



TRANSFIELD SERVICES HALF YEAR REVIEW

For the half year ended
31 December 2009

This review should be read in conjunction with Transfield Services' 2009 Annual Report and Half Year Results ASX Statement and Presentation at www.transfieldservices.com



TRANSFIELD SERVICES

www.transfieldservices.com

Transfield Services Limited (ABN 69 000 484 417)



Environmentally Friendly Shareholder Communications

Register at www.ETree.com.au to receive your shareholder communications electronically. We will then donate up to \$1 to Landcare Australia to support reforestation projects. Each dollar could establish two new trees in Australia.

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{ Half year overview }

- Net Profit After Tax **up 33 per cent to \$40.1 million**
- **Record cash flow of \$130.1 million**
- Quality work in hand at **\$10.6 billion**
- Our **safety record improved** again, with our Lost Time Injury Rate down by 28 per cent and Total Recordable Injury Frequency Rate down 17 per cent
- A **fully franked dividend** of five cents per share
- **Continued to win and renew contracts**, including;
 - > Renewal of TIMEC's top three clients for a total of around **US\$600 million**
 - > An additional **\$130 million** in work for Housing NSW on top of original \$385 million contract
 - > North America Transportation Infrastructure business expanded into Canada with a new **CAD\$150 million** contract

All financial figures in the review are in Australian Dollars unless noted.



A message from Anthony Shepherd

Dear Shareholder,

Transfield Services has produced good results for the half year ending 31 December 2009, including a 33 per cent increase in Net Profit After Tax to \$40.1 million. On top of this, we made an investment of \$8 million (gross) in business efficiency initiatives to lay the ground work for future growth, making this an even better result.

Another highlight was a record cash flow of \$130.1 million, up from \$46.1 million for 31 December 2008. Described as "best in class" by a leading analyst, it is the result of our ongoing working capital management program and increased business discipline.

Our work in hand remained stable at \$10.6 billion. And we have continued to manage our net debt, which declined to \$120 million from \$270 million.

"Another highlight was a record cash flow of \$130.1 million, up from \$46.1 million for 31 December 2008."

The Board has declared a fully franked interim dividend of five cents per share, in line with stated dividend policy.

While economic conditions continued to be challenging, your Company is resilient, and enjoys strong relationships with a client base that is largely government and blue chip. The strength of these relationships is illustrated by our contract renewal rate, which again exceeded 90 per cent.

I am pleased to welcome Mr Douglas Snedden to the Board of Transfield Services Limited. Douglas brings a wealth of global experience and leadership in managing large-scale business programs, planning and executing corporate strategy and industry and market reform.

The Company maintains its guidance of flat to modest Net Profit After Tax growth in the 2010 financial year, assuming no further material deterioration in economic and market conditions. We anticipate a return to growth in the 2011 financial year underpinned by the recovering global economy and our business strategy and increased business discipline and efficiency.

Thank you for your ongoing support.

Anthony F. Shepherd
Chairman



A message from Peter Goode

Dear Shareholder,

Transfield Services has produced a strong performance for the six months to 31 December 2009, in challenging economic conditions. These results demonstrate our increased business discipline which enabled us to deliver an outstanding cash management result with record cash flows.

Operational highlights included solid performances from our infrastructure and facilities management businesses and our success in contract renewals. In Australia, we won a number of new contracts, reflecting a trend towards a more positive economic outlook in all local markets.

U.S. economic conditions continued to be difficult. Highlights in North America included the successful contract renewal of TIMEC's top three clients for a combined total of US\$600 million and the expansion of our transport infrastructure business into Canada. Our New Zealand business made substantial

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improvements in profitability and we recently established a regional office in Abu Dhabi to promote our growth in the Middle East.

Your Company is already benefiting from the global experience of a strengthened executive team and investments in streamlining our operational structure. Further investments in future growth have been made by enhancing our marketing and business development capabilities.

Transfield Services continues to improve its safety performance. In 2009, we reduced our Lost Time Injury Frequency Rate (LTIFR) by 28 per cent from 2.26 to 1.62 injuries per million hours worked and our Total Recordable Injury Frequency Rate (TRIFR) by 17 per cent from 8.30 to 6.89. Safety is always a focus and we will

continue to use it as a competitive advantage.

Since joining Transfield Services last year, I have assessed the way we do business. A number of positive changes have been made and more will come. The implementation of our strategic plan is well underway.

From the strong foundation of the quality services our skilled people provide across diverse sectors and geographies, Transfield Services is well placed for the future.

Dr Peter Goode
Managing Director and Chief Executive Officer