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ASX Announcement

Transfield Services signs sale contract to acquire Serco Group NZ Ltd

Transfield Services Limited today announced the execution of a conditional sale contract with Serco Group plc, to acquire its wholly owned subsidiary, Serco Group NZ Ltd (Serco NZ). Completion of the sale is conditional on obtaining consents and other administrative matters and is anticipated to be completed by 31 May 2004.

Serco NZ is a leading player in the New Zealand Property and Asset Management industry (including traffic control) with annual revenue of approximately NZ\$70 million and a workforce of approximately 800 employees. It has a contract order book of approximately NZ\$160 million.

Serco NZ provides a range of Property and Asset Management services to Government (mainly Defence), Local Authorities, Traffic and the Commercial sector and operates in both the North and South Islands of New Zealand. Clients include Defence, Councils, Transit NZ, Telecom NZ and NZ Steel.

Managing Director of Transfield Services, Peter Watson said, "This acquisition fits very neatly with our strategy of acquiring businesses which provide geographic and industry expansion as well as an introduction to new clients. The valuation is based on an attractive earnings multiple and, once combined with our existing business in New Zealand, we expect to achieve cost synergies and systems enhancements".

"This acquisition approximately doubles the size of our business in New Zealand. Along with our successful joint venture with Worley, we are one of the largest and most diversified dedicated service providers in New Zealand. We are very excited about the opportunities to grow our services with existing clients as well as pursuing new opportunities", he said.

Transfield Services New Zealand General Manager, Tony Fisher, said, "Transfield Services employee numbers are now approaching 2000 in New Zealand, and with offices/depots in virtually every major town and city, we are now well placed to offer services to a broader range of clients. Additionally, we are particularly excited about the expanded skill set of the soon to be created combined organisation and the benefits this will provide to both Transfield Services and Serco clients."

Serco Australia's Chief Executive Adrian Kloeden said "We are confident that Transfield Services will be an excellent partner for our customers and a good employer for our people and we look forward to working closely with Transfield Services' management to ensure a seamless transition."

The purchase price of 100% of the equity is NZ\$10.7. Net debt of NZ\$7.2 million was also assumed. Funding for the acquisition is to be provided from cash reserves and the acquisition is expected to be earnings per share positive.

Transfield Services – Background

Transfield Services is a leading provider of operations, maintenance and other asset management services across 11 industry sectors, with some 80- contracts across Australia, New Zealand and Malaysia. The company is publicly listed and is included in the S&P/ASX 200. It has more than 5500 employees. Transfield Services' turnover in 2002/03 exceeded \$1 billion.

Transfield Services' clients include major national and international companies, as well as federal, state and local governments.

Other recent significant announcements by Transfield Services include:

- Commencement, with joint venture partner Transdev, of a five year partnership with the Victorian Government to operate the entire Melbourne Tram network
- Signature of a contract to provide Consolidated Contract Maintenance Services to Santos in the Cooper Basin

Details of these and other announcements are available on Transfield Services' website at www.transfieldservices.com

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