

# TRANSFIELD SERVICES INFRASTRUCTURE LIMITED

ACN 106 617 332

## ASX Half-year information – 31 December 2007

Lodged with the ASX under Listing Rule 4.2A.

This information should be read in conjunction with the 30 June 2007 Annual Report.

### **Contents**

Results for Announcement to the Market *(Appendix 4D item 2)*

Half-year report *(ASX Listing rule 4.2A1)*

Supplementary Appendix 4D Information *(Appendix 4D items 3 to 9)*

Transfield Services Infrastructure Limited  
Half-year ended 31 December 2007

(Previous corresponding period:  
Half-year ended 31 December 2006)

**Results for Announcement to the Market**

(see explanation below)

				<b>\$ '000</b>
<b>Revenue</b> from ordinary activities (Appendix 4D item 2.1)	up	7.8%	to	78,334
<b>Profit</b> from ordinary activities after tax attributable to members of the Company (Appendix 4D item 2.2)	up		to	7,731
<b>Profit</b> from ordinary activities after tax attributable to stapled security holders of TSI Fund (Appendix 4D item 2.2)	up	-	to	16,220
<b>Net profit</b> for the period attributable to stapled security holders of TSI Fund (Appendix 4D item 2.3)	up	-	to	16,220

<b>Distributions</b> (Appendix 4D item 2.4)	Amount per stapled security	Franked amount per stapled security
Final distribution (prior year)	-	-
Interim distribution	9.5c	N/A

**Record date** for determining entitlements to the interim dividend  
(Appendix 4D item 2.5)

31/12/2007

The aggregate amount of the proposed interim distribution expected to be paid on 5 March 2008 but not recognised as a liability at the end of the half year is \$25,339,000. (Appendix 4D item 5)

**Explanation of Profit/(loss) from ordinary activities after tax** (Appendix 4D item 2.6)

The consolidated financial statements of Transfield Services Infrastructure Limited and its controlled entities (TSI Fund) have been prepared for the 6 month period to 31 December 2007.

This preliminary final report for TSI Fund is the first to be filed with the ASX for a half year period since it was listed in an Initial Public Offering (IPO) on 12<sup>th</sup> June 2007. The Consolidated Net Profit After Tax of \$16.2 million, includes one-off income of \$5 million received in relation to the assignment of Queensland Power Trading Corporation's rights and obligations under the Power Purchase Agreement with Transfield Townsville Pty Limited. The full year guidance for TSI Fund in the Product Disclosure Statement is \$20.5 million.

On 20 December 2007 TSI Fund purchased four wind farms for \$341 million. The result for the period includes a revenue contribution of \$0.5 million from the wind farms from the date of acquisition of 20 December 2007.

The accounting for the business combinations relating to the wind farms has only been determined provisionally at this time. Acquisition entries relating to the acquired business combinations will be completed by TSI Fund within 12 months of the date of acquisition as required by AASB 3 *Business Combinations*.

Supplementary Appendix 4D information

**NTA Backing** (*Appendix 4D item 3*)

	31/12/2007	31/12/2006
Net tangible asset backing per ordinary share	168.64c	(65.42%)

**Entities where control has been gained** (*Appendix 4D item 4*)

Name	Ownership interest 31/12/07	Date acquired	Contribution to net profit \$'million
Windy Hill Wind Farm Pty Limited	100%	20/12/07	(0.02)
Toora Wind Farm Pty Limited	100%	20/12/07	(0.04)
Starfish Hill Wind Farm Pty Limited	100%	20/12/07	(0.02)
Mt Millar Wind Farm Pty Limited	100%	20/12/07	-
Tarong Renewable Energy Pty Limited**	100%	20/12/07	-
** Immediate parent company of Starfish Hill Wind Farm Pty Limited and Mt Millar Wind Farm Pty Limited			

**Associates and Joint Venture entities** (*Appendix 4D item 7*)

Name	Ownership interest		Contribution to net profit	
	31/12/2007 %	31/12/2006 %	31/12/2007 \$'000	31/12/2006 \$'000
Macarthur Water	50%	-		
Yan Yean Water	50%	-		
Perth Power Partnership	30%	30%		
			5,112	1,194

**Transfield Services Infrastructure Limited** ACN 106 617 332  
(Formerly known as Transfield Services Kemerton Holdings Pty Limited)

**Interim report for the half-year ended 31 December 2007**

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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 2007 and any public announcements made by Transfield Services Infrastructure Limited 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 Limited and its controlled entities**

## **Directors' report**

For the half-year ended 31 December 2007

### **Directors' report**

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 half-year ended 31 December 2007.

### **Directors**

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

Peter Young (Chairman)  
David Mathlin  
Kate Spargo  
Peter Watson  
Anthony Shepherd

### **Review of operations**

The consolidated financial statements of Transfield Services Infrastructure Limited and its controlled entities (TSI Fund) have been prepared for the 6 month period to 31 December 2007.

This interim report for TSI Fund is the first to be filed with the ASX for a half year period since it was listed in an Initial Public Offering (IPO) on 12<sup>th</sup> June 2007. The Consolidated Net Profit After Tax of \$16.2 million includes one-off income of \$5 million received in relation to the assignment of Queensland Power Trading Corporation's rights and obligations under the Power Purchase Agreement with Transfield Townsville Pty Limited.

Since 1 July 2007, the Company has undertaken the following acquisitions:

On 20 December 2007 TSI Fund purchased four wind farms for \$341 million. The result for the period includes a revenue contribution of \$0.5 million from the wind farms from the date of acquisition of 20 December 2007.

The accounting for the business combinations relating to the wind farms has only been determined provisionally at this time. Acquisition entries relating to the acquired business combinations will be completed by TSI Fund within 12 months of the date of acquisition as required by AASB 3 *Business Combinations*.

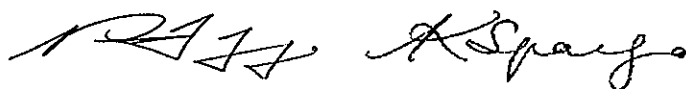
### **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

### **Rounding of amounts to nearest thousand dollars**

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

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



Peter Young  
20 February 2008

Kate Spargo

PricewaterhouseCoopers  
ABN 52 780 433 757

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## Auditor's Independence Declaration

As lead auditor for the review of Transfield Services Infrastructure Limited for the half year ended 31 December 2007, 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 Limited and the entities it controlled during the period.



Brian Hunter  
Partner  
PricewaterhouseCoopers

Sydney  
20 February 2008

**Transfield Services Infrastructure Limited and its controlled entities**  
**Consolidated financial performance summary**  
For the half-year ended 31 December 2007

	Note	31 December 2007 \$'million	31 December 2006 \$'million	% change
<b>Revenue</b>				
Power Stations – operating revenue		73,400	72,345	1.46%
Power Stations – other revenue		2,563	296	-
Water Filtration Plants – other revenue		132	-	-
Wind Farms – operating revenue		517	-	-
Total segment revenue		76,612	72,641	5.47%
Corporate – other revenue		1,722	-	-
		<b>78,334</b>	<b>72,641</b>	<b>7.84%</b>
<b>EBITDA</b>				
Power Stations		47,154	31,649	48.99%
Water Filtration Plants		2,194	-	-
Wind Farms		193	-	-
Corporate costs		(6,450)	-	-
		<b>43,091</b>	<b>31,649</b>	<b>36.15%</b>
<b>Depreciation and Amortisation</b>				
Power Stations		11,485	11,542	(0.49%)
Wind Farms		442	-	-
		<b>11,927</b>	<b>11,542</b>	<b>3.34%</b>
<b>EBIT</b>				
Power Stations		35,669	20,107	77.40%
Water Filtration Plants		2,194	-	-
Wind Farms		(249)	-	-
Corporate costs		(6,450)	-	-
		<b>31,164</b>	<b>20,107</b>	<b>54.99%</b>
<b>Net interest expense / (received)</b>				
Power Stations		(5,681)	24,344	-
Water Filtration Plants		(132)	-	-
Wind Farms		367	-	-
Corporate costs		13,266	-	-
		<b>7,820</b>	<b>24,344</b>	<b>-</b>
<b>Profit before tax</b>				
Power Stations		41,350	(4,237)	-
Water Filtration Plants		2,326	-	-
Wind Farms		(616)	-	-
Corporate costs		(19,716)	-	-
		<b>23,344</b>	<b>(4,237)</b>	<b>-</b>
<b>Income tax expense / (benefit)</b>				
Power Stations		16,026	(292)	-
Water Filtration Plants		-	-	-
Wind Farms		(185)	-	-
Corporate costs		(8,717)	-	-
		<b>7,124</b>	<b>(292)</b>	<b>-</b>
<b>Profit after tax</b>				
Power Stations		25,324	(3,945)	-
Water Filtration Plants		2,326	-	-
Wind Farms		(431)	-	-
Corporate costs		(10,999)	-	-
		<b>16,220</b>	<b>(3,945)</b>	<b>-</b>
Basic and diluted earnings per share (cents)	6	2.90c	(4.50c)	-

**Transfield Services Infrastructure Limited and its controlled entities**  
**Consolidated income statement**  
For the half-year ended 31 December 2007

	Note	2007 \$'000	2006 \$'000
Revenue from continuing operations		78,334	72,641
<b>Total revenue</b>		<b>78,334</b>	<b>72,641</b>
Shares of net profits of associates and joint venture entities and partnerships accounted for using the equity method		5,112	1,194
Other income	2	5,000	-
Operating costs		(32,987)	(32,116)
Depreciation and amortisation expenses		(11,927)	(11,542)
Finance costs		(12,238)	(29,845)
Other expenses		(7,950)	(4,569)
<b>Profit before income tax expense</b>		<b>23,344</b>	<b>(4,237)</b>
Income tax (expense)/benefit		(7,124)	292
<b>Net profit attributable to stapled security holders of Transfield Services Infrastructure Fund</b>		<b>16,220</b>	<b>(3,945)</b>
Attributable to:			
Unit holders of Transfield Services Infrastructure Trust and shareholders of TSI International Limited (minority interest)		8,489	-
Profit /(loss) attributable to shareholders of Transfield Services Infrastructure Limited		7,731	(3,945)
<b>Net profit attributable to stapled security holders of Transfield Services Infrastructure Fund</b>		<b>16,220</b>	<b>(3,945)</b>
<b>Earnings / (loss) per share for profit from continuing operations attributable to the ordinary shareholders of the company</b>			
Basic earnings / (loss) per share	6	2.90c	(4.50c)
Diluted earnings / (loss) per share	6	2.90c	(4.50c)
<b>Earnings per stapled security for profit from continuing operations attributable to the ordinary security holders of Transfield Services Infrastructure Fund</b>			
Basic earnings per stapled security		6.08c	-
Diluted earnings per stapled security		6.08c	-

*The above consolidated income statement should be read in conjunction with the accompanying notes.*



**Transfield Services Infrastructure Limited and its controlled entities**  
**Consolidated balance sheet**  
As at 31 December 2007

	<b>31 December 2007 \$'000</b>	<b>30 June 2007 \$'000</b>
<b>Current assets</b>		
Cash and cash equivalents	52,987	22,004
Trade and other receivables	32,168	26,640
Inventories	11,615	11,113
Prepayments and other current assets	12,988	6,091
Derivative financial instruments	4,432	1,906
<b>Total current assets</b>	<b>114,190</b>	<b>67,754</b>
<b>Non-current assets</b>		
Receivables	35,134	40,170
Investments accounted for using the equity method	77,696	74,536
Available-for-sale financial assets	136,285	136,285
Property, plant and equipment	909,371	570,082
Intangible assets	186,655	141,566
Deferred tax assets	4,610	3,234
Derivative financial instruments	22,484	18,683
<b>Total non-current assets</b>	<b>1,372,235</b>	<b>984,556</b>
<b>Total assets</b>	<b>1,486,425</b>	<b>1,052,310</b>
<b>Current liabilities</b>		
Trade and other payables	38,299	22,506
Loans from associates	21,754	20,182
Short term borrowings	220,807	-
Current tax liabilities	5,700	5,891
Derivative financial instruments	285	-
<b>Total current liabilities</b>	<b>286,845</b>	<b>48,579</b>
<b>Non-current liabilities</b>		
Long-term borrowings	528,964	404,861
Deferred tax liabilities	143,693	99,308
Provisions	2,910	1,221
Derivative financial instruments	5,178	-
<b>Total non-current liabilities</b>	<b>680,745</b>	<b>505,390</b>
<b>Total liabilities</b>	<b>967,590</b>	<b>553,969</b>
<b>Net assets</b>	<b>518,835</b>	<b>498,341</b>
<b>Equity</b>		
Contributed equity	130,760	131,476
Reserves	23,743	18,753
Retained profits	10,861	3,130
Parent entity interest	165,364	153,359
Minority interest (attributable to equity holders of Transfield Services Infrastructure Trust and TSI International Limited)	353,471	344,982
<b>Total equity</b>	<b>518,835</b>	<b>498,341</b>

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

**Transfield Services Infrastructure Limited and its controlled entities**  
**Consolidated statement of cash flows**  
**For the half-year ended 31 December 2007**

	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	90,736	59,598
Payments to suppliers, subcontractors and employees	(54,710)	(31,860)
	<u>36,026</u>	<u>27,738</u>
Dividends, distributions and net cash contributions from associates and joint venture partnerships	4,503	-
Investment income	55	-
Interest received	4,593	676
Income taxes paid	(6,039)	-
<b>Net cash inflow from operating activities</b>	<u>39,138</u>	<u>28,414</u>
<b>Cash flows from investing activities</b>		
Net cash (outflow) / inflow on purchase of controlled entities	(340,788)	31,829
Proceeds on disposal of property, plant and equipment	-	631
Payment for acquisition of property, plant and equipment	(12,461)	-
Redemption of loan notes	2,119	-
<b>Net cash (outflow) / inflow from investing activities</b>	<u>(351,130)</u>	<u>32,460</u>
<b>Cash flows from financing activities</b>		
Proceeds from corporate borrowing facility	124,104	404,861
Proceeds from bridging debt facility	220,439	-
Repayment of borrowings – project finance borrowings	-	(434,615)
Repayment of related party borrowings	-	(5,707)
Finance costs paid	(1,568)	(29,845)
<b>Net cash inflow / (outflow) from financing activities</b>	<u>342,975</u>	<u>(65,306)</u>
<b>Net increase / (decrease) in cash held</b>	<b>30,983</b>	<b>(4,432)</b>
Cash at the beginning of the reporting period	<u>22,004</u>	<u>17,304</u>
<b>Cash and cash equivalents at the end of the reporting period</b>	<u><b>52,987</b></u>	<u><b>12,872</b></u>

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

**Transfield Services Infrastructure Limited and its controlled entities**  
**Consolidated statement of changes in equity**  
For the half-year ended 31 December 2007

	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Total equity at the beginning of the half-year</b>	<b>498,341</b>	<b>1,276</b>
Change in fair value of cash flow hedge (net of tax)	4,990	8,790
Change in fair value of available-for-sale financial assets (net of tax)	-	4,796
Release of deferred tax asset on capitalised float costs	(716)	-
<b>Net income / (loss) recognised directly in equity</b>	<b>4,274</b>	<b>13,586</b>
<b>Profit for the half-year</b>	<b>16,220</b>	<b>(3,945)</b>
<b>Total recognised income and expense for the half -year</b>	<b>20,494</b>	<b>9,641</b>
<b>Transactions with equity holders in their capacity as equity holders</b>	<b>-</b>	<b>-</b>
<b>Total equity at the end of the half-year</b>	<b>518,835</b>	<b>10,917</b>
Total recognised income for the half-year is attributable to:		
Shareholders of Transfield Services Infrastructure Limited	12,005	9,641
Unitholders of Transfield Services Infrastructure Trust and shareholders of TSI International Limited	8,489	-
	<b>20,494</b>	<b>9,641</b>

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.*

## **Note 1. Basis of preparation of half-year financial report**

This general purpose financial report for the interim half-year reporting period ended 31 December 2007 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 2007 and any public announcements made by Transfield Services Infrastructure Limited or TSI 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.

### **a) Going concern**

At 31 December 2007, the Group has reported net current liabilities of \$172,655,000. This is due to the classification of \$ 220,807,000 of bridge debt for the purchase of the wind farms (refer Note 7) as a current borrowing. It is anticipated that this debt will be refinanced in the normal course of business.

### **b) Stapling**

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

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 the Transfield Services Infrastructure Fund (TSI Fund).

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. 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 security holders of Transfield Services Infrastructure Limited are the same as the stapled security holders of Transfield Services Infrastructure Trust and TSI International Limited.

Comparative information does not include any effects of stapling.

## **Note 2. Other income**

Other income is one-off income of \$5 million received in relation to the assignment of Queensland Power Trading Corporation's rights and obligations under the Power Purchase Agreement with Transfield Townsville Pty Limited.

**Transfield Services Infrastructure Limited and its controlled entities**  
**Notes to the consolidated financial statements**  
For the half-year ended 31 December 2007

**Note 3. Distributions**

	Half-year	
	2007 \$'000	2006 \$'000
Ordinary Securities		
Distributions provided for or paid during the half year	-	-

Since the end of the half-year the Directors of TSI Fund have recommended the payment of an interim distribution of 9.5 cents per stapled security. The aggregate amount of the proposed interim distribution expected to be paid on 5 March 2008 but not recognised as a liability at the end of the half year is \$25,339,000.

**Note 4. Segment information**

**Primary reporting – business segments**

	Power Stations \$'000	Water Filtration Plant \$'000	Wind Farms \$'000	Consolidated result \$'000
<b>Half year ended 31 December 2007</b>				
Total sales revenue to external customers	73,400	-	517	73,917
Other revenue	2,563	132	-	2,695
Revenue from operating activities	75,963	132	517	76,612
Other income	5,000	-	-	5,000
Share of net profits from associates and JV's	2,918	2,194	-	5,112
Total	83,881	2,326	517	86,724
Segment result	41,350	2,326	(616)	43,060
Unallocated revenue less unallocated expenses	-	-	-	(19,716)
Profit from ordinary activities before income tax				23,344
Income tax expense				(7,124)
Profit from ordinary activities after income tax				16,220
Segment assets	952,404	49,036	397,088	1,398,528
Unallocated assets	-	-	-	87,897
Total assets				1,486,425
Segment liabilities	117,900	21,753	278,532	418,185
Unallocated liabilities	-	-	-	549,405
Total liabilities				967,590
Investment in joint venture and associates included in segment assets	28,792	48,904	-	77,696
Other financial assets held for resale	136,285	-	-	136,285
Depreciation and amortisation	11,485	-	442	11,927

**Transfield Services Infrastructure Limited and its controlled entities**  
**Notes to the consolidated financial statements**  
For the half-year ended 31 December 2007

	Power Stations \$'000	Water Filtration Plant \$'000	Wind Farms \$'000	Consolidated result \$'000
<b>Half year ended 31 December 2006</b>				
Total sales revenue to external customers	72,345	-	-	72,345
Other revenue	296	-	-	296
Revenue from operating activities	72,641	-	-	72,641
Other income	-	-	-	-
Share of net profits from associates and JV's	1,194	-	-	1,194
Total	73,835	-	-	73,835
Segment result	(4,237)	-	-	(4,237)
Unallocated revenue less unallocated expenses	-	-	-	-
Profit from ordinary activities before income tax	(4,237)	-	-	(4,237)
Income tax benefit	292	-	-	292
Profit from ordinary activities after income tax	(3,945)	-	-	(3,945)
Segment assets	929,023	-	-	929,023
Unallocated assets	-	-	-	-
Total assets	929,023	-	-	929,023
Segment liabilities	918,106	-	-	918,106
Unallocated liabilities	-	-	-	-
Total liabilities	918,106	-	-	918,106
Investment in joint venture and associates included in segment assets	16,410			16,410
Other financial assets held for resale	-	-	-	-
Depreciation and amortisation	11,542	-	-	11,542

**Description of 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. These were acquired in August and September 2006.

(ii) Water filtration plants

The Company part owns the Macarthur and Yan Yean water filtration plants –these were acquired in February 2007.

(iii) Wind Farms

In December 2007, the Company acquired interests in 4 wind farms (refer Note 7).

**Transfield Services Infrastructure Limited and its controlled entities**  
**Notes to the consolidated financial statements**  
For the half-year ended 31 December 2007

**Note 5. Contingent liabilities**

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

	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Insurance bond in respect of contracts	3,300	-
Performance bonds	15,000	-
	<u>18,300</u>	<u>-</u>

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 6. Earnings per share**

	<b>Half-year</b>	
	<b>2007</b>	<b>2006</b>
	<b>cents</b>	<b>cents</b>
Basic earnings per share	2.90	(4.50c)
Diluted earnings per share	2.90	(4.50c)

**Note 7. Business combinations**

**(a) Summary of acquisitions and purchase consideration**

On 20 December 2007, TSI Fund acquired 4 wind farms at Windy Hill, Toora, Starfish Hill, Mt Millar as well as land and wind development rights. The value of the transaction is as follows:-

	<b>Total</b>
	<b>\$'000</b>
Purchase consideration	
Cash paid	333,400
Direct costs relating to the acquisition	7,388
	<u>340,788</u>
Fair value of net identifiable assets acquired (refer to (b) below):	(295,022)
	<u>45,766</u>
Goodwill	

## For the half-year ended 31 December 2007

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**Transfield Services Infrastructure Limited and its controlled entities**  
**Notes to the consolidated financial statements**  
For the half-year ended 31 December 2007

**Note 7. Business combinations (continued)**

**(c) Changes to provisional fair values**

	<b>Transfield Services Collinsville Pty Limited \$'000</b>	<b>Transfield Services Collinsville BV \$'000</b>	<b>Transfield Townsville Pty Limited \$'000</b>	<b>Total \$'000</b>
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	<u>6,987</u>	<u>6,987</u>	<u>29,895</u>	<u>43,869</u>

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

**Note 8. Events occurring after balance date**

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

**(a) Distributions**

Since the end of the half-year the Directors TSI Fund have recommended the payment of an interim distribution of 9.5 cents per stapled security. The aggregate amount of the proposed interim distribution expected to be paid on 5 March 2008 but not recognised as a liability at the end of the half year is \$25,339,000.

**Transfield Services Infrastructure Limited and controlled entities**  
**Directors' declaration**  
**For the half-year ended 31 December 2007**

In the Directors' opinion

- (a) the financial statements and notes set out on pages 5 to 14 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 2007 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Transfield Services Infrastructure 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



Kate Spargo

20 February 2008

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**INDEPENDENT AUDITOR'S REVIEW REPORT**  
**to the members of Transfield Services Infrastructure Limited**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Transfield Services Infrastructure Limited (the company), which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for both Transfield Services Infrastructure Limited and Transfield Services Infrastructure Fund (the consolidated entity). The consolidated entity comprises both 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 and fair presentation of the half-year 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 control relevant to the preparation and fair presentation of the half-year 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.

*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 2007 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 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.

For further explanation of a review, visit our website <http://www.pwc.com/au/financialstatementaudit>.

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.

*Independence*

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

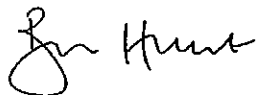
*Conclusion*

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 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 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



PricewaterhouseCoopers



B K Hunter  
Partner

Sydney  
20 February 2008