

Appendix 4D

Transfield Services Infrastructure Fund (TSI Fund) (comprising Transfield Services Infrastructure Limited and its controlled entities)

ASX half-year information for the half year ended 31 December 2010

RESULTS FOR ANNOUNCEMENT TO THE MARKET

ASX ref	Financial Performance	(\$'000)			
2.1	Revenue from continuing operations	down	23.9%	to	65,698
	EBITDA of TSI Fund				
	▪ Reported ⁽¹⁾	up	4.9%	To	59,611
	Net profit / (loss) after tax for the period attributable to securityholders of TSI Fund				
2.3	▪ Reported	up	198.9%	to	18,078

1. Includes interest on LYA shareholder loan notes for both 2009 and 2010. HY11 EBITDA increased by 11.9 per cent if the contribution from Mt Millar Wind Farm is excluded from HY10.

ASX ref	Distribution for half year ended 31 December 2010	Interim Distribution HY 31 December 2010
2.4	Distribution per security	4.1 cents
2.4	Franked amount per security	nil
2.5	Record date for determining entitlements to the distributions	31 December 2010
	Expected payment date of distribution	16 March 2011

2.6 Brief explanation of the figures in items 2.1 to 2.3

Refer to the accompanying notes to the tables, "Commentary on the Results" section in this Appendix 4D and Transfield Services Infrastructure Limited Financial Report for the half year ended 31 December 2010 for an explanation of the figures in 2.1 to 2.3 above.

COMMENTARY ON THE RESULTS

The consolidated financial statements of Transfield Services Infrastructure Limited and its controlled entities have been prepared for the 6 month period to 31 December 2010. Transfield Services Infrastructure Limited is the nominated parent for TSI Fund.

REVIEW OF HY11 FINANCIAL RESULTS

The first reporting period following the implementation of the Capital Structure Review saw TSI Fund deliver improvements in financial metrics and cash headroom as well as streamline and reinvigorate its management team, centralised in Sydney.

The operational performance of contracted and non-controlled assets have met expectations during HY11. Whilst contracted wind farms performed to expectations, our only uncontracted wind farm, Starfish Hill, did not as it was exposed to disappointing black and REC prices.

We were unsuccessful in renewing the continuous operations contract at Collinsville and the weekend operations contract at Townsville. Excluding these items, the underlying operating and financial performance of our thermal power stations remains solid.

Further savings in operating costs and the \$14.7 million contribution associated with the Macarthur concession extension to 2030 resulted in an 11.9% increase in HY11 EBITDA.

The following commentary and references to the HY10 prior comparable period (pcp) performance excludes the HY10 contribution from Mt Millar Wind Farm which was sold in May 2010 (refer below for explanation).

Operating Performance

Operating performance highlights include:

- Continued high availabilities of over 99% at Kemerton and Townsville Power Stations and over 91% at Collinsville Power Station
- Successful return to service of unit 5 at Collinsville Power Station following the scheduled major outage
- Collinsville Power Station continues its excellent record of no lost-time injuries
- Loy Yang A delivered strong power station availability and coal supply reliability
- Better than expected steam sales at Kwinana Power Station
- No material impact from recent adverse weather events

Revenue

Total reported HY11 revenue from continuing operations of \$65.7 million was down 15.7% against pcp of \$77.9 million.

Factors explaining the reduction are:

- Disappointing black and REC prices as well as lower generation at Starfish Hill wind farm contributing to a \$3.8 million reduction in revenue versus pcp
- Contracted step down in capacity payment of \$4.5 million at Townsville Power Station
- Non-achievement of continuous operations at Collinsville and weekend operations at Townsville
- Fewer starts at Kemerton Power Station following a strong performance in HY10

EBITDA and NPAT metrics

TSI Fund's HY11 EBITDA improved by 11.9% to \$59.6 million and HY11 NPAT increased by \$12.0 million to \$18.1 million.

In addition to the impact of the revenue items above, major contributors included:

- The \$14.7 million contribution associated with the Macarthur concession extension to 2030
- further cost reductions at our thermal power stations
- Our non-controlled investments which delivered a greater share of accounting profits

Cash flow

Free cash flow increased by \$10.5 million to \$25.9 million, allowing TSI Fund to make a voluntary \$10 million prepayment of debt.

Cash headroom (comprising cash at bank plus undrawn facility) was \$38.8 million as at 31 December 2010.

Interpreting TSI Fund's HY11 'Summary of Financial Performance'

In order to allow a meaningful comparison of HY11 performance to HY10 performance, TSI has presented HY10 results excluding the contribution from the Mt Millar Wind Farm which was sold in May 2010. These items are set out as follows and represented in the table over:

Revenue	\$8.3m
EBITDA	\$6.7m
Reported NPAT	\$1.7m

SUMMARY OF FINANCIAL PERFORMANCE

	31 December 2010 \$'000	31 December 2009 \$'000 (ex Mt Millar)	% change
Income by line of business			
Operating revenue			
Power Stations	57,381	66,425	(13.6%)
Wind Farms	5,176	9,115	(43.2%)
	62,557	75,540	(17.2%)
Other revenue			
Power Stations	2,435	2,123	14.7%
Unallocated Revenue	706	284	
	3,141	2,407	
Total Revenue	65,698	77,947	(15.7%)
Other income			
Unallocated	15,060	300	
	15,060	300	
Share of net profits of associates accounted for using the equity method			
Power Stations	4,058	2,025	100.4%
Water Filtration Plants	1,471	1,363	7.9%
	5,529	3,388	63.2%
EBITDA by line of business (1,2)			
Power Stations	45,128	48,734	(7.4%)
Water Filtration Plants	1,471	1,363	7.9%
Wind Farms	2,928	7,255	(59.6%)
Unallocated - costs	(4,604)	(4,103)	(12.2%)
Settlement from Macarthur transaction (net)	14,688	-	-
	59,611	53,249	11.9%
Depreciation, amortisation and turbine write-off			
Power Stations	18,939	16,975	11.6%
Wind Farms	5,710	4,160	37.3%
	24,649	21,135	16.6%
EBIT			
Power Stations	26,189	31,759	(17.5%)
Water Filtration Plants	1,471	1,363	7.9%
Wind Farms	(2,782)	3,095	
Unallocated - Macarthur transaction	14,688	-	
Unallocated - other overheads	(4,604)	(7,183)	
Basic EBIT	34,962	29,034	20.4%
Add back: corporate costs relating to Capital Structure Review	-	3,080	
Pre Capital Structure Review costs EBIT (1)	34,962	32,114	8.9%
Net interest expense / (received)			
Power Stations	(6,243)	(5,790)	7.8%
Wind Farms	7	8	(12.5%)
Unallocated	22,966	29,434	(22.0%)
Net interest expense per statutory accounts	16,730	23,652	(29.3%)
Add: interest from investments reclassified for management accounts	2,230	2,111	5.6%
Net interest expense per management accounts (2)	18,960	25,763	(26.4%)
Profit before tax attributable to stapled security holders			
Power Stations	30,202	35,438	(14.8%)
Water Filtration Plants	1,471	1,363	7.9%
Wind Farms	(2,789)	3,087	
Unallocated	(12,882)	(36,617)	
As reported	16,002	3,271	

1. Excludes Capital Structure Review costs in 2009

2. Includes interest on shareholder loan notes

Financial Statements

Comprising:

Consolidated statement of comprehensive income	6
Consolidated balance sheet	7
Consolidated statement of cash flows	8
Consolidated statement of changes in equity	9

The Financial Statements have been compiled under
International Financial Reporting Standards (IFRS)

Consolidated statement of comprehensive income

	31 December 2010 \$'000	31 December 2009 \$'000
Revenue from continuing operations	65,698	86,294
Shares of net profits of associates accounted for using the equity method	5,529	3,388
Other income	15,060	300
Operating costs	(22,495)	(27,241)
Depreciation, amortisation and turbine write-off	(24,649)	(25,279)
Finance costs	(19,683)	(26,065)
Other expenses	(3,458)	(5,625)
Profit before income tax expense	16,002	5,772
Income tax benefit	2,076	277
Net profit attributable to stapled securityholders of Transfield Services Infrastructure Fund	18,078	6,049
Other comprehensive income		
Gross change in the fair value of cash flow hedges	23,564	16,174
Tax effect of change in the fair value of cash flow hedges	(6,995)	(4,667)
	16,569	11,507
Total comprehensive income for the half-year	34,647	17,556
Profit is attributable to:		
• Unitholders of Transfield Services Infrastructure Trust and shareholders of TSI International Limited (Non-controlling interest)	11,551	9,336
• Shareholders of Transfield Services Infrastructure Limited	6,527	(3,287)
Net profit attributable to stapled securityholders of Transfield Services Infrastructure Fund	18,078	6,049
Total comprehensive income for the half-year is attributable to:		
• Unitholders of Transfield Services Infrastructure Trust and shareholders of TSI International Limited (Non-controlling interest)	11,551	9,336
• Shareholders of Transfield Services Infrastructure Limited	23,096	8,220
Total comprehensive income for the half-year attributable to stapled securityholders of Transfield Services Infrastructure Fund	34,647	17,556
Earnings / (loss) per share from continuing operations attributable to the ordinary shareholders of the company	Cents	Cents
Basic earnings / (loss) per share	1.51	(1.12)
Diluted earnings / (loss) per share	1.51	(1.12)
Earnings per stapled security from continuing operations attributable to the ordinary securityholders of Transfield Services Infrastructure Fund		
Basic earnings per stapled security	4.17	2.06
Diluted earnings per stapled security	4.17	2.06

Consolidated Balance Sheet

	31 December 2010 \$'000	30 June 2010 \$'000
Current assets		
Cash and cash equivalents	18,441	18,205
Trade and other receivables	10,651	10,243
Inventories	14,889	14,040
Prepayments and other current assets	6,072	4,192
Total current assets	50,053	46,680
Non-current assets		
Receivables	47,903	44,032
Investments accounted for using the equity method	90,478	84,750
Available-for-sale financial assets	136,285	136,285
Property, plant and equipment	588,445	603,177
Intangible assets	106,962	109,442
Other non-current assets	8,333	9,318
Total non-current assets	978,406	987,004
Total assets	1,028,459	1,033,684
Current liabilities		
Trade and other payables	10,971	7,456
Short term borrowings	28,008	26,658
Derivative financial instruments	3,823	4,966
Total current liabilities	42,802	39,080
Non-current liabilities		
Long-term borrowings	471,060	481,860
Deferred tax liabilities	61,920	56,752
Provisions	3,110	3,052
Derivative financial instruments	11,085	33,188
Total non-current liabilities	547,175	574,852
Total liabilities	589,977	613,932
Net assets	438,482	419,752
Equity		
Contributed equity	149,987	150,153
Reserves	(6,113)	(22,682)
Retained profits	(94,305)	(100,832)
Parent entity interest	49,569	26,639
Non-controlling interest (attributable to equity holders of Transfield Services Infrastructure Trust and TSI International Limited)	388,913	393,113
Total equity	438,482	419,752

Consolidated Statement of Cash Flows

	31 December 2010 \$'000	31 December 2009 \$'000
Cash flows from operating activities		
Receipts from customers	65,916	92,186
Payments to suppliers, subcontractors and employees	(30,288)	(45,963)
	35,628	46,223
Dividends and distributions received	50	1,021
Interest received	984	2,659
Income taxes refunded	-	2,444
Net cash inflow from operating activities	36,662	52,347
Cash flows from investing activities		
Settlement received on Macarthur transaction	15,000	-
Proceeds on disposal of property, plant and equipment	77	-
Payment for acquisition of property, plant and equipment	(7,514)	(14,053)
Net cash inflow / (outflow) from investing activities	7,563	(14,053)
Cash flows from financing activities		
Proceeds from borrowings from associates	550	1,106
Repayment of corporate borrowing facility	(10,000)	(4,000)
Finance costs paid	(18,893)	(24,751)
Distribution paid	(15,646)	(16,873)
Net cash (outflow) from financing activities	(43,989)	(44,518)
Net increase / (decrease) in cash held	236	(6,224)
Cash at the beginning of the reporting period	18,205	19,524
Cash and cash equivalents at the end of the reporting period	18,441	13,300

Consolidated statement of changes in equity

Consolidated	Contributed Equity	Reserves	Retained Earnings	Total	Non- Controlling Interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2009	131,252	(22,143)	(49,085)	60,024	320,921	380,945
Total comprehensive income for the half-year	-	11,507	(3,287)	8,220	9,336	17,556
Transactions with owners in their capacity as owners:						
Distributions paid	-	-	-	-	(18,885)	(18,885)
Distribution reinvestment plan	416	-	-	416	1,596	2,012
Release of deferred tax asset on capitalised float costs	(235)	-	-	(235)	-	(235)
Balance at 31 December 2009	131,433	(10,636)	(52,372)	68,425	312,968	381,393
Balance at 1 July 2010	150,153	(22,682)	(100,832)	26,639	393,113	419,752
Total comprehensive income for the half-year	-	16,569	6,527	23,096	11,551	34,647
Transactions with owners in their capacity as owners:						
Distributions paid	-	-	-	-	(17,287)	(17,287)
Distribution reinvestment plan	104	-	-	104	1,536	1,640
Release of deferred tax asset on capitalised float costs	(270)	-	-	(270)	-	(270)
Balance at 31 December 2010	149,987	(6,113)	(94,305)	49,569	388,913	438,482

RESULTS FOR ANNOUNCEMENT TO THE MARKET (continued)

ASX ref	Distribution Payments	Final Distribution
5.0	Paid in half year ended 31 December 2010	4.1 cents
	Payment Date	20 September 2010
5.0	Paid in half year ended 31 December 2009	7.0 cents
	Payment Date	30 September 2009

Note: Distributions are shown in the period in which they were paid.

6.0 Distribution Reinvestment Plan (DRP)

TSI Fund continues to operate a DRP. DRP securities will be issued at a 5% discount to the daily volume weighted average market price per security of securities sold on the ASX during the 10 day trading period that commences on 24 February 2011 (Average Market Price). TSI Fund has the discretion to adjust the issue price if it considers that the Average Market Price does not represent the fair market value of TSI Fund securities. The election date for determining participation in the DRP is 23 February 2011.

The DRP will increase the weighted average number of securities used for calculating the diluted earnings per security for FY11 and beyond.

ASX ref	Statement of Retained Earnings (\$ 000)	Half year ended 31 December 2010	Half year ended 31 December 2009
	(Accumulated losses) at the beginning of the half year	(100,832)	(49,085)
	Net profit/(loss) attributable to members of Transfield Services Infrastructure Limited	6,527	(3,287)
	(Accumulated losses) at the end of half year	(94,305)	(52,372)

3.0	Net Tangible Assets (NTA) per security	Half year ended 31 December 2010	Half year ended 31 December 2009 (restated)
	NTA per security ^{(1) (2)}	\$0.94	\$1.20
	Closing number of securities on issue	434,862,971	295,873,368

1. The NTA backing per security is calculated after excluding all intangible assets and intangible liabilities.
2. The restatement of comparative NTA is as a result of the capital raising in May 2010.

RESULTS FOR ANNOUNCEMENT TO THE MARKET (continued)

ASX ref	Details of Associates	Half year ended 31 December 2010	Half year ended 31 December 2009
7.0	Ownership Interest in Associates		
	▪ Perth Power Partnership (Kwinana)	30%	30%
	▪ Macarthur Water (Holdings) Pty Limited	50%	50%
	▪ Yan Yean Water (Holdings) Pty Limited	50%	50%
	Group's share of associates profits (A\$'000)		
	▪ Profit from ordinary activities before tax	6,160	3,971
	▪ Income tax on ordinary activities	(631)	(583)
4.3	Aggregate share of net profit of associates per financial statements	5,529	3,388

Note: TSI Fund's share of profits from Macarthur and Yan Yean is recognised in the financial statements on an after tax basis as their operations are by way of limited liability companies. TSI Fund's share of profits from Perth Power Partnership (Kwinana) is before tax as it operates as a partnership. As the recipient of the pre-tax income, TSI Fund recognises the income tax liability for this component in its own income tax expense line and has therefore been excluded from the above table.

Earnings Per Security	Half year ended 31 December 2010	Half year ended 31 December 2009 (restated)
Basic earnings / (loss) per security ⁽¹⁾		
▪ as reported	1.51 cents	(1.12) cents
EBITDA per security		
▪ as reported	13.7 cents	19.3 cents
Free cashflow per security ^{(2) (3) (4)}	6.0 cents	5.2 cents
Weighted average number of securities on issue	433,679,111	294,162,798

1. Diluted EPS is the same as Basic EPS

2. Restated to exclude the disposal of Mt Millar Wind Farm

3. Free cashflow is calculated as operating cash flow after maintenance capex, interest paid and scheduled debt amortisation.

4. The restatement of comparatives is as a result of the capital raising in May 2010.