

Interim report for the half-year ended 31 December 2010

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by TSI International Limited and Transfield Services Infrastructure Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

TSI International Limited and its controlled entities
Directors' report
for the half-year ended 31 December 2010

Your Directors present their report on the consolidated entity consisting of TSI International Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2010.

Directors

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

Peter Young (Chairman)
David Mathlin
Peter Goode
Emma Stein (appointed 13 October 2010)
Steven MacDonald (appointed 13 October 2010)
Matthew Irwin (retired 30 September 2010)
Kate Spargo (retired 13 October 2010)
Tiernan O'Rourke (Alternate Director for Peter Goode and Steven MacDonald)
Kate Munnings (Alternate Director for Peter Goode and Steven MacDonald)

Stapling

Shares in the company are stapled with shares in Transfield Services Infrastructure Limited and units in Transfield Services Infrastructure Trust and together they comprise Transfield Services Infrastructure Fund (TSI Fund).

Distributions

	Half year	
	2010	2009
	\$'000	\$'000
Final distribution paid 20 September 2010	<u>17,287</u>	<u>18,885</u>

On 15 February 2011, the Board of Directors approved a distribution of 4.1 cents per security to be paid on 16 March 2011 from Transfield Services Infrastructure Trust. This compares to 6.0 cps paid for the half year ended 31 December 2009. The Dividend Reinvestment Plan (DRP) will apply for the Interim Distribution, and a discount of 5% will apply to stapled securities issued under the DRP.


Review of operations

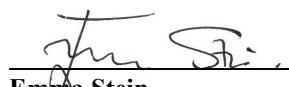
The Group was dormant during the period.

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 3.

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


Peter Young
Director


Emma Stein
Director

Sydney
15 February 2011

Auditor's Independence Declaration

As lead auditor for the review of TSI International Limited for the half year ended 31 December 2010, 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 review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of TSI International Limited and the entities it controlled during the period.



RL Gavin
Partner
PricewaterhouseCoopers

Sydney
15 February 2011

TSI International Limited and its controlled entities
Statement of comprehensive income
for the half-year ended 31 December 2010

	31 December 2010	31 December 2009
	\$	\$
Revenue from continuing operations	-	-
Profit before income tax	-	-
Income tax (expense) / benefit	-	-
Profit for the half-year	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company		
Basic earnings per share – cents	-	-
Diluted earnings per share – cents	-	-

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

TSI International Limited and its controlled entities
Balance sheet
as at 31 December 2010

	Note	31 December 2010 \$	30 June 2010 \$
Current assets			
Receivables	2	<u>433</u>	<u>430</u>
Total current assets		<u>433</u>	<u>430</u>
Net assets		<u>433</u>	<u>430</u>
Equity			
Contributed equity	3	<u>433</u>	<u>430</u>

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

TSI International Limited and its controlled entities
Statement of changes in equity
for the half-year ended 31 December 2010

	31 December 2010	31 December 2009
	\$	\$
Total equity at the beginning of the financial period	430	267
Total comprehensive income for the half year	-	-
	<hr/>	<hr/>
Transactions with equity holders in their capacity as equity holders:		
Contributions of equity, net of transaction costs (Note 3)	3	2
	<hr/>	<hr/>
Total equity at the end of the financial period	433	269

This statement of changes in equity should be read in conjunction with the accompanying notes.

TSI International Limited and its controlled entities
Statement of cash flows
for the half-year ended 31 December 2010

	31 December 2010	31 December 2009
	\$	\$
Cash flows from operating activities	-	-
Net cash inflow from operating activities	<u>-</u>	<u>-</u>
Cash flows from investing activities		
Loan to related party	-	-
Net cash outflow from investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities		
Contribution of equity from DRP	3	2
Loan (advanced) to related party	(3)	(2)
Net cash inflow from financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash held	-	-
Cash and cash equivalents at beginning of the period	-	-
Cash and cash equivalents at the end of the financial period	<u>-</u>	<u>-</u>

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

TSI International Limited and its controlled entities
Notes to the financial statements
for the half year ended 31 December 2010

Note 1. Basis of preparation of the half-year report

This general purpose financial report for the interim half-year reporting period ended 31 December 2010 has been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by TSI International Limited and Transfield Services Infrastructure Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

Stapling - Application of AASB Interpretation 1002- *Post date of transition stapling arrangements*

Pursuant to a stapling deed dated 8 June 2007, shares in TSI International Limited are stapled with shares in Transfield Services Infrastructure Limited (as the parent entity) and units in Transfield Services Infrastructure Trust and together they comprise the Transfield Services Infrastructure Fund (TSI Fund).

Note 2. Receivables

	31 December 2010	30 June 2010
	\$	\$
Loan to related party – Transfield Services Infrastructure Limited	270	270
Loan to related party – Transfield Services Infrastructure Trust	163	160
	<u>433</u>	<u>430</u>

These loans are interest free and repayable on demand.

Note 3. Contributed equity

Ordinary shares – fully paid	<u>433</u>	<u>430</u>
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Movements in ordinary share capital:

2,678,483 securities have been issued across the stapled group during the half-year.

Note 4. Events occurring after balance sheet date

Since the end of the half-year the Board of Directors have recommended the payment of an interim distribution of 4.1 cents per stapled security. The aggregate amount of the proposed interim distribution expected to be paid on 16 March 2011 from Transfield Services Infrastructure Trust but not recognised as a liability at the end of the half year is \$17,829,382 pre DRP.

Note 5. Segment information

TSI International Limited presently operates in one business segment being investment in infrastructure assets. At this time the company is dormant. Consequently no segment report is provided in the Company's financial report.

Note 6. Contingent liabilities

TSI International Limited currently has no contingent liabilities.

TSI International Limited and its controlled entities
Directors' declaration
for the half-year ended 31 December 2010

In the Directors' opinion

- (a) the financial statements and notes set out on pages 4 to 8 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 financial position as at 31 December 2010 and of its performance, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that TSI International Limited will be able to pay its debts as and when they become due and payable.

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



Peter Young
Director



Emma Stein
Director

Sydney
15 February 2011

Independent auditor's review report to the members of TSI International Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of TSI International Limited, which comprises the balance sheet as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for TSI International Limited (the consolidated entity). The consolidated entity comprises both TSI International Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of TSI International Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

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

**Independent auditor's review report to the members of
TSI International Limited (continued)**

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of TSI International Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



PricewaterhouseCoopers



RL Gavin
Partner

Sydney
15 February 2011