

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 Infrastructure Fund Management Limited as responsible entity for Transfield Services Infrastructure Trust or Transfield Services Infrastructure Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Transfield Services Infrastructure Trust

Directors' report

for the half-year ended 31 December 2010

The Directors of Infrastructure Fund Management Limited (IFML) (ABN 70 118 203 731) as the Responsible Entity of Transfield Services Infrastructure Trust (the Trust) (ARSN 125 010 531) present their report on the Trust together with the financial report of the Trust for the half-year ended 31 December 2010.

Directors

The following persons were Directors of Infrastructure Fund Management 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

Units in the Trust are stapled with shares in Transfield Services Infrastructure Limited and TSI International Limited 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 cps to be paid on 16 March 2011. 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

| | Half-year | |
|---|---------------|--------------|
| | 2010 | 2009 |
| | \$'000 | \$'000 |
| Interest income | <u>11,613</u> | <u>9,441</u> |
| Net profit attributable to unit holders | <u>11,551</u> | <u>9,336</u> |
| Basic and diluted earnings per unit | <u>2.67</u> | <u>3.17</u> |
| | cents | cents |

Rounding of amounts

The Trust 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.

Auditors' independence declaration

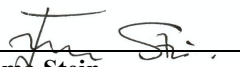
A copy of the auditor's independence declaration as required under section 307C of *Corporations Act 2001* is set out on page 3. This report is made in accordance with a resolution of the Directors.


Peter Young

Director

Sydney

15 February 2011


Emma Stein
Director

Auditor's Independence Declaration

As lead auditor for the review of Transfield Services Infrastructure Trust 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 Transfield Services Infrastructure Trust during the period.



RL Gavin
Partner
PricewaterhouseCoopers

Sydney
15 February 2011

Transfield Services Infrastructure Trust
Statement of comprehensive income
for the half-year ended 31 December 2010

| | 31 December 2010 \$'000 | 31 December 2009 \$'000 |
|---|--|--|
| Revenue from continuing operations | | |
| Interest income | 11,613 | 9,441 |
| Total revenue | <u>11,613</u> | <u>9,441</u> |
| Other expenses | 62 | 105 |
| Profit for the period | <u>11,551</u> | 9,336 |
| Other comprehensive income | - | - |
| Total comprehensive income for the half year | <u>11,551</u> | <u>9,336</u> |
| Earnings per unit for profit attributable to the ordinary unitholders of the trust | | (restated) |
| Basic earnings per unit – cents | 2.67 | 3.17 |
| Diluted earnings per unit – cents | 2.67 | 3.17 |

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

Transfield Services Infrastructure Trust
Balance sheet
as at 31 December 2010

| | Note | 31 December 2010 \$'000 | 30 June 2010 \$'000 |
|----------------------------|------|--|---------------------------|
| Current assets | | | |
| Cash and cash equivalents | | 46 | 16 |
| Receivables | 4 | <u>388,912</u> | <u>393,153</u> |
| Total assets | | <u>388,958</u> | <u>393,169</u> |
| Current liabilities | | | |
| Trade and other payables | | <u>46</u> | <u>56</u> |
| Total liabilities | | <u>46</u> | <u>56</u> |
| Net assets | | <u>388,912</u> | <u>393,113</u> |
| Unit holders' funds | | | |
| Units on issue | 2 | <u>388,912</u> | <u>393,113</u> |

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

Transfield Services Infrastructure Trust
Statement of changes in equity
for the half-year ended 31 December 2010

| | 31 December 2010 \$'000 | 31 December 2009 \$'000 |
|--|--|--|
| Total equity at the beginning of the financial period | 393,113 | 320,921 |
| Total comprehensive income for the half year | 11,551 | 9,336 |
| Transactions with equity holders in their capacity as equity holders: | | |
| Distributions paid (net of DRP) | <u>(15,752)</u> | <u>(17,289)</u> |
| | <u>(15,752)</u> | <u>(17,289)</u> |
| Total equity at the end of the financial period | <u>388,912</u> | <u>312,968</u> |

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

Transfield Services Infrastructure Trust
Statement of cash flows
for the half-year ended 31 December 2010

| | 31 December 2010 \$'000 | 31 December 2009 \$'000 |
|---|--|--|
| Cash flows from operating activities | | |
| Payment to suppliers | (71) | (76) |
| Net cash (outflow) from operating activities | <u>(71)</u> | <u>(76)</u> |
| Cash flows from investing activities | | |
| Receipt of repayment on related party loan | 4,240 | 7,914 |
| Interest received | 11,613 | 9,441 |
| Net cash inflow from investing activities | <u>15,853</u> | <u>17,355</u> |
| Cash flows from financing activities | | |
| Proceeds from DRP | 1,535 | 1,596 |
| Distribution to unitholders | (17,287) | (18,885) |
| Net cash (outflow) from financing activities | <u>(15,752)</u> | <u>(17,289)</u> |
| Net increase / (decrease) in cash and cash equivalents | 30 | (10) |
| Cash and cash equivalents at the beginning of the period | 16 | 106 |
| Cash and cash equivalents at the end of the financial period | <u>46</u> | <u>96</u> |

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

Transfield Services Infrastructure Trust
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 Infrastructure Fund Management Limited as Responsible Entity for Transfield Services Infrastructure Trust or by 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 the corresponding interim reporting period.

Note 2. Units on issue

| | 31 December 2010 \$'000 | 30 June 2010 \$'000 |
|---|--|---------------------------|
| Ordinary units – fully paid | 393,113 | 320,921 |
| Units issued from DRP | 1,535 | 3,540 |
| Unit issue on capital raising, net of costs | - | 85,078 |
| Return of capital | (5,736) | (16,426) |
| | 388,912 | 393,113 |
| Movements in units on issue | Number | Number |
| Opening balance | 432,184,488 | 269,783,998 |
| Units issued from DRP | 2,678,483 | 5,033,490 |
| Unit issue on capital raising, net of costs | | 157,367,000 |
| Closing balance | 434,862,971 | 432,184,488 |

Note 3. Distributions

| | Half-year | |
|--|------------------------|----------------|
| Ordinary Units | 2010 \$'000 | 2009 \$'000 |
| Distribution provided for or paid during the half year | 17,287 | 18,885 |

Transfield Services Infrastructure Trust
Notes to the financial statements
for the half-year ended 31 December 2010

Note 4. Receivables

| | 31 December 2010 \$'000 | 30 June 2010 \$'000 |
|---|----------------------------|------------------------|
| Loan to related party (Transfield Services Infrastructure Limited)* | 388,835 | 393,075 |
| Income tax receivable | 58 | 58 |
| GST receivable | 19 | 20 |
| | 388,912 | 393,153 |

* this loan is interest bearing at 6% per annum and repayable at call

Note 5. Events occurring after balance sheet date

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

Note 6. Segment information

Transfield Services Infrastructure Trust operates in one business segment being the provision of debt finance and in one geographical segment namely Australia consequently, no segment report is provided in the Trust's half-year report.

Note 7. Contingent liabilities

Transfield Services Infrastructure Trust currently has no contingent liabilities.

Transfield Services Infrastructure Trust
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 9 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 consolidated entity'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 Transfield Services Infrastructure Trust 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 Transfield Services Infrastructure Trust

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Transfield Services Infrastructure Trust, 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 Transfield Services Infrastructure Trust (the trust).

Directors' responsibility for the half-year financial report

The directors of Infrastructure Fund Management Limited (the Responsible Entity) 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 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 Transfield Services Infrastructure Trust, 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
Transfield Services Infrastructure Trust (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 Transfield Services Infrastructure Trust is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the 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