

## **Operating segments**

### **(a) Accounting policies and identification of segments**

Segment information is prepared in conformity with the accounting policies of the Group as disclosed in Note 1 to the consolidated financial statements and the accounting standard, AASB 8 *Operating Segments*. The Group is managed primarily on a geographic regional basis.

The five primary segments are:-

- Australia and New Zealand ('ANZ')
- Easternwell
- Americas
- Middle East and Asia ('ME&A');
- Unallocated corporate costs; and
- an equity accounted investment in RATCH Australia Corporation Limited (RAC) formerly known as Transfield Services Infrastructure Fund (TSI Fund).

Each geographical region derives revenue from its principal activities in the:

- Resources & Energy (Formerly Resources & Industrials)
- Infrastructure Services; and
- Property & Facilities Management sectors.

Information regarding the results of each reportable segment is included below. The primary measure of performance (Segment result) is segment earnings before interest, tax, depreciation and amortisation adjusted for non-recurring items ("Reported EBITDA") as included in the internal management reports that are reviewed by the Group's Managing Director and Chief Executive Officer on a monthly basis. Proportionately consolidated revenue, proportionately consolidated EBITDA and Earnings Before Interest and Tax ("EBIT") all of which include adjustments for non-recurring items) are other additional segment measures which are also included in the internal management reports and regularly reviewed by the Group's Managing Director and Chief Executive Officer.

**Transfield Services Limited and controlled entities**  
**Notes to and forming part of the consolidated financial statements**  
For the half year ended 31 December 2010

**Operating segments (continued)**

**(b) Operating segment results**

31 December 2010	ANZ	Easternwell***	Americas	ME&A	Unallocated	TSI Fund (RAC)	Group
<b>\$'000s</b>							
<b>Proportionately Consolidated Revenue</b>	<b>1,203,368</b>	-	<b>635,498</b>	<b>59,897</b>	-	-	<b>1,898,763</b>
Less: Share of joint venture revenue	(221,378)	-	(212,730)	(25,519)	-	-	(459,627)
<b>Statutory Revenue</b>	<b>981,990</b>	-	<b>422,768</b>	<b>34,378</b>	-	-	<b>1,439,136</b>
<b>Proportionately Consolidated EBITDA*</b>	<b>51,149</b>	-	<b>27,273</b>	<b>2,783</b>	<b>(4,254)</b>	<b>9,205</b>	<b>86,156</b>
Less: share of joint ventures EBITDA	(12,914)	-	(13,607)	(4,004)	-	-	(30,525)
EBITDA from operations excluding JV's	38,235	-	13,666	(1,221)	(4,254)	9,205	55,631
Add: share of net profits of joint ventures	12,210	-	7,523	2,956	-	-	22,689
<b>Reported EBITDA</b>	<b>50,445</b>	-	<b>21,189</b>	<b>1,735</b>	<b>(4,254)</b>	<b>9,205</b>	<b>78,320</b>
Depreciation	(12,751)	-	(3,687)	(324)	(6,615)	-	(23,377)
Amortisation of acquired intangibles	(2,505)	-	(8,311)	(223)	-	-	(11,039)
<b>EBIT</b>	<b>35,189</b>	-	<b>9,191</b>	<b>1,188</b>	<b>(10,869)</b>	<b>9,205</b>	<b>43,904</b>
Net operating finance costs							(11,753)
Tax on operating items							(4,365)
Non-controlling interest							(142)
<b>Operating net profit after tax</b>							<b>27,644</b>
Non-recurring items – restructuring and transaction costs, net of tax (Note (f))							(13,690)
<b>Net loss after tax (attributable to owners of the Company)</b>							<b>13,954</b>
<b>Balance Sheet</b>							
Investments accounted for using the equity method	40,009	47,280	32,184	13,702	-	188,287	321,462
Property, plant and equipment	83,616	131,291	20,806	2,504	56,544	-	294,761
Intangible assets	201,110	429,130	369,663	7,764	-	-	1,007,667
Other assets	374,318	40,587	156,843	23,842	26,496	-	622,086
<b>Segment assets</b>	<b>699,053</b>	<b>648,288</b>	<b>579,496</b>	<b>47,812</b>	<b>83,040</b>	<b>188,287</b>	<b>2,245,976</b>
Cash and cash equivalents							186,590
Tax Assets							42,452
<b>Consolidated assets</b>							<b>2,475,018</b>
<b>Segment liabilities</b>	<b>446,699</b>	<b>41,825</b>	<b>114,632</b>	<b>15,050</b>	<b>6,289</b>	-	<b>624,495</b>
Tax liabilities							51,610
Loans and Borrowings							749,698
<b>Consolidated liabilities</b>							<b>1,425,803</b>
<b>Other segment information</b>							
Capital expenditure**	14,784	-	2,919	183	4,794	-	22,680
Operating earnings per share							6.3cps

\* Proportionately consolidated EBITDA includes the equity accounted share of profits from Transfield Services Infrastructure Fund (TSI Fund).

\*\* Includes assets acquired through finance leases

\*\*\* Purchased on 22 December 2010 and consolidated from this date

**Transfield Services Limited and controlled entities**  
**Notes to and forming part of the financial statements**  
For the year ended 31 December 2010

**Operating segments (continued)**

**(b) Operating segment results (continued)**

31 December 2009	ANZ	Easternwell	Americas	ME&A	Unallocated	TSI Fund	Group
<b>\$'000s</b>							
<b>Proportionately Consolidated Revenue</b>	<b>1,301,793</b>	-	<b>631,642</b>	<b>65,926</b>	-	-	<b>1,999,361</b>
Less: Share of joint venture revenue	(267,919)	-	(166,298)	(33,168)	-	-	(467,385)
<b>Statutory Revenue</b>	<b>1,033,874</b>	-	<b>465,344</b>	<b>32,758</b>	-	-	<b>1,531,976</b>
<b>Proportionately Consolidated EBITDA*</b>	<b>67,624</b>	-	<b>28,446</b>	<b>3,438</b>	<b>(4,587)</b>	<b>4,161</b>	<b>99,082</b>
Less: share of joint ventures EBITDA	(20,039)	-	(14,156)	(4,155)	-	-	(38,350)
EBITDA from operations excluding JV's	47,585	-	14,290	(717)	(4,587)	4,161	60,732
Add: share of net profits of joint ventures	17,990	-	9,280	3,959	-	-	31,229
<b>Reported EBITDA</b>	<b>65,574</b>	-	<b>23,570</b>	<b>3,243</b>	<b>(4,587)</b>	<b>4,161</b>	<b>91,961</b>
Depreciation	(14,177)	-	(4,031)	(217)	(5,245)	-	(23,670)
Amortisation of acquired intangibles	(2,815)	-	(9,405)	(223)	-	-	(12,443)
<b>EBIT</b>	<b>48,581</b>	-	<b>10,134</b>	<b>2,803</b>	<b>(9,832)</b>	<b>4,161</b>	<b>55,848</b>
Net operating finance costs							(12,320)
Tax on operating items							(3,382)
Non-controlling interest							(105)
<b>Net profit after tax (attributable to owners of the Company)</b>							<b>40,041</b>
<b>Balance Sheet</b>							
Investments accounted for using the equity method	43,999	-	12,292	25,543	-	165,363	247,197
Property, plant and equipment	99,112	-	21,903	2,480	49,863	-	173,358
Intangible assets	214,547	-	440,510	8,210	-	-	663,267
Other assets	274,038	-	162,661	22,105	19,397	-	478,201
<b>Segment Assets</b>	<b>631,696</b>	-	<b>637,366</b>	<b>58,338</b>	<b>69,260</b>	<b>165,363</b>	<b>1,562,023</b>
Cash and cash equivalents							109,322
Tax Assets							39,118
<b>Consolidated assets</b>							<b>1,710,463</b>
<b>Segment liabilities</b>	<b>346,420</b>	-	<b>141,315</b>	<b>14,256</b>	<b>18,061</b>		<b>520,052</b>
Tax liabilities							29,350
Loans and Borrowings							379,195
<b>Consolidated liabilities</b>							<b>928,597</b>
<b>Other segment information</b>							
Capital expenditure**	8,784	-	3,051	506	4,177	-	16,518
Operating earnings per share							9.7cps

\* Proportionately consolidated EBITDA includes the equity accounted share of profits from TSI Fund.

\*\* Includes assets acquired through finance leases

## Operating segments (continued)

### (c) Reconciliations of joint venture EBITDA to share of net profits

	2010	2009
	\$'000s	\$'000s
Share of joint ventures EBITDA	30,525	38,350
Depreciation	(1,345)	(1,504)
Amortisation	(36)	(36)
Net operating finance costs	(2,147)	(259)
Tax on operating items	(4,308)	(5,322)
<b>Share of net profits of joint ventures using the equity method</b>	<b>22,689</b>	<b>31,229</b>

### (d) Proportionately consolidated revenue by industry group

2010	ANZ	Easternwell	Americas	ME&A	Group
\$'000s					
Resources & Energy	283,572	-	355,169	54,487	693,228
Infrastructure Services	543,138	-	71,436	-	614,574
Properties & Facilities management	376,658	-	208,893	5,410	590,961
<b>Total proportionately consolidated revenue</b>	<b>1,203,368</b>	<b>-</b>	<b>635,498</b>	<b>59,897</b>	<b>1,898,763</b>
2009	ANZ	Easternwell	Americas	ME&A	Group
\$'000s					
Resources & Energy	292,874	-	329,418	60,672	682,964
Infrastructure Services	590,458	-	58,668	-	649,126
Properties & Facilities management	418,461	-	243,556	5,254	667,271
<b>Total proportionately consolidated revenue</b>	<b>1,301,793</b>	<b>-</b>	<b>631,642</b>	<b>65,626</b>	<b>1,999,361</b>

### (e) Information about major customers

The Group aims to develop long-term relationships with its customers and has no significant concentrations of credit risk within the wholly-owned group. The Group's customers are generally large companies or government authorities with established credit histories. The Group conducts checks for credit worthiness on new customers using independent agencies and industry references. The Group also operates through a significant number of joint ventures globally most of which have either a single or a dominant customer. The credit management policies of Transfield Services and the respective joint venture partner are applied to those customers.

### (f) Details of non-recurring items

	2010	2009
	\$'000s	\$'000s
Restructure and redundancy costs	(10,489)	-
Easternwell acquisition costs	(6,840)	-
Income tax credit on non-recurring items	3,639	-
<b>Total for the period</b>	<b>(13,690)</b>	<b>-</b>