(38,017)**	21,985

There were no potentially dilutive transactions during the year

(c) Weighted average number of shares used as the denominator	**Number**	Number
Weighted average number of ordinary securities used as the denominator in calculating basic and diluted earnings per security for the Company and TSI Fund	**267,487,654**	266,725,000

Note 41. Events occurring after balance sheet date

i) On 24 July 2009, the Directors announced an impairment of its Collinsville Power Station assets, effective on 30 June 2009, in the amount of $79.9 million, less income tax benefit of $19.8 million. This impairment charge is a non-cash item and has no bearing on the ongoing trading capability of the Group.

ii) On 17 August 2009 the Directors resolved to amend the Management Services Agreement (MSA) management fees and costs arrangement from 1 July 2009 following the expiration of the initial agreement which has applied since IPO. The new fee structure changes the previous Base Fee and Expense Amount in the MSA to a transparent cost reimbursement plus a capped performance-based margin. The new arrangement will more closely align the Manager's remuneration with the direct provision of services. The quantum of the FY10 MSA fee is expected to be broadly in line with that of FY09. For further explanation of the Group's relationship with the Manager (Transfield Services (Australia) Pty Limited) refer to page 8 of the Directors' Report.

iii) On 17 August 2009, the Directors of Infrastructure Fund Management Limited, as responsible entity for Transfield Services Infrastructure Trust declared a final distribution of 7.0 cents per stapled security to be paid on 30 September 2009 to stapled securityholders of TSI Fund at as 30 June 2009.

Note 42. Segment information

Business segments

(i) *Power stations*
The Company owns or part owns infrastructure investments which comprise interests in the Townsville, Kemerton, Collinsville, Kwinana and Loy Yang A Power Stations.

(ii) *Wind Farms*
The Company owns infrastructure investments which comprise interests in the Windy Hill, Toora, Starfish Hill and Mt Millar wind farms.

(iii) *Water Filtration Plants*
The Company part owns the Macarthur and Yan Yean water filtration plants.

(iv) *Water Intersegment pricing*
Intersegment pricing is on an "arms-length" basis and transactions are eliminated on consolidation.

(v) Geographical segments
The Company operates in one geographical segment – Australia.

Primary Reporting – Business Segments

2009	**Power Stations $000**	**Wind Farms $000**	**Water Filtration Plants $000**	**Consolidated $000**
Sales to external customers	139,444	29,245	-	168,689
Total sales revenue	139,444	29,245	-	168,689
Other revenue	7,221	84	115	7,420
Segment revenue	146,665	29,329	115	176,109
Shares of net profits of associates	3,445	-	3,128	6,573
Total	150,110	29,329	3,243	182,682
Segment result	(6,632)	9,165	3,243	5,776
Unallocated corporate revenue less unallocated corporate expenses				(65,523)
(Loss) from ordinary activities before income tax expense				(59,747)
Income tax benefit				21,730
(Loss) from ordinary activities after income tax expense				(38,017)

Note 42. Segment information (continued)

2009 (continued)	Power Stations $000	Wind Farms $000	Water Filtration Plants $000	Consolidated $000
Segment assets	855,175	391,453	50,625	1,297,253
Unallocated assets (corporate)	-	-	-	34,866
Total assets				1,332,119
Segment liabilities	131,179	46,783	23,351	170,873
Unallocated liabilities (corporate)	-	-	-	780,301
Total liabilities				951,174
Investments in associates	29,439	-	50,327	79,766
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	33,029	24,075	-	57,104
Depreciation, amortisation and impairment expense	112,940	13,742	-	126,682

2008	Power Stations $000	Wind Farms $000	Water Filtration Plants $000	Consolidated $000 (restated)
Sales to external customers	155,272	10,994	-	166,266
Total sales revenue	155,272	10,994	-	166,266
Other revenue and other income	10,218	160	249	10,627
Segment revenue	165,490	11,154	249	176,893
Shares of net profits of associates	4,461	-	2,901	7,362
Total	169,951	11,154	3,150	184,255
Segment result	71,886	(4,051)	3,150	70,985
Unallocated revenue less unallocated expenses				(43,157)
Profit from ordinary activities before income tax expense				27,828
Income tax expense				(5,843)
Profit from ordinary activities after income tax expense				21,985
Segment assets	949,847	385,971	49,793	1,385,611
Unallocated assets	-	-	-	70,033
Total assets				1,455,644
Segment liabilities	130,241	46,783	23,351	200,375
Unallocated liabilities	-	-	-	747,362
Total liabilities				947,737
Investments in associates	27,938	-	49,793	77,731
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	23,155	7,208	-	30,363
Depreciation and amortisation expense	29,103	6,563	-	35,666

The Group operates in one geographical segment – Australia.

Transfield Services Infrastructure Limited and controlled entities
Directors' Declaration
For the year ended 30 June 2009

In the Directors' opinion:

(a) the financial statements and notes set out on pages 20 to 78 are in accordance with the *Corporations Act 2001*, including:

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

(ii) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2009 and of their performance.

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

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 37 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 37.

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

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

Peter Young AM
Chairman

Kate Spargo
Director

at Sydney
17 August 2009

PRICEWATERHOUSECOOPERS

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

Report on the financial report

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

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of Transfield Services Infrastructure Limited is in accordance with the *Corporations Act 2001*, including:

    (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

    (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1 (a).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 16 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of Transfield Services Infrastructure Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

R L Gavin
Partner

Sydney
17 August 2009