

Infratil Limited
ASX Half Year Information - 30 September 2015

Lodged with the ASX under Listing Rule 4.2A.3

This information should be read in conjunction with the 31 March 2015 Annual Report.

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Rule 4.2A.3
Infratil Limited
Appendix 4D
Half Year Report

1. Reporting Periods

Current reporting period 6 Months ended 30 September 2015
Previous corresponding period 6 Months ended 30 September 2014

2. Results for Announcement to the Market

(This report is based on the unaudited accounts)

	6 months ended 30 September 2015 \$NZ Millions	6 months ended 30 September 2014 \$NZ Millions	Movement %
2.1 Revenue from ordinary activities	877.3	839.5	4.5%
2.2 Profit from ordinary activities after tax attributable to members	42.4	41.9	1.3%
2.3 Net profit/(loss) attributable to members	435.4	398.8	9.2%

	Amount per security	Franked amount per security	Amount per security of foreign source dividend
2.4 Dividends			
Interim Dividend	5.25	N/A	N/A
2.5 Record date for determining entitlements to the interim dividend			27 November 2015

For Australian residents with a shareholding of less than 10%, a supplementary dividend will be available to offset NZ NRWT.

2.6 Explanation of Figures

Refer to the attached Results Announcement, Results Presentation and Interim Report for the period ended 30 September 2015 for management commentary on the result.

3.0 Net tangible assets per ordinary share

	30 September 2015 \$NZ	30 September 2014 \$NZ
Net tangible assets per ordinary share	2.92	2.19

"Net tangible assets" are defined by the ASX as being total assets less intangible assets less total liabilities ranking ahead of, or equally with, claims of ordinary shares.

4.0 Control of entities gained or lost during the period

Entities over which control was lost:
Nil

5.0 Dividend Payments

	Amount per security	Imputation credit per security	Supplementary Dividend per security	Total Dividend NZ\$million	Date paid/payable	Amount per security of foreign sourced dividend
Interim Dividend	5.25cps	2.04cps	0.93cps	29.5	15-Dec-15	N/A
2015 Special Dividend	6.40cps	2.49cps	1.13cps	36.0	15-Jun-15	N/A
2015 Final Dividend	8.00cps	3.11cps	1.41cps	45.0	15-Jun-15	N/A

6.0 Dividend Reinvestment Plan

The Dividend Reinvestment Plan will not operate for this dividend.

7.0 Equity accounted associates and joint venture entities	Percentage of ownership interest held at end of period		Contributions to net profit NZ\$ million	
	30 Sep 15	30 Sep 14	30 Sep 15	30 Sep 14
Z Energy Limited	0.0%	20.0%	13.4	4.4
RetireAustralia	50.0%	0.0%	15.7	-
Metlifecare Limited	20.0%	19.9%	16.5	8.3
Mana Coach Holdings Limited	26.0%	26.0%	0.9	0.1

8.0 Accounting Standards

This report has been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). In complying with NZ IFRS, Infratil is in compliance with International Financial Reporting Standards (IFRS).



11 November 2015

Infratil Limited: Results for the half year ended 30 September 2015

Infratil Limited today announced the results for the six months ended 30 September 2015. The reported results reflected strong operating contributions across the group and the gain on sale of the residual 20% stake in Z Energy.

Net parent surplus for the period was \$435 million compared with \$399 million in the same period last year

- 78 cents per share up from 71 cents in the prior period.
- The sale of Infratil's 20% interest in Z Energy realised \$480 million and provided a gain on book value of \$392 million.

Consolidated EBITDAF¹ from continuing operations was \$271 million, up 14% on the same period last year

- \$24 million increased contribution from Metlifecare and RetireAustralia in New Zealand and Australia.
- \$11 million increased contribution from Trustpower.
- Full year EBITDAF guidance for FY16 confirmed at \$500-\$530 million (last year actual \$452 million).

Infratil's balance sheet and financial leverage continue to improve, with gearing falling to 15% following recent portfolio sales. Cash on hand (including \$480 million for the sale of Z Energy) has risen to \$755 million and creates significant capital management and investment optionality. Confidence around future internal capital expenditure and external origination remains high.

\$55 million of capital was invested over the period compared to \$196 million in the same period last year

- An increase in internal capital spending is anticipated in the second half of the year.
- Significant acquisition initiatives are under active development.

Net debt of Infratil and wholly owned subsidiaries fell to \$308 million from \$761 million at the start of the period (15% of total capitalisation from 30%)

- A \$100 million issue of 5.25% p.a. bonds maturing September 2023 was opened after balance date and has been oversubscribed.
- \$153 million of 8.5% p.a. bonds mature in November 2015.

The interim dividend has been increased to 5.25 cents per share from 4.50 cents last year

- The dividend will be paid on 15 December 2015 to shareholders of record on 27 November 2015.
- The DRP remains suspended for this dividend

¹ EBITDAF is a non-GAAP measure which shows management's view of underlying business performance. It shows operating earnings before deducting interest, tax, depreciation and amortisation and before making any adjustments for fair value movements, realisations and impairments.

For the six-month period under review Infratil's operating earnings were excellent and asset disposals delivered significant value. The challenge now is to continue to provide earnings and value growth by deploying Infratil's substantial available capital.

While opportunities for new investments are under development, achieving the best outcome requires a patient long-term perspective. This naturally results in some uncertainty, but shareholders can be certain that this will be resolved in due course. Either by new investments being undertaken or by capital being returned.

A significant pipeline of wind and renewable developments is being progressed in Australia through Trustpower. The recent review of the renewable energy target regime has ended positively and created confidence around further investment in renewables in Australia. One potential investment which has been mentioned in public is Pacific Hydro. This company owns and develops renewable generation in Australia and South America and its breadth of generation assets and development pipeline is diversity of generation assets and jurisdictions makes it well suited to Infratil's active management capability. A resolution of the process is expected in December.

Marko Bogoevski
Chief Executive Officer



Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Infratil Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the period ended 30 September 2015 there have been:

- No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- No contraventions of any applicable code of professional conduct in relation to the review.

A blue ink signature of a KPMG representative, written in a cursive style.

KPMG

A blue ink signature of Ross Buckley, written in a cursive style.

Ross Buckley
Partner
Wellington,
New Zealand
10 November 2015

Notice of event affecting securities

NZSX Listing Rule 7.12.2: For rights, NZSX Listing Rules 7.10.9 and 7.10.10.
For change to allotment, NZSX Listing Rule 7.12.1, a separate advice is required.

Number of pages including this one
(Please provide any other relevant
details on additional pages)

Full name of Issuer	Infratil Limited		
Name of officer authorised to make this notice	P Harford	Authority for event, e.g. Directors' resolution	Directors Resolution
Contact phone number	64 4 4733663	Contact fax number	64 4 4732388
Date	11 / 11 / 2015		

Nature of event Tick as appropriate	Bonus Issue	☐	If ticked, state whether:	Taxable	☐	/ Non Taxable	☐	Conversion	☐	Interest	☐	Rights Issue Renounceable	☐
	Rights Issue non-renounceable	☐	Capital change	☐	Call	☐	Dividend	☒	If ticked, state whether:	Interim	☒	Full Year	☐
								Special	☐	DRP Applies	☐		

EXISTING securities affected by this

If more than one security is affected by the event, use a separate form.

Description of the class of securities	Ordinary shares	ISIN	NZIFTE 0003S3 / ASX IFZ
			If unknown, contact NZX

Details of securities issued pursuant to this event

If more than one class of security is to be issued, use a separate form for each class.

Description of the class of securities		ISIN	
			If unknown, contact NZX
Number of Securities to be issued following event		Minimum Entitlement	
Conversion, Maturity, Call Payable or Exercise Date		Treatment of Fractions	
Strike price per security for any issue in lieu or date Strike Price available.		Tick if <i>pari passu</i>	☐ OR provide an explanation of the ranking

Monies Associated with Event

Dividend payable, Call payable, Exercise price, Conversion price, Redemption price, Application money.

In dollars and cents		Source of Payment	Retained earnings
Amount per security (does not include any excluded income)	NZ \$0.0525		
Excluded income per security (only applicable to listed PIEs)			
Currency	NZ Dollars	Supplementary dividend details - NZSX Listing Rule 7.12.7	Amount per security in dollars and cents
Total monies	\$29,498,450		\$0.009265
		Date Payable	Tuesday, 15 December 2015

Taxation

Amount per Security in Dollars and cents to six decimal places

In the case of a taxable bonus issue state strike price	\$	Resident Withholding Tax	NZ\$0.003646	Imputation Credits (Give details)	NZ\$0.020417
		Foreign Withholding Tax	\$	FDP Credits (Give details)	

Timing

(Refer Appendix 8 in the NZSX Listing Rules)

Record Date 5pm

For calculation of entitlements -

Friday, 27 November 2015

Application Date

Also, Call Payable, Dividend / Interest Payable, Exercise Date, Conversion Date. In the case of applications this must be the last business day of the week.

Tuesday, 15 December 2015

Notice Date

Entitlement letters, call notices, conversion notices mailed

Allotment Date

For the issue of new securities. Must be within 5 business days of application closing date.

OFFICE USE ONLY

Ex Date:
Commence Quoting Rights
Cease Quoting Rights 5pm
Commence Quoting New Securities
Cease Quoting Old Security 5pm:

Security Code:

Security Code:



Infratil Limited
Consolidated Statement of Comprehensive Income
For the 6 months ended 30 September 2015

	Notes	6 months ended 30 September 2015 \$Millions Unaudited	6 months ended 30 September 2014 \$Millions Unaudited	Year ended 31 March 2015 \$Millions Audited
Operating revenue		876.4	839.4	1,657.2
Dividends		0.9	0.1	0.2
Total revenue		877.3	839.5	1,657.4
Share of earnings of associate companies	9	32.2	8.3	10.1
Total income		909.5	847.8	1,667.5
Depreciation		77.0	64.5	133.8
Amortisation of intangibles		8.3	7.6	15.9
Employee benefits		96.4	90.5	183.0
Other operating expenses	5	541.7	519.2	1,032.5
Total operating expenditure		723.4	681.8	1,365.2
Operating surplus before financing, derivatives, realisations and impairments		186.1	166.0	302.3
Net loss on foreign exchange and derivatives		(8.5)	(4.7)	(36.3)
Net realisations and revaluations		0.7	29.9	29.5
Interest income		5.9	1.8	12.0
Interest expense		97.5	94.2	190.2
Net financing expense		91.6	92.4	178.2
Net surplus before taxation		86.7	98.8	117.3
Taxation expense	7	21.6	21.8	19.6
Net surplus for the period from continuing operations		65.1	77.0	97.7
Net surplus from discontinued operations after tax	4	405.7	371.4	368.6
Net surplus for the period		470.8	448.4	466.3
Net surplus attributable to owners of the Company		435.4	398.8	383.5
Net surplus attributable to non-controlling interest		35.4	49.6	82.8
Other comprehensive income, after tax				
Items that will not be reclassified to profit and loss				
Net change in fair value of property, plant & equipment recognised in equity		22.5	3.3	404.7
Share of associates other comprehensive income		0.2	-	(0.8)
Fair value movements in relation to the executive share scheme		-	-	0.2
Income tax effect of the above items		-	-	(109.6)
Items that may subsequently be reclassified to profit and loss				
Differences arising on translation of foreign operations		29.2	7.4	(13.0)
Realisations on disposal of subsidiary, reclassified to profit and loss		-	6.7	6.8
Net change in fair value of available for sale financial assets		2.4	0.4	(1.9)
Ineffective portion of hedges taken to profit and loss		(0.6)	(1.5)	(2.4)
Effective portion of changes in fair value of cash flow hedges		(8.0)	(8.9)	3.6
Income tax effect of the above items		16.4	4.9	(11.9)
Total other comprehensive income after tax		62.1	12.3	275.7
Total comprehensive income for the period		532.9	460.7	742.0
Total comprehensive income for the period attributable to owners of the Company		479.7	410.1	522.9
Total comprehensive income for the period attributable to non-controlling interest		53.2	50.6	219.1
Earnings per share				
Basic (cents per share)		77.5	71.0	68.3
Diluted (cents per share)		77.5	71.0	68.3

The accompanying notes form part of these financial statements

Infratil Limited
Consolidated Statement of Financial Position
As at 30 September 2015

	Notes	30 September 2015 \$Millions Unaudited	30 September 2014 \$Millions Unaudited	31 March 2015 \$Millions Audited
Cash and cash equivalents		313.2	832.1	363.4
Trade and other accounts receivable and prepayments	4	701.6	225.8	206.7
Derivative financial instruments		2.6	2.9	3.9
Inventories		6.4	3.9	5.1
Income tax receivable		0.7	12.1	5.7
Non current assets classified as held for sale		7.2	-	-
Current assets		1,031.7	1,076.8	584.8
Trade and other accounts receivable and prepayments		7.8	9.8	7.2
Property, plant and equipment		4,552.1	4,195.4	4,493.8
Investment properties		62.1	61.7	64.0
Derivative financial instruments		5.6	2.5	10.6
Intangible assets		71.2	78.1	75.3
Goodwill		179.7	179.7	179.7
Investments in associates	9	462.5	293.5	500.3
Other investments	10	34.7	18.7	32.0
Non-current assets		5,375.7	4,839.4	5,362.9
Total assets		6,407.4	5,916.2	5,947.7
Accounts payable		138.9	155.7	101.9
Accruals and other liabilities		54.1	99.7	84.3
Interest bearing loans and borrowings	11	120.2	85.5	47.7
Derivative financial instruments		4.7	10.2	5.3
Income tax payable		6.9	0.3	4.8
Infratil Infrastructure bonds	12	152.8	-	152.8
Trustpower bonds		100.0	75.0	100.0
Total current liabilities		577.6	426.4	496.8
Interest bearing loans and borrowings	11	795.1	956.0	816.0
Other liabilities		10.4	13.0	12.3
Deferred tax liability		500.3	425.2	520.3
Derivative financial instruments		75.1	50.2	62.2
Infratil Infrastructure bonds	12	597.0	748.1	596.2
Perpetual Infratil Infrastructure bonds	12	233.1	232.8	232.9
Trustpower bonds		382.3	377.3	381.8
Wellington International Airport bonds		274.1	273.8	273.9
Non-current liabilities		2,867.4	3,076.4	2,895.6
Attributable to owners of the Company		1,892.7	1,490.0	1,493.9
Non-controlling interest in subsidiaries		1,069.7	923.4	1,061.4
Total equity		2,962.4	2,413.4	2,555.3
Total equity and liabilities		6,407.4	5,916.2	5,947.7
Net tangible assets per share (\$ per share)		2.92	2.19	2.20

Approved on behalf of the Board on 10 November 2015



Director



Director

The accompanying notes form part of these financial statements.

Infratil Limited
Consolidated Statement of Cash Flows
For the 6 months ended 30 September 2015

	Notes	6 months ended 30 September 2015 \$Millions Unaudited	6 months ended 30 September 2014 \$Millions Unaudited	Year ended 31 March 2015 \$Millions Audited
Cash flows from operating activities				
<i>Cash was provided from:</i>				
Receipts from customers		828.0	1,247.3	2,036.3
Distributions received from associates		14.9	12.0	19.2
Interest received		5.9	2.0	12.2
		848.8	1,261.3	2,067.7
<i>Cash was disbursed to:</i>				
Payments to suppliers and employees		(605.2)	(1,009.6)	(1,595.5)
Interest paid		(93.3)	(89.3)	(179.6)
Taxation paid		(28.7)	(40.2)	(57.0)
		(727.2)	(1,139.1)	(1,832.1)
Net cash inflow from operating activities	13	121.6	122.2	235.6
Cash flows from investing activities				
<i>Cash was provided from:</i>				
Proceeds from sale of subsidiaries (net of cash sold)		-	702.5	654.9
Proceeds from sale of property, plant and equipment		2.0	19.8	20.0
Return of security deposits		4.9	10.2	8.2
		6.9	732.5	683.1
<i>Cash was disbursed to:</i>				
Purchase of investments		(2.3)	(15.6)	(252.8)
Lodgement of security deposits		(1.9)	(10.6)	(8.0)
Purchase of intangible assets		(4.3)	(18.5)	(23.9)
Interest capitalised on construction of fixed assets		(0.9)	(2.4)	(2.6)
Capitalisation of customer acquisition costs		-	(3.7)	(3.7)
Purchase of property, plant and equipment		(43.0)	(138.9)	(186.6)
		(52.4)	(189.7)	(477.6)
Net cash inflow / (outflow) from investing activities		(45.5)	542.8	205.5
Cash flows from financing activities				
<i>Cash was provided from:</i>				
Proceeds from issue of shares		-	-	0.5
Bank borrowings		173.7	252.3	265.9
Issue of bonds		-	-	105.0
		173.7	252.3	371.4
<i>Cash was disbursed to:</i>				
Repayment of bank debt		(174.1)	(147.2)	(271.3)
Loan establishment costs		(1.6)	(2.5)	(4.9)
Repayment of bonds/Perpetual Infratil Infrastructure bonds buyback		-	-	(75.0)
Infrastructure bond issue expenses		-	(0.2)	(1.4)
Share buyback of non-wholly owned subsidiary		-	(0.6)	(0.4)
Dividends paid to non-controlling shareholders in subsidiary companies		(45.1)	(43.3)	(73.9)
Dividends paid to owners of the Company		(80.9)	(39.3)	(148.8)
		(301.7)	(233.1)	(575.7)
Net cash inflow / (outflow) from financing activities		(128.0)	19.2	(204.3)
Net increase/ (decrease) in cash and cash equivalents		(51.9)	684.2	236.8
Foreign exchange gains / (losses) on cash and cash equivalents		1.7	3.7	(17.6)
Cash and cash equivalents at beginning of the period		363.4	144.2	144.2
Cash and cash equivalents at end of the period		313.2	832.1	363.4

The accompanying notes form part of these financial statements.

Infratil Limited
Consolidated Statement of Changes in Equity
For the 6 months ended 30 September 2015
Attributable to equity holders of the Company - Unaudited

	Capital	Revaluation reserve	Foreign currency translation reserve	Other reserves	Retained earnings	Total	Non-controlling	Total equity
	\$Millions	\$Millions	\$Millions	\$Millions	\$Millions	\$Millions	\$Millions	\$Millions
Balance as at 1 April 2015	369.8	683.2	(34.4)	(3.4)	478.7	1,493.9	1,061.4	2,555.3
Total comprehensive income for the period								
Net surplus for the period	-	-	-	-	435.4	435.4	35.4	470.8
Other comprehensive income, after tax								
Differences arising on translation of foreign operations	-	-	33.2	-	-	33.2	10.0	43.2
Realisations on disposal of subsidiary, reclassified to profit and loss	-	-	-	-	-	-	-	-
Net change in fair value of available for sale financial assets	-	-	-	2.4	-	2.4	-	2.4
Ineffective portion of hedges taken to profit and loss	-	-	-	(0.6)	-	(0.6)	-	(0.6)
Effective portion of changes in fair value of cash flow hedges	-	-	-	(2.4)	-	(2.4)	(3.2)	(5.6)
Fair value movements in relation to the executive share scheme	-	-	-	-	-	-	-	-
Net change in fair value of property, plant & equipment recognised in equity	-	11.5	-	-	-	11.5	11.0	22.5
Share of associates other comprehensive income	-	-	-	-	0.2	0.2	-	0.2
Total other comprehensive income	-	11.5	33.2	(0.6)	0.2	44.3	17.8	62.1
Total comprehensive income for the period	-	11.5	33.2	(0.6)	435.6	479.7	53.2	532.9
Contributions by and distributions to non-controlling interest								
Issue/(acquisition) of shares held by outside equity interest	-	-	-	-	-	-	0.2	0.2
Total contributions by and distributions to non-controlling interest	-	-	-	-	-	-	0.2	0.2
Contributions by and distributions to owners								
Conversion of executive redeemable shares	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	(80.9)	(80.9)	(45.1)	(126.0)
Total contributions by and distributions to owners	-	-	-	-	(80.9)	(80.9)	(45.1)	(126.0)
Balance as at 30 September 2015	369.8	694.7	(1.2)	(4.0)	833.4	1,892.7	1,069.7	2,962.4

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
For the 6 months ended 30 September 2014
Attributable to equity holders of the Company - Unaudited

	Capital	Revaluation reserve	Foreign currency translation reserve	Other reserves	Retained earnings	Total	Non-controlling	Total equity
	\$Millions	\$Millions	\$Millions	\$Millions	\$Millions	\$Millions	\$Millions	\$Millions
Balance as at 1 April 2014	369.3	540.1	(46.0)	9.5	246.4	1,119.3	916.6	2,035.9
Total comprehensive income for the period								
Net surplus for the period	-	-	-	-	398.8	398.8	49.6	448.4
Other comprehensive income, after tax								
Differences arising on translation of foreign operations	-	-	8.2	-	-	8.2	3.8	12.0
Realisations on disposal of subsidiary, reclassified to profit and loss	-	(9.2)	28.0	(12.6)	(1.6)	4.6	(0.6)	4.0
Net change in fair value of available for sale financial assets	-	-	-	0.4	-	0.4	-	0.4
Ineffective portion of hedges taken to profit and loss	-	-	-	(1.5)	-	(1.5)	-	(1.5)
Effective portion of changes in fair value of cash flow hedges	-	-	-	(2.2)	-	(2.2)	(3.7)	(5.9)
Fair value movements in relation to the executive share scheme	-	-	-	-	-	-	-	-
Net change in fair value of property, plant & equipment recognised in equity	-	1.7	-	-	-	1.7	1.6	3.3
Share of associates other comprehensive income	-	-	-	-	-	-	-	-
Total other comprehensive income	-	(7.5)	36.2	(15.9)	(1.6)	11.2	1.1	12.3
Total comprehensive income for the period	-	(7.5)	36.2	(15.9)	397.2	410.0	50.7	460.7
Contributions by and distributions to non-controlling interest								
Issue/(acquisition) of shares held by outside equity interest	-	-	-	-	-	-	(0.6)	(0.6)
Total contributions by and distributions to non-controlling interest	-	-	-	-	-	-	(0.6)	(0.6)
Contributions by and distributions to owners								
Conversion of executive redeemable shares	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	(39.3)	(39.3)	(43.3)	(82.6)
Total contributions by and distributions to owners	-	-	-	-	(39.3)	(39.3)	(43.3)	(82.6)
Balance as at 30 September 2014	369.3	532.6	(9.8)	(6.4)	604.3	1,490.0	923.4	2,413.4

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
For the year ended 31 March 2015
Attributable to equity holders of the Company - Audited

	Capital	Revaluation reserve	Foreign currency translation reserve	Other reserves	Retained earnings	Total	Non-controlling	Total equity
	\$Millions	\$Millions	\$Millions	\$Millions	\$Millions	\$Millions	\$Millions	\$Millions
Balance as at 1 April 2014	369.3	540.1	(46.0)	9.5	246.4	1,119.3	916.6	2,035.9
<i>Total comprehensive income for the year</i>								
Net surplus for the year	-	-	-	-	383.5	383.5	82.8	466.3
Other comprehensive income, after tax								
Differences arising on translation of foreign operations	-	-	(16.4)	-	-	(16.4)	(7.9)	(24.3)
Realisations on disposal of subsidiary, reclassified to profit and loss	-	(9.2)	28.0	(12.5)	(1.6)	4.7	(0.6)	4.1
Net change in fair value of available for sale financial assets	-	-	-	(1.9)	-	(1.9)	-	(1.9)
Ineffective portion of hedges taken to profit and loss	-	-	-	(2.8)	-	(2.8)	1.9	(0.9)
Effective portion of changes in fair value of cash flow hedges	-	-	-	4.1	-	4.1	0.1	4.2
Fair value movements in relation to the executive share scheme	-	-	-	0.2	-	0.2	-	0.2
Net change in fair value of property, plant & equipment recognised in equity	-	152.3	-	-	-	152.3	142.8	295.1
Share of associates other comprehensive income	-	-	-	-	(0.8)	(0.8)	-	(0.8)
Total other comprehensive income	-	143.1	11.6	(12.9)	(2.4)	139.4	136.3	275.7
Total comprehensive income for the year	-	143.1	11.6	(12.9)	381.1	522.9	219.1	742.0
Contributions by and distributions to non-controlling interest								
Issue/(acquisition) of shares held by outside equity interest	-	-	-	-	-	-	(0.4)	(0.4)
Total contributions by and distributions to non-controlling interest	-	-	-	-	-	-	(0.4)	(0.4)
Contributions by and distributions to owners								
Conversion of executive redeemable shares	0.5	-	-	-	-	0.5	-	0.5
Dividends to equity holders	-	-	-	-	(148.8)	(148.8)	(73.9)	(222.7)
Total contributions by and distributions to owners	0.5	-	-	-	(148.8)	(148.3)	(73.9)	(222.2)
Balance at 31 March 2015	369.8	683.2	(34.4)	(3.4)	478.7	1,493.9	1,061.4	2,555.3

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the 6 months ended 30 September 2015

(1) Accounting policies

Basis of preparation

Infratil Limited ('the Company') is a company domiciled in New Zealand and registered under the Companies Act 1993. The Company is listed on the NZX Main Board ('NZX') and Australian Securities Exchange ('ASX'), and is an FMC Reporting Entity in terms of Part 7 of the Financial Markets Conduct Act 2013. These unaudited condensed consolidated half year financial statements ('half year statements') of Infratil Limited together with its subsidiaries and associates ('the Group') have been prepared in accordance with NZ IAS 34 Interim Financial Reporting and comply with IAS 34 Interim Financial Reporting. These half year statements have been prepared in accordance with the accounting policies stated in the published financial statements for the year ended 31 March 2015 and should be read in conjunction with the previous annual report. No changes have been made from the accounting policies used in the most recent annual report which can be obtained from Infratil's registered office or www.infratil.com.

The presentation currency used in the preparation of these financial statements is New Zealand dollars, which is also the Parent's functional currency. Comparative figures have been restated where appropriate to ensure consistency with the current period.

New standards and amendments to standards came into effect for interim periods ending on 30 September 2015. None of these has had a material effect on the financial statements of the Group.

(2) Nature of business

The Group owns and operates energy, transport and social infrastructure businesses and investments in New Zealand and Australia. The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 5 Market Lane, Wellington, New Zealand.

(3) Reconciliation of earnings from continuing operations before interest, taxation, depreciation, amortisation, fair value movements, realisations, revaluations and impairments ('EBITDAF')

EBITDAF is presented to provide further information on the operating performance of the Group. It is calculated by adjusting net surplus for the period from continuing operations for interest, taxation, depreciation, amortisation, fair value movements, realisations, revaluations and impairments. EBITDAF is a non-GAAP measure presented to show management's view of underlying business performance.

	Note	6 months ended 30 September 2015	6 months ended 30 September 2014	Year ended 31 March 2015
		\$Millions Unaudited	\$Millions Unaudited	\$Millions Audited
Net surplus for the period from continuing operations		65.1	77.0	97.7
Net financing expense		91.6	92.4	178.2
Taxation expense	7	21.6	21.8	19.6
Depreciation		77.0	64.5	133.8
Amortisation of intangibles		8.3	7.6	15.9
Net loss on foreign exchange and derivatives		8.5	4.7	36.3
Net realisations and revaluations		(0.7)	(29.9)	(29.5)
EBITDAF		271.4	238.1	452.0

Notes to the Financial Statements
For the 6 months ended 30 September 2015

(4) Discontinued operations

On 30 September 2015 the Group agreed to sell its 20% interest (80 million shares) in Z Energy Limited ('ZEL') via a block trade for \$6.00 per share. The block trade followed a book build which commenced on the evening of 29 September 2015 and concluded on the evening of 30 September 2015. After sales costs, the net proceeds from the sale of Infratil's 20% stake are \$479.8 million resulting in a gain on sale of the 20% interest of \$392.3 million.

During the prior period the Group sold two components of the Group, which were reported as discontinued operations.

On 31 August 2014 the Group completed the sale of its 54% shareholding in PayGlobal Limited to MYOB Finance NZ Limited for cash consideration of \$8.5 million. Of the total cash proceeds, \$1.1 million is held in escrow until 31 August 2016 to satisfy any warranty claims received.

On 30 September 2014 the Group completed the sale of its 100% shareholdings in Infratil Energy Australia, Lumo Energy and Direct Connect Australia to Snowy Hydro Limited for cash consideration of A\$648.1 million. The transaction settled on 30 September 2014, with an adjustment for final working capital amounts settled in December 2014.

The impact on the Group following the sale of these components is shown below.

Summary of results of discontinued operations

	6 months ended 30 September 2015	6 months ended 30 September 2014	Year ended 31 March 2015
	\$Millions Unaudited	\$Millions Unaudited	\$Millions Audited
Z Energy Limited	405.7	4.4	1.4
PayGlobal Limited	-	3.4	3.4
Infratil Energy Australia (including Lumo Energy and Direct Connect Australia)	-	363.5	363.8
Net surplus from discontinued operation after tax	405.7	371.3	368.6

Z Energy Limited

	6 months ended 30 September 2015	6 months ended 30 September 2014	Year ended 31 March 2015
	\$Millions Unaudited	\$Millions Unaudited	\$Millions Audited
Carrying value at 1 April	87.1	104.1	104.1
Share of associate's surplus before income tax	19.2	5.8	1.2
Share of associate's income tax (expense)	(5.8)	(1.4)	0.2
Total share of associate's earnings in the period	13.4	4.4	1.4
Share of associate's other comprehensive income	0.2	-	(0.8)
less: distributions received	(13.2)	(11.4)	(17.6)
less: disposal	(87.5)	-	-
Carrying value of investment in associate	-	97.1	87.1
<i>The net gain on the sale is calculated as follows:</i>			
Gross sale proceeds	480.0	-	-
less: Sale costs	(0.2)	-	-
Net sales proceeds	479.8	-	-
Carrying value of investment in associate prior to sale	87.5	-	-
Net gain on sale	392.3	-	-
Net surplus from discontinued operation after tax	405.7	4.4	1.4
Basic earnings per share (cents per share)	72.2	0.8	0.2
Diluted earnings per share (cents per share)	72.2	0.8	0.2
The profit from the discontinued operation is attributable entirely to the owners of the Company.			
<i>Cash flows from/(used in) discontinued operation</i>			
Net cash from operating activities	13.2	11.4	17.6
Net cash used in investing activities	-	-	-
Net cash used in financing activities	-	-	-
Net cash flows for the period	13.2	11.4	17.6

There is no cumulative income recognised in other comprehensive income relating to Z Energy Limited (30 September 2014: \$1.6 million, 31 March 2015: \$2.4 million)

As at 30 September 2015 \$480.0 million relating to the sale of Z Energy was recorded in trade and other accounts receivable and prepayments with settlement due on 6 October 2015.

Notes to the Financial Statements
For the 6 months ended 30 September 2015

PayGlobal Limited

Results of PayGlobal (classified as discontinued)

	6 months ended 30 September 2015	6 months ended 30 September 2014	Year ended 31 March 2015
	\$Millions Unaudited	\$Millions Unaudited	\$Millions Audited
Revenue	-	8.1	8.1
Operating expenses	-	6.9	6.9
Results from operating activities	-	1.2	1.2
Depreciation & amortisation of intangibles	-	(0.1)	(0.1)
Net interest expense	-	0.1	0.1
Profit before tax of PayGlobal	-	1.2	1.2
Taxation expense	-	-	-
Net surplus of PayGlobal after tax	-	1.2	1.2
<i>The Group's share of the net gain on the sale is calculated as follows:</i>			
Gross sale proceeds	-	8.5	8.5
less: Sale costs	-	-	-
Net sales proceeds	-	8.5	8.5
Carrying value of PayGlobal net assets sold	-	(5.4)	(5.4)
Taxation expense on sale	-	(0.9)	(0.9)
Net gain on sale	-	2.2	2.2
Net surplus/(loss) from discontinued operation after tax	-	3.4	3.4
Basic earnings per share (cents per share)	-	0.6	0.6
Diluted earnings per share (cents per share)	-	0.6	0.6

(\$0.6 million) of the net surplus from the discontinued operation in prior periods was attributable to the non-controlling interest of PayGlobal.

Cash flows from/(used in) discontinued operation

Net cash used in operating activities	-	-	-
Net cash used in investing activities	-	(0.2)	(0.2)
Net cash used in financing activities	-	(1.4)	(1.4)
Net cash flows for the period	-	(1.6)	(1.6)

There is no cumulative income recognised in other comprehensive income relating to PayGlobal in any of the reported periods

Infratil Energy Australia (including Lumo Energy and Direct Connect Australia)

Results of Infratil Energy Australia (classified as discontinued)

	6 months ended 30 September 2015	6 months ended 30 September 2014	Year ended 31 March 2015
	\$Millions Unaudited	\$Millions Unaudited	\$Millions Audited
Revenue	-	444.6	444.6
Operating expenses	-	403.8	403.8
Results from operating activities	-	40.8	40.8
Depreciation & amortisation of intangibles	-	(9.4)	(9.4)
Net realisations, revaluations, (impairments) and net gain/(loss) on foreign exchange and derivatives	-	4.9	4.9
Net interest expense	-	(0.3)	(0.3)
Profit before tax of Infratil Energy Australia	-	36.0	36.0
Taxation expense	-	(9.1)	(9.9)
Net surplus of Infratil Energy Australia after tax	-	26.9	26.1
<i>The net gain on the sale is calculated as follows:</i>			
Gross sale proceeds	-	726.2	725.8
less: Sale costs	-	(10.7)	(9.9)
less: Incentive fee paid to MCIM	-	(45.2)	(44.5)
Net sales proceeds	-	670.3	671.4
Carrying value of Infratil Energy Australia net assets sold	-	(325.9)	(325.9)
Realised foreign exchange losses reclassified to profit and loss on disposal and derivative gains and losses	-	(7.8)	(7.8)
Net gain on sale	-	336.6	337.7
Net surplus from discontinued operation after tax	-	363.5	363.8
Basic earnings per share (cents per share)	-	64.7	64.8
Diluted earnings per share (cents per share)	-	64.7	64.8
The profit from the discontinued operation is attributable entirely to the owners of the Company.			
<i>Cash flows from/(used in) discontinued operation</i>			
Net cash from operating activities	-	13.7	13.7
Net cash used in investing activities	-	(14.9)	(14.9)
Net cash used in financing activities	-	(4.4)	(4.4)
Net cash flows for the period	-	(5.6)	(5.6)

There is no cumulative income recognised in other comprehensive income relating to Infratil Energy Australia in any of the reported periods

Notes to the Financial Statements
For the 6 months ended 30 September 2015

(5) Other operating expenses

		6 months ended 30 September 2015	6 months ended 30 September 2014	Year ended 31 March 2015
	Note	\$Millions Unaudited	\$Millions Unaudited	\$Millions Audited
Fees paid to the Group auditor		0.4	0.4	0.6
Audit fees paid to other auditors		0.1	0.2	0.5
Bad debts written off		0.8	0.1	1.3
Increase in provision for doubtful debts		0.2	0.8	0.4
Directors' fees		1.2	1.0	2.1
Administration and other corporate costs		3.6	4.6	7.8
Management fee (to related party Morrison & Co Infrastructure Management)	18	10.7	8.7	19.3
<i>Trading operations</i>				
Energy and wholesale costs		180.0	188.2	371.8
Line, distribution and network costs		198.6	182.0	358.7
Other energy business costs		90.6	76.4	154.8
Transportation business costs		37.1	37.4	76.5
Airport business costs		8.6	8.4	16.4
Other operating business costs		9.8	11.0	22.3
Total other operating expenses		541.7	519.2	1,032.5

		6 months ended 30 September 2015	6 months ended 30 September 2014	Year ended 31 March 2015
		\$000's Unaudited	\$000's Unaudited	\$000's Audited
<i>Fees paid to the Group auditor</i>				
Audit and review of financial statements		267.7	256.1	437.6
Regulatory audit work		15.0	35.0	42.0
Other assurance services		6.4	15.0	35.9
Taxation services		59.7	67.5	71.6
Other services		31.5	-	15.0
Total fees paid to the Group auditor		380.3	373.6	602.1

The audit fee includes the fees for both the annual audit of the financial statements and the review of the interim financial statements. Regulatory audit work consists of the audit of regulatory disclosures. Other assurance services comprise of agreed upon procedures, audit of compliance reports and verification in relation to gas trading licence. Tax services relate to tax compliance work. Other services related to tax advisory services provided to a subsidiary of the group and investment due diligence work.

No Donations were made during the period (30 September 2014: Nil, 31 March 2015: \$0.8 million).

(6) Seasonality

The Group's business is not highly seasonal, but individual businesses are subject to seasonality due to differences in demand for certain of their services. The seasonality does not result in material differences in the interim and full year reporting.

Trustpower

Trustpower's business is not highly seasonal, but the individual segments of Retail and NZ Generation are subject to seasonality due to seasonal differences in the demand for electricity and in the wholesale electricity price.

Notes to the Financial Statements
For the 6 months ended 30 September 2015

(7) Taxation

	Note	6 months ended 30 September 2015	6 months ended 30 September 2014	Year ended 31 March 2015
		\$Millions Unaudited	\$Millions Unaudited	\$Millions Audited
Net surplus before taxation from continuing operations		86.7	98.8	117.3
Taxation on the surplus for the period @ 28%		24.3	27.7	32.8
<i>Plus/(less) taxation adjustments:</i>				
Effect of tax rates in foreign jurisdictions		(0.1)	0.6	0.6
Net benefit of imputation credits		(4.0)	(3.2)	(4.9)
Exempt dividends		(0.2)	(0.1)	-
Timing differences not recognised		-	-	0.2
Effect of equity accounted earnings of associates		(0.2)	1.0	6.7
(Over)/Under provision in prior periods		0.4	2.6	6.1
Inland Revenue dispute tax expense adjustment	18	2.7	-	-
Net investment realisations		(0.3)	-	(0.4)
Other permanent differences		(1.0)	(6.8)	(21.5)
Taxation expense		21.6	21.8	19.6
Current taxation		25.8	21.7	43.4
Deferred taxation		(4.2)	0.1	(23.8)
Tax on discontinued operations		-	9.3	10.7

6 months ended 30 September 2015			
	Before tax	Tax (expense) /benefit	Net of tax
	\$Millions Unaudited	\$Millions Unaudited	\$Millions Audited
Differences arising on translation of foreign operations	29.2	14.0	43.2
Realisations on disposal of subsidiary, reclassified to profit and loss	-	-	-
Net change in fair value of available for sale financial assets	2.4	-	2.4
Ineffective portion of hedges taken to profit and loss	(0.6)	-	(0.6)
Effective portion of changes in fair value of cash flow hedges	(8.0)	2.4	(5.6)
Fair value movements in relation to executive share scheme	-	-	-
Net change in fair value of property, plant & equipment recognised in equity	22.5	-	22.5
Share of associates other comprehensive income	0.2	-	0.2
Balance at the end of the period	45.7	16.4	62.1

6 months ended 30 September 2014			
	Before tax	Tax (expense) /benefit	Net of tax
	\$Millions Unaudited	\$Millions Unaudited	\$Millions Audited
Differences arising on translation of foreign operations	7.4	4.6	12.0
Realisations on disposal of subsidiary, reclassified to profit and loss	6.7	(2.8)	3.9
Net change in fair value of available for sale financial assets	0.4	-	0.4
Ineffective portion of hedges taken to profit and loss	(1.5)	-	(1.5)
Effective portion of changes in fair value of cash flow hedges	(8.9)	3.0	(5.9)
Fair value movements in relation to executive share scheme	-	-	-
Net change in fair value of property, plant & equipment recognised in equity	3.3	-	3.3
Share of associates other comprehensive income	-	-	-
Balance at the end of the period	7.4	4.9	12.2

Year ended 31 March 2015			
	Before tax	Tax (expense) /benefit	Net of tax
	\$Millions Unaudited	\$Millions Unaudited	\$Millions Audited
Differences arising on translation of foreign operations	(13.0)	(11.3)	(24.3)
Realisations on disposal of subsidiary, reclassified to profit and loss	6.8	(2.7)	4.1
Net change in fair value of available for sale financial assets	(1.9)	-	(1.9)
Ineffective portion of hedges taken to profit and loss	(2.4)	1.5	(0.9)
Effective portion of changes in fair value of cash flow hedges	3.6	0.6	4.2
Fair value movements in relation to executive share scheme	0.2	-	0.2
Net change in fair value of property, plant & equipment recognised in equity	404.7	(109.6)	295.1
Share of associates other comprehensive income	(0.8)	-	(0.8)
Balance at the end of the year	397.2	(121.5)	275.7

Notes to the Financial Statements
For the 6 months ended 30 September 2015

(8) Infratil shares

Ordinary shares (fully paid)

	6 months ended 30 September 2015	6 months ended 30 September 2014	Year ended 31 March 2015
	Unaudited	Unaudited	Audited
Total issued capital at the beginning of the period	561,875,237	561,617,737	561,617,737
<i>Movements in issued and fully paid ordinary shares during the period:</i>			
Conversion of executive redeemable shares	-	-	257,500
Total issued capital at the end of the period	561,875,237	561,617,737	561,875,237

All fully paid ordinary shares have equal voting rights and share equally in dividends and equity. At 30 September 2015 the Group held 4,500,000 shares as Treasury Stock (30 September 2014: 4,500,000, 31 March 2015: 4,500,000).

	6 months ended 30 September 2015	6 months ended 30 September 2014	Year ended 31 March 2015	6 months ended 30 September 2015	6 months ended 30 September 2014	Year ended 31 March 2015
	cps Unaudited	cps Unaudited	cps Audited	\$Millions Unaudited	\$Millions Unaudited	\$Millions Audited
Dividends paid on ordinary shares						
Final dividend prior year	8.00	7.00	7.00	45.0	39.3	39.3
Interim dividend	-	-	4.50	-	-	25.3
Special dividend	6.40	-	15.00	35.9	-	84.2
Dividends paid on ordinary shares	14.40	7.00	26.50	80.9	39.3	148.8

(9) Investments in associates

	Note	30 September 2015	30 September 2014	31 March 2015
		\$Millions Unaudited	\$Millions Unaudited	\$Millions Audited
<i>Investments in associates are as follows:</i>				
Z Energy Limited	4	-	97.1	87.1
Metlifecare Limited		218.7	194.3	202.2
RA (Holdings) 2014 Pty Limited		241.6	-	208.6
Mana Coach Holdings Limited		2.2	2.1	2.4
Investments in associates		462.5	293.5	500.3

	30 September 2015	30 September 2014	31 March 2015
	\$Millions Unaudited	\$Millions Unaudited	\$Millions Audited
<i>Equity accounted earnings of associates are as follows:</i>			
Metlifecare Limited	16.5	8.3	16.2
RA (Holdings) 2014 Pty Limited	15.7	-	(6.1)
Mana Coach Holdings Limited	-	-	-
Share of earnings of associate companies	32.2	8.3	10.1

Notes to the Financial Statements
For the 6 months ended 30 September 2015

Metlifecare Limited

The Group owns a 19.99% shareholding in Metlifecare Limited ('MET') and equity accounts for this investment. Metlifecare is one of New Zealand's largest providers of retirement villages and aged care services and is dual listed on the New Zealand Stock Exchange and on the Australian Securities Exchange.

	6 months ended 30 September 2015	6 months ended 30 September 2014	Year ended 31 March 2015
	\$Millions Unaudited	\$Millions Unaudited	\$Millions Audited
<i>Movement in the carrying amount of investment in Metlifecare Limited:</i>			
Carrying value at 1 April	202.2	186.0	186.0
Acquisition of shares	0.6	0.5	1.6
Share of associate's surplus before income tax	17.8	9.4	16.6
Share of associate's income tax (expense)	(1.3)	(1.1)	(0.4)
Total share of associate's earnings in the period	16.5	8.3	16.2
Share of associate's other comprehensive income	-	-	-
less: distributions received	(0.6)	(0.5)	(1.6)
Carrying value of investment in associate	218.7	194.3	202.2

Summary financial information for Metlifecare Limited, not adjusted for the percentage ownership held by the Group:

The summary information provided is taken from the most recent NZ IFRS audited annual financial statements of Metlifecare Limited which have a balance date of 30 June and are reported as at that date.

	30 June 2015 \$Millions Audited	30 June 2014 \$Millions Audited
Current assets	9.4	13.5
Non-current assets	2,218.0	1,996.1
Total Assets	2,227.4	2,009.6
Current liabilities	26.9	18.2
Non-current liabilities	1,289.1	1,199.7
Total liabilities	1,316.0	1,217.9
Revenues	101.5	94.8
Net profit after tax	122.7	68.8
Total other comprehensive income	0.1	0.2

At 30 September 2015 the Group's investment in MET had a fair value of \$179.4 million based on the quoted market price of MET shares on the NZX at that date of \$4.23 (30 September 2014: \$193.4 million at \$4.48, 31 March 2015: \$199.6 million at \$4.72).

RA (Holdings) 2014 Pty Limited

On 31 December 2014, the Group acquired a 50% shareholding of the RetireAustralia Group ('RetireAustralia'), with consortium partner the NZ Super Fund acquiring the other 50%. RetireAustralia operates 28 retirement villages across 3 states in Australia – New South Wales, Queensland and South Australia. The total equity consideration was A\$407.8 million with Infratil and the NZ Super Fund each providing total cash equity of A\$203.9 million (NZ\$213.0 million). The total cost of the acquisition included transaction costs of A\$15.9 million (primarily landholder duty). The Group equity accounts for its investment in RetireAustralia.

	6 months ended 30 September 2015	6 months ended 30 September 2014	Year ended 31 March 2015
	\$Millions Unaudited	\$Millions Unaudited	\$Millions Audited
<i>Movement in the carrying amount of investment in RetireAustralia:</i>			
Carrying value at 1 April	208.6	-	-
Cost of investment in RetireAustralia (Shares acquired)	-	-	213.0
Capitalised transaction costs	-	-	1.1
Prepayment for shares not yet issued	1.4	-	5.0
Total cost of investment	210.0	-	219.1
Share of associate's surplus/(loss) before income tax	15.7	-	(6.1)
Share of associate's income tax (expense)	-	-	-
Total share of associate's earnings in the period	15.7	-	(6.1)
Share of associate's other comprehensive income	-	-	-
less: distributions received	-	-	-
Foreign exchange movements recognised in other comprehensive income	15.9	-	(4.4)
Carrying value of investment in associate	241.6	-	208.6

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For the 6 months ended 30 September 2015

Summary financial information for RetireAustralia is not adjusted for the percentage ownership held by the Group: RA (Holdings) 2014 Pty Limited was incorporated on 9 December 2014 and the business commenced trading on 1 January 2015. The Company's functional currency is Australian Dollars (A\$) and the summary financial information shown is presented in this currency.

	30 September 2015 A\$Millions Unaudited	30 September 2014 A\$Millions Unaudited	31 March 2015 A\$Millions Audited
Current assets	129.3	-	122.9
Non-current assets	1,926.6	-	1,808.8
Total Assets	2,055.9	-	1,931.7
Current liabilities	1,414.8	-	1,307.3
Non-current liabilities	216.1	-	228.0
Total liabilities	1,630.9	-	1,535.3
Revenues	43.1	-	14.4
Net profit/(loss) after tax	28.8	-	(11.4)
Total other comprehensive income	-	-	-

(10) Other investments

	30 September 2015 \$Millions Unaudited	30 September 2014 \$Millions Unaudited	31 March 2015 \$Millions Audited
Australian Social Infrastructure Partners	32.8	16.8	30.1
Other	1.9	1.9	1.9
Total other investments	34.7	18.7	32.0

Australian Social Infrastructure Partners

Infratil has made a commitment of A\$100 million to pursue greenfield availability based public-private partnership ('PPP') opportunities in Australia via Australian Social Infrastructure Partners ('ASIP').

The balance of the A\$100m commitment is likely to be called over a 2-3 year period as bids for PPP opportunities are progressed, with the Investment period for the fund ending on 30 June 2018. ASIP has currently invested in 9.95% and 49.0% respectively of the equity in the New Royal Adelaide Hospital PPP and the South East Queensland Schools PPP.

As at 30 September 2015 Infratil has made total contributions of A\$29.9m (30 September 2014: A\$15.1m, 31 March 2015: A\$29.6m), with the remaining A\$70.1m commitment uncalled at that date.

NOTES TO THE FINANCIAL STATEMENTS
For the 6 months ended 30 September 2015

(11) Loans and borrowings

This note provides information about the contractual terms of the Group's interest bearing loans and borrowings.

	30 September 2015 \$Millions Unaudited	30 September 2014 \$Millions Unaudited	31 March 2015 \$Millions Audited
<i>Current liabilities</i>			
Unsecured bank loans	66.6	82.4	44.4
Secured bank facilities	54.9	4.2	4.3
less: Capitalised loan establishment costs	(1.3)	(1.1)	(1.0)
	120.2	85.5	47.7
<i>Non-current liabilities</i>			
Unsecured bank loans	799.6	906.7	772.9
Secured bank facilities	-	56.0	48.6
less: Capitalised loan establishment costs	(4.5)	(6.7)	(5.5)
	795.1	956.0	816.0
<i>Facilities utilised at reporting date</i>			
Unsecured bank loans	866.2	989.1	817.3
Unsecured guarantees	13.4	11.2	11.9
Secured bank loans	54.9	60.2	52.9
Secured guarantees	0.2	0.2	0.2
<i>Facilities not utilised at reporting date</i>			
Unsecured bank loans	627.7	486.8	580.0
Unsecured guarantees	8.6	-	8.6
Secured bank loans	21.0	157.3	17.6
Secured guarantees	0.6	0.6	0.5
Interest bearing loans and borrowings - <i>current</i>	120.2	85.5	47.7
Interest bearing loans and borrowings - <i>non-current</i>	795.1	956.0	816.0
Total interest bearing loans and borrowings	915.3	1,041.5	863.7

Financing arrangements

The Group's debt includes bank facilities with negative pledge arrangements, which, with limited exceptions, do not permit the borrower to grant any security over its assets. The bank facilities require the borrower to maintain certain levels of shareholder funds and operate within defined performance and gearing ratios. The banking arrangements also include restrictions over the sale or disposal of certain assets without bank agreement. Throughout the period the Group has complied with all debt covenant requirements as imposed by lenders.

Interest rates are determined by reference to prevailing money market rates at the time of draw-down plus a margin. Interest rates paid during the period ranged from 2.8% to 5.3% (30 September 2014: 3.6% to 5.5%, 31 March 2015: 3.0% to 5.6%).

Secured bank facilities of a non-wholly owned subsidiary are non-recourse to the assets of Infratil and its other subsidiary and associate companies.

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(12) Infrastructure bonds

	30 September 2015 \$Millions Unaudited	30 September 2014 \$Millions Unaudited	31 March 2015 \$Millions Audited
Balance at the beginning of the period	981.9	979.9	979.9
Issued during the period	-	-	-
Matured during the period	-	-	-
Purchased by Infratil during the period	-	-	-
Bond issue costs capitalised during the period	-	-	-
Bond issue costs amortised during the period	1.0	1.0	2.0
Balance at the end of the period	982.9	980.9	981.9
<i>Repayment terms and interest rates:</i>			
IFT070 Maturing in November 2015, 8.50% p.a. fixed coupon rate	152.8	152.8	152.8
IFT150 Maturing in June 2016, 8.50% p.a. fixed coupon rate	100.0	100.0	100.0
IFT160 Maturing in June 2017, 8.50% p.a. fixed coupon rate	66.3	66.3	66.3
IFT170 Maturing in November 2017, 8.00% p.a. fixed coupon rate	81.1	81.1	81.1
IFT180 Maturing in November 2018, 6.85% p.a. fixed coupon rate	111.4	111.4	111.4
IFT200 Maturing in November 2019, 6.75% p.a. fixed coupon rate	68.5	68.5	68.5
IFT090 Maturing in February 2020, 8.50% p.a. fixed coupon rate	80.5	80.5	80.5
IFT190 Maturing in June 2022, 6.85% p.a. fixed coupon rate	93.7	93.7	93.7
IFTHA Perpetual Infratil infrastructure bonds	234.9	234.9	234.9
/less: Bond issue costs capitalised and amortised over term	(6.3)	(8.3)	(7.3)
Balance at the end of the period	982.9	980.9	981.9
Current	152.8	-	152.8
Non-current fixed coupon	597.0	748.1	596.2
Non-current perpetual variable coupon	233.1	232.8	232.9

Fixed coupon

The fixed coupon bonds the Company has on issue are at a face value of \$1.00 per bond. Interest is payable quarterly on the bonds. 25 days prior to the maturity date of the IFT070, IFT090, IFT150 and IFT160 series, Infratil can elect to redeem those infrastructure bonds at their \$1.00 face value payable in cash, or convert all the infrastructure bonds in the relevant series by issuing the number of shares equivalent to 98% of the face value of the bonds multiplied by the market price of the shares. The market price is the average price weighted by volume of all trades of ordinary shares over the 10 business days up to the fifth business day before the maturity date.

Perpetual Infratil infrastructure bonds ('PIIBs')

The Company has 234,857,200 (30 September 2014: 234,857,200, 31 March 2015: 234,857,200) PIIBs on issue at a face value of \$1.00 per bond. Interest is payable quarterly on the bonds. For the period to 15 November 2015 the coupon is fixed at 5.26% per annum (September 2014: 4.53%, March 2015: 5.26%). Thereafter the rate will be reset annually at 1.5% per annum over the then one year bank rate (quarterly), unless Infratil's gearing ratio exceeds certain thresholds, in which case the margin increases. These infrastructure bonds have no fixed maturity date. No PIIBs (September 2014: nil, March 2015: nil) were repurchased by Infratil Limited during the period.

Throughout the period the Company complied with all debt covenant requirements as imposed by the bond trustee.

At 30 September 2015 the Infrastructure bonds (including PIIBs) had a fair value of \$967.1 million (30 September 2014: \$963.4 million, 31 March 2015: \$966.1 million).

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(13) Reconciliation of net surplus with cash flow from operating activities

	6 months ended 30 September 2015	6 months ended 30 September 2014	Year ended 31 March 2015
	\$Millions Unaudited	\$Millions Unaudited	\$Millions Audited
Net surplus for the period	470.8	448.4	466.3
<i>(Add) / Less items classified as investing activity:</i>			
(Gain) / Loss on investment realisations and impairments	(393.0)	(372.3)	(369.9)
<i>Add items not involving cash flows:</i>			
Movement in financial derivatives taken to the profit or loss	8.5	2.7	31.4
Decrease in deferred tax liability excluding transfers to reserves	(4.2)	6.7	(16.6)
Changes in fair value of investment properties	-	(0.3)	(0.4)
Equity accounted earnings of associate net of distributions received	(30.7)	(0.7)	7.7
Depreciation	77.0	67.3	136.6
Movement in provision for bad debts	1.0	8.9	9.7
Amortisation of intangibles	8.3	14.3	22.6
Other	3.2	5.8	11.0
<i>Movements in working capital:</i>			
Change in receivables	(13.4)	(33.5)	(36.8)
Change in inventories	(1.1)	5.8	4.4
Change in trade payables	30.0	36.7	(6.7)
Change in accruals and other liabilities	(31.9)	(52.6)	(13.7)
Change in current and deferred taxation	(2.9)	(15.0)	(10.0)
Net cash flow from operating activities	121.6	122.2	235.6

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For the 6 months ended 30 September 2015

(14) Operating segments

Reportable segments of the Group are analysed by significant businesses. The Group has five reportable segments, as described below:

Trustpower is our renewable generation investment, Wellington International Airport is our Wellington airport investment, NZ Bus is our transportation investment and Australian Energy is our non renewable generation investment.

Other comprises investment activity not included in the specific categories. The principal investments in Other are the Group's interests in Z Energy, Metlifecare, RetireAustralia and ASIP.

For the period ended 30 September 2015	Trustpower New Zealand \$Millions Unaudited	Wellington Airport New Zealand \$Millions Unaudited	NZ Bus New Zealand \$Millions Unaudited	Australian Energy Australia \$Millions Unaudited	All other segments and corporate New Zealand \$Millions Unaudited	Eliminations \$Millions Unaudited	Total from Continuing Operations \$Millions Unaudited
Segment revenue	540.6	55.6	118.9	145.8	98.0	-	958.9
Share of earnings of associate companies	-	-	-	-	45.6	(13.4)	32.2
Inter-segment revenue	-	(0.7)	(1.8)	-	(79.1)	-	(81.6)
Segment revenue - external	540.6	54.9	117.1	145.8	64.5	(13.4)	909.5
EBITDAF	184.2	41.2	22.7	1.1	35.6	(13.4)	271.4
Interest income	-	0.3	-	0.3	6.6	(1.3)	5.9
Interest expense	(44.0)	(8.8)	(1.8)	(2.5)	(41.8)	1.4	(97.5)
Depreciation and amortisation	(57.2)	(8.2)	(15.4)	(3.2)	(1.2)	(0.1)	(85.3)
Net gain/(loss) on foreign exchange and derivatives	(3.0)	(2.3)	-	0.4	(3.6)	-	(8.5)
Net realisations, revaluations and (impairments)	-	(0.1)	-	-	393.0	(392.2)	0.7
Taxation expense	(20.2)	(6.5)	(0.5)	1.2	4.4	-	(21.6)
Segment result	59.8	15.6	5.0	(2.7)	393.0	(405.6)	65.1
Investments in associates	-	-	-	-	462.5	-	462.5
Total non-current assets (excluding financial instruments and deferred tax)	3,566.8	825.1	287.5	143.5	547.2	-	5,370.1
Total assets	3,742.4	842.9	305.2	200.7	1,316.2	-	6,407.4
Total liabilities	1,792.8	441.1	50.4	101.5	1,059.2	-	3,445.0
Capital expenditure/investment (including accruals)	15.4	28.0	4.8	0.4	6.5	-	55.1

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For the 6 months ended 30 September 2015

For the period ended 30 September 2014

	Trustpower New Zealand \$Millions Unaudited	Wellington Airport New Zealand \$Millions Unaudited	NZ Bus New Zealand \$Millions Unaudited	Australian Energy Australia \$Millions Unaudited	All other segments and corporate New Zealand \$Millions Unaudited	Eliminations \$Millions Unaudited	Total from Continuing Operations \$Millions Unaudited
Segment revenue	504.9	53.6	117.1	593.2	104.0	(452.7)	920.1
Share of earnings of associate companies	-	-	-	-	12.7	(4.4)	8.3
Inter-segment revenue	-	(0.8)	(1.8)	-	(78.0)	-	(80.6)
Segment revenue - external	504.9	52.8	115.3	593.2	38.7	(457.1)	847.8
EBITDAF	173.3	40.4	20.0	45.7	5.2	(46.5)	238.1
Interest income	0.5	0.3	-	0.4	5.1	(4.5)	1.8
Interest expense	(38.2)	(9.4)	(2.2)	(5.8)	(43.3)	4.7	(94.2)
Depreciation and amortisation	(46.2)	(8.1)	(13.2)	(12.4)	(1.7)	9.5	(72.1)
Net gain/(loss) on foreign exchange and derivatives	(4.4)	0.3	-	4.9	(3.5)	(2.0)	(4.7)
Net realisations, revaluations and (impairments)	25.0	(0.3)	(0.1)	339.6	8.4	(342.7)	29.9
Taxation expense	(20.8)	(6.5)	-	(9.9)	5.5	9.9	(21.8)
Segment result	89.2	16.7	4.5	362.5	(24.3)	(371.6)	77.0
Investments in associates	-	-	-	-	293.5	-	293.5
Total non-current assets (excluding financial instruments and deferred tax)	3,226.6	797.9	307.5	144.3	360.6	-	4,836.9
Total assets	3,446.9	814.8	328.2	199.8	1,126.4	-	5,916.1
Total liabilities	1,794.4	408.0	47.3	105.2	1,147.9	-	3,502.8
Capital expenditure/investment (including accruals)	143.9	7.3	10.3	16.5	18.0	-	196.0

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For the year ended 31 March 2015

	Trustpower New Zealand \$Millions Audited	Wellington Airport New Zealand \$Millions Audited	NZ Bus New Zealand \$Millions Audited	Australian Energy Australia \$Millions Audited	All other segments and corporate New Zealand \$Millions Audited	Eliminations \$Millions Audited	Total from Continuing Operations \$Millions Audited
Segment revenue	993.5	108.3	229.8	740.3	160.5	(452.7)	1,779.7
Share of earnings of associate companies	-	-	-	-	11.5	(1.4)	10.1
Inter-segment revenue	-	(1.5)	(3.7)	-	(117.1)	-	(122.3)
Segment revenue - external	993.5	106.8	226.1	740.3	54.9	(454.1)	1,667.5
EBITDAF	330.7	82.1	34.2	54.9	(6.5)	(43.4)	452.0
Interest income	1.1	0.5	0.1	0.9	15.5	(6.1)	12.0
Interest expense	(79.6)	(18.3)	(4.4)	(8.4)	(85.7)	6.2	(190.2)
Depreciation and amortisation	(98.2)	(16.2)	(26.4)	(15.4)	(3.0)	9.5	(149.7)
Net gain/(loss) on foreign exchange and derivatives	(14.2)	(1.2)	-	4.9	(20.9)	(4.9)	(36.3)
Net realisations, revaluations and (impairments)	24.9	(0.3)	(0.2)	56.0	289.9	(340.8)	29.5
Taxation expense	(20.7)	1.2	3.6	(11.2)	(3.3)	10.8	(19.6)
Segment result	144.0	47.8	6.9	81.7	186.0	(368.7)	97.7
Investments in associates	-	-	-	-	500.3	-	500.3
Total non-current assets (excluding financial instruments and deferred tax)	3,531.4	805.2	298.2	136.3	581.2	-	5,352.3
Total assets	3,690.5	841.5	317.0	191.4	907.3	-	5,947.7
Total liabilities	1,771.3	403.4	52.2	96.6	1,068.9	-	3,392.4
Capital expenditure/investment (including accruals)	199.8	21.9	15.3	15.1	255.5	-	507.6

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Entity wide disclosure - geographical

The Group operated in two principal areas New Zealand and Australia. The Group's geographical segments are based on the location of both customers and assets.

	New Zealand	Australia	Eliminations	Total from Continuing Operations
	\$Millions Unaudited	\$Millions Unaudited	\$Millions Unaudited	\$Millions Unaudited
For the period ended 30 September 2015				
Segment revenue	748.1	210.8	-	958.9
Share of earnings of associate companies	30.0	15.7	(13.5)	32.2
Inter-segment revenue	(81.7)	-	0.1	(81.6)
Segment revenue - external	696.4	226.5	(13.4)	909.5
EBITDAF	220.8	64.1	(13.5)	271.4
Interest income	6.9	0.3	(1.3)	5.9
Interest expense	(79.4)	(19.5)	1.4	(97.5)
Depreciation and amortisation	(54.0)	(31.2)	(0.1)	(85.3)
Net gain/(loss) on foreign exchange and derivatives	(6.8)	(1.7)	-	(8.5)
Net realisations, revaluations and (impairments)	392.9	-	(392.2)	0.7
Taxation expense	(22.7)	1.1	-	(21.6)
Segment result	457.7	13.1	(405.7)	65.1
Investments in associates	220.9	241.6	-	462.5
Total non-current assets (excluding financial instruments and deferred tax)	3,835.8	1,534.3	-	5,370.1
Total assets	4,777.8	1,629.6	-	6,407.4
Total liabilities	2,453.7	991.3	-	3,445.0
Capital expenditure/investment (including accruals)	25.4	29.7	-	55.1
	New Zealand	Australia	Eliminations	Total from Continuing Operations
	\$Millions Unaudited	\$Millions Unaudited	\$Millions Unaudited	\$Millions Unaudited
For the period ended 30 September 2014				
Segment revenue	722.3	650.5	(452.7)	920.1
Share of earnings of associate companies	12.7	-	(4.4)	8.3
Inter-segment revenue	(80.6)	-	-	(80.6)
Segment revenue - external	654.4	650.5	(457.1)	847.8
EBITDAF	196.1	88.3	(46.3)	238.1
Interest income	5.7	0.6	(4.5)	1.8
Interest expense	(76.0)	(22.9)	4.7	(94.2)
Depreciation and amortisation	(53.4)	(28.2)	9.5	(72.1)
Net gain/(loss) on foreign exchange and derivatives	(4.1)	1.4	(2.0)	(4.7)
Net realisations, revaluations and (impairments)	8.0	361.7	(339.8)	29.9
Taxation expense	(18.1)	(13.6)	9.9	(21.8)
Segment result	58.2	387.3	(368.5)	77.0
Investments in associates	293.5	-	-	293.5
Total non-current assets (excluding financial instruments and deferred tax)	3,834.0	1,002.9	-	4,836.9
Total assets	4,775.3	1,140.8	-	5,916.1
Total liabilities	2,614.5	888.3	-	3,502.8
Capital expenditure/investment (including accruals)	63.9	132.1	-	196.0

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	New Zealand	Australia	Eliminations	Total from Continuing Operations
For the year ended 31 March 2015	\$Millions Audited	\$Millions Audited	\$Millions Audited	\$Millions Audited
Segment revenue	1,362.8	869.6	(452.7)	1,779.7
Share of earnings of associate companies	17.7	(6.2)	(1.4)	10.1
Inter-segment revenue	(122.3)	-	-	(122.3)
Segment revenue - external	1,258.2	863.4	(454.1)	1,667.5
EBITDAF	349.1	146.3	(43.4)	452.0
Interest income	16.7	1.4	(6.1)	12.0
Interest expense	(142.5)	(53.9)	6.2	(190.2)
Depreciation and amortisation	(107.6)	(51.6)	9.5	(149.7)
Net gain/(loss) on foreign exchange and derivatives	(22.6)	(8.8)	(4.9)	(36.3)
Net realisations, revaluations and (impairments)	288.7	81.6	(340.8)	29.5
Fair value gain on acquisition of associate	-	-	-	-
Taxation expense	(16.2)	(14.2)	10.8	(19.6)
Segment result	365.6	100.8	(368.7)	97.7
Investments in associates	291.7	208.6	-	500.3
Total non-current assets (excluding financial instruments and deferred tax)	3,939.4	1,412.9	-	5,352.3
Total assets	4,448.8	1,498.9	-	5,947.7
Total liabilities	2,550.3	842.1	-	3,392.4
Capital expenditure/investment (including accruals)	100.2	407.4	-	507.6

The group has no significant reliance on any one customer.

(15) Financial instruments

Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements is their fair value, with the exception of bond debt held at amortised cost which has a fair value at 30 September 2015 of \$1,764.5 million (30 September 2014: \$1,712.7 million, 31 March 2015: \$1,757.2 million) compared to a carrying value of \$1,739.3 million (30 September 2014: \$1,707.0 million, 31 March 2015: \$1,737.6 million).

Estimation of fair values

The fair values of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair value of other financial assets and liabilities are calculated using market-quoted rates based on discounted cash flow analysis.
- The fair value of derivative financial instruments are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve or available forward price data for the duration of the instruments.

Where the fair value of a derivative is calculated as the present value of the estimated future cash flows of the instrument, the two key types of variables used by the valuation techniques are:

- forward price curve (for the relevant underlying interest rates, foreign exchange rates or commodity prices); and
- discount rates.

Valuation Input

Source

Interest rate forward price curve	Published market swap rates
Foreign exchange forward prices	Published spot foreign exchange rates
Electricity forward price curve	Market quoted prices where available and management's best estimate based on its view of the long run marginal cost of new generation where no market quoted prices are available.
Discount rate for valuing interest rate derivatives	Published market interest rates as applicable to the remaining life of the instrument.
Discount rate for valuing forward foreign exchange contracts	Published market rates as applicable to the remaining life of the instrument.
Discount rate for valuing electricity price derivatives	Assumed counterparty cost of funds ranging from 4.1% to 4.7% (30 September 2014: 5.0% to 5.3%, 31 March 2015: 5.0% to 5.3%)

The selection of variables requires significant judgement and therefore there is a range of reasonably possible assumptions in respect of these variables that could be used in estimating the fair value of these derivatives. Maximum use is made of observable market data when selecting variables and developing assumptions for the valuation techniques.

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Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (**level 1**)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (**level 2**)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (**level 3**).

The following tables present the Group's financial assets and liabilities that are measured at fair value.

30 September 2015	Level 1 \$Millions Unaudited	Level 2 \$Millions Unaudited	Level 3 \$Millions Unaudited	Total \$Millions Unaudited
Assets per the statement of financial position				
Derivative financial instruments - energy	-	-	5.8	5.8
Derivative financial instruments - foreign exchange	-	0.2	-	0.2
Derivative financial instruments - interest rate	-	2.2	-	2.2
Total	-	2.4	5.8	8.2
Liabilities per the statement of financial position				
Derivative financial instruments - energy	-	0.9	9.9	10.8
Derivative financial instruments - foreign exchange	-	-	-	-
Derivative financial instruments - interest rate	-	69.0	-	69.0
Total	-	69.9	9.9	79.8

30 September 2014	Level 1 \$Millions Unaudited	Level 2 \$Millions Unaudited	Level 3 \$Millions Unaudited	Total \$Millions Unaudited
Assets per the statement of financial position				
Derivative financial instruments - energy	-	-	1.9	1.9
Derivative financial instruments - foreign exchange	-	0.8	-	0.8
Derivative financial instruments - interest rate	-	2.7	-	2.7
Total	-	3.5	1.9	5.4
Liabilities per the statement of financial position				
Derivative financial instruments - energy	-	0.3	14.0	14.3
Derivative financial instruments - foreign exchange	-	3.2	-	3.2
Derivative financial instruments - interest rate	-	42.9	-	42.9
Total	-	46.4	14.0	60.4

31 March 2015	Level 1 \$Millions Audited	Level 2 \$Millions Audited	Level 3 \$Millions Audited	Total \$Millions Audited
Assets per the statement of financial position				
Derivative financial instruments - energy	-	0.1	11.5	11.6
Derivative financial instruments - foreign exchange	-	0.2	-	0.2
Derivative financial instruments - interest rate	-	2.7	-	2.7
Total	-	3.0	11.5	14.5
Liabilities per the statement of financial position				
Derivative financial instruments - energy	-	1.2	4.3	5.5
Derivative financial instruments - foreign exchange	-	-	-	-
Derivative financial instruments - interest rate	-	62.0	-	62.0
Total	-	63.2	4.3	67.5

There were no transfers between derivative financial instrument assets or liabilities classified as level 1 or level 2, and level 3 of the fair value hierarchy during the period ended 30 September 2015 (30 September 2014: none, 31 March 2015: none).

The following table reconciles the movements in level 3 Electricity price derivatives that are classified within level 3 of the fair value hierarchy because the assumed location factors which are used to adjust the forward price path are unobservable:

	6 months ended 30 September 2015	6 months ended 30 September 2014	Year ended 31 March 2015
	\$Millions Unaudited	\$Millions Unaudited	\$Millions Audited
Assets per the statement of financial position			
Opening balance	11.5	2.6	2.6
Gains and (losses) recognised in profit or loss	1.4	(0.7)	1.8
Gains and (losses) recognised in other comprehensive income	(7.1)	-	7.1
Closing balance	5.8	1.9	11.5
Total gains or (losses) for the period included in profit or loss for assets held at the end of the reporting period	(1.0)	0.5	4.4
Liabilities per the statement of financial position			
Opening balance	4.3	9.3	9.3
Foreign exchange movement on opening balance	-	0.1	-
(Gains) and losses recognised in profit or loss	3.7	(1.4)	(1.7)
(Gains) and losses recognised in other comprehensive income	1.9	7.8	(1.5)
Sold as part of the disposal of a subsidiary	-	(1.8)	(1.8)
Closing balance	9.9	14.0	4.3
Total losses for the period included in profit or loss for liabilities held at the end of the reporting period	9.9	(0.3)	3.4
Settlements during the period	6.9	(6.5)	(14.9)

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Energy derivatives

Energy derivatives are classified within level 3 of the fair value hierarchy because the assumed location factors which are used to adjust the forward price path are unobservable.

The following table shows the impact on post-tax profit and equity of an increase/decrease in the relevant forward electricity prices with all other variables held constant:

Energy price sensitivity analysis

	6 months ended 30 September 2015	6 months ended 30 September 2014	Year ended 31 March 2015
	\$Millions Unaudited	\$Millions Unaudited	\$Millions Audited
Profit and loss			
10% increase in energy forward prices	(0.5)	1.2	1.1
10% decrease in energy forward prices	0.5	(1.2)	(1.1)
Other comprehensive income			
10% increase in energy forward prices	5.8	5.0	10.7
10% decrease in energy forward prices	(5.8)	(5.0)	(10.7)

(16) Capital commitments

Capital commitments

	6 months ended 30 September 2015	6 months ended 30 September 2014	Year ended 31 March 2015
	\$Millions Unaudited	\$Millions Unaudited	\$Millions Audited
Committed but not contracted for	-	2.9	1.2
Contracted but not provided for	39.1	4.7	38.8
	39.1	7.6	40.0

The capital commitments include terminal development works at Wellington International Airport and the purchase of buses by NZ Bus. See note 10 for Infratil's commitment to ASIP.

(17) Contingent liabilities and legal matters

The Company and certain wholly owned subsidiaries are guarantors of the bank debt facilities of Infratil Finance Limited under a Deed of Negative Pledge, Guarantee and Subordination and the Company is a guarantor to certain obligations of subsidiary companies.

The Company has a contingent liability under the international fund management agreement with Morrison & Co International Limited in the event that the Group sells its international assets, or valuation of the assets exceeds the performance thresholds set out in the international fund management agreement.

During 2007 the European Commission opened formal investigations into alleged state aid in relation to Lübeck airport (owned and operated by Flughafen Lübeck GmbH, one of the Group's subsidiaries at that time). In 2009 Infratil exercised a put option and sold its interest in Lübeck airport back to the City of Lübeck. Lübeck is one of several airports in Germany in relation to which the European Commission has opened formal state aid investigations. Infratil understands a significant number of airports elsewhere in the European Union are also under investigation. Three of the four matters being investigated since 2007 do not relate to Infratil Airports Europe Limited ('IAEL'), but to the financing of the airport by the City of Lübeck and to arrangements with Ryanair which were entered into prior to the sale of the airport to IAEL. The fourth relates to the price IAEL paid when it purchased Flughafen Lübeck GmbH. In February 2012, the investigation was formally extended to include the put option arrangements as well. Infratil, Flughafen Lübeck GmbH, Ryanair, the Hanseatic City of Lübeck, and the government of the Federal Republic of Germany continue to work to refute the allegations of state aid. Infratil maintains its position that the purchase of 90% in Flughafen Lübeck GmbH was the result of an open, unconditional and transparent tender process in 2005, and the put option arrangements, cannot, by their very nature and the circumstances they were agreed on, involve state aid. Infratil continues to be confident that it will be able to demonstrate this to the Commission and, if necessary, the European Court of Justice.

If IAEL was found to have received state aid, it would be required to refund the state aid received, together with interest. As the directors cannot predict with any degree of certainty the outcome of the above matter, it is not possible to assess accurately the quantum of any financial cost to the Group.

NOTES TO THE FINANCIAL STATEMENTS
For the 6 months ended 30 September 2015

Trustpower was successful in its High Court case against Inland Revenue. The Court ruled that Trustpower's existing tax treatment of feasibility expenditure incurred in the 2006 to 2008 financial years was appropriate and disagreed with Inland Revenue's view that the resource consents acquired were capital assets. However this decision was overturned by the Court of Appeal. Trustpower has been given leave to appeal this decision in the Supreme Court and a hearing has been scheduled for early March 2016. Inland Revenue has reassessed the 2009 and 2010 years and has made further claims. Trustpower has disputed this assessment. This dispute has been lodged with the High Court but is on hold pending an outcome in the initial 2006 to 2008 dispute. It is likely Inland Revenue will take the same approach in assessing the 2011 and future tax years.

Given the uncertainty created by the Court of Appeal decision Trustpower has decided to fully provide for these claims (including the effect on the 2011 and future years). Should Inland Revenue be completely successful in its claim it would give rise to the following outcomes:

	Tax Payment	Interest Expense	Total
	\$Millions	\$Millions	\$Millions
Additional amount owed to Inland Revenue:			
2006 to 2008	5.9	3.0	8.9
2009 to 2010	2.6	1.4	4.1
2011 to 2015	2.1	0.6	2.7
Total	10.6	5.0	15.6

Trustpower was awarded \$1,177,000 of costs in relation to the High Court case. These costs were paid by Inland Revenue in the prior period. They have been refunded by Trustpower in this period following the Court of Appeal decision. The Court of Appeal also awarded Inland Revenue costs for the High Court and Court of Appeal. As Inland Revenue has yet to claim these costs they are very difficult to quantify, Trustpower has made a provision of \$500,000 as its best estimate of the amount payable. These costs are also subject to appeal at the Supreme Court. The tests used to determine whether feasibility expenditure is deductible have not been in dispute between Trustpower and Inland Revenue; the dispute to date has been on how the tests are to be applied to the facts. The Court of Appeal however developed an approach which departs from the previously accepted practice as set out in the Commissioner's Interpretation Statement and disallowed the expenditure on the basis of this new approach. The decision by the Court of Appeal to develop a new approach for determining the deductibility of feasibility expenditure may well increase the liability for tax payable. However as there is limited guidance on how to apply this new approach Trustpower has been unable to quantify the impact of this change. The impact may well be zero if the Inland Revenue decides not to apply the new approach retrospectively but is considered unlikely to exceed \$4 million even if a retrospective test is applied.

(18) Related parties

Certain Infratil Directors have relevant interests in a number of companies with which Infratil has transactions in the normal course of business. A number of key management personnel are also Directors of Group subsidiary companies and associates.

Morrison & Co Infrastructure Management Limited ('MCIM') is the management company for the Company and receives management fees in accordance with the applicable management agreement.

MCIM is owned by H.R.L. Morrison & Co Group Limited Partnership ('MCO'). Messrs M Bogoevski and D P Saville are directors of, and Mr Muh is an alternate director of Infratil. Mr Bogoevski is a director and Chief Executive Officer of MCO, Mr Muh is an executive director of MCO, and Mr Saville is a non-executive director of MCO. Entities associated with Mr Bogoevski, Mr Saville and Mr Muh also have beneficial interests in MCO.

Management and other fees paid by the Group (including associates) to MCIM, MCO or its related parties during the period were:

	6 months ended 30 September 2015	6 months ended 30 September 2014	Year ended 31 March 2015
	\$Millions Unaudited	\$Millions Unaudited	\$Millions Audited
Management fees	10.7	9.1	19.7
Incentive fees on realisations of international assets	-	45.2	44.5
Executive secondment and consulting	0.1	0.1	0.2
Directors fees	0.7	0.8	1.6
Financial management, accounting, treasury, compliance and administrative services	0.6	0.6	1.3
Investment banking services	0.1	3.7	3.9
Total management and other fees	12.2	59.5	71.2

At 30 September 2015 amounts owing to MCIM of \$2.2 million (excluding GST) are included in trade creditors (30 September 2014: \$47.1 million, 31 March 2015: \$2.0 million).

\$0.1 million of directors fees are included in the table above and are included within the result from discontinued operations (30 September 2014: \$0.4 million of management fees, \$3.7m of investment banking services, and the \$45.2 million incentive fee on the realisation of international assets, 31 March 2015: \$0.4 million of management fees, \$3.7m of investment banking services, and the \$44.5 million incentive fee on the realisation of international assets).

(19) Events after balance date

Bond Issue

On 1 October 2015 Infratil announced the opening of an offer of Infrastructure Bonds which mature on 15 September 2023 and pay a quarterly coupon of 5.25% per annum. On 27 October 2015 and 29 October 2015 \$75.0 million and \$16.3 million bonds were allotted respectively. The bond offer closes on 13 November 2015 with the final allotment on 16 November 2015.

King Country Energy Limited

On 3 November 2015 Trustpower announced that it had issued a Notice of Intention to make a full takeover offer for all of the shares of King Country Energy Limited ('KCE') through a fully owned subsidiary company, King Country Energy Holdings Limited. Trustpower intends to fund the up to \$125 million acquisition of KCE from committed bank facilities.

Dividend

On 10 November 2015, the Directors approved a fully imputed interim dividend of 5.25 cents per share to holders of fully paid ordinary shares to be paid on 15 December 2015.

Directory

Directors

M Tume (Chairman)
M Bogoievski
A Gerry
P Gough
H J D Rolleston
D P Saville
A Y Muh (alternate to D P Saville)

Company Secretary

P Harford

Registered Office - New Zealand

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Telephone: +64 4 473 3663
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Manager

Morrison & Co Infrastructure Management
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Telephone: +64 4 473 2399
Facsimile: +64 4 473 2388
Internet address: www.hrlmorrison.com

Share Registrar - New Zealand

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21 Queen Street
PO Box 91976
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Telephone: +64 9 375 5998
E-mail: enquiries@linkmarketservices.co.nz
Internet address: www.linkmarketservices.co.nz

Auditor

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Maritime Tower
10 Customhouse Quay
PO Box 996
Wellington

Bankers

ANZ Bank New Zealand Limited
Level 14
215-229 Lambton Quay
Wellington

Bank of New Zealand
Level 4
80 Queen Street
Auckland

The Bank of Tokyo-Mitsubishi UFJ Limited
Level 22
151 Queen Street
Auckland

Commonwealth Bank of Australia
Level 2
ASB North Wharf
12 Jellicoe Street
Auckland

Registered Office - Australia

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Telephone: +64 4 473 3663

Share Registrar - Australia

Link Market Services
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NSW 2000
Telephone: +61 2 8280 7100
E-mail: registrars@linkmarketservices.com.au
Internet address: www.linkmarketservices.com.au

The Hong Kong and Shanghai Banking Corporation Limited
Level 25
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Kiwibank Limited
Level 12
New Zealand Post House
7 Waterloo Quay
Wellington

Westpac New Zealand Limited
Westpac On Takutai Square
16 Takutai Square
Auckland



Independent review report

To the Shareholders of Infratil Limited

Report on the Interim Financial statements

We have completed a review of the condensed interim financial statements of Infratil Limited and its subsidiaries ("the Group") on pages 1 to 25 which comprise the consolidated statement of financial position as at 30 September 2015, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, and a summary of significant accounting policies and other explanatory information.

Directors' responsibilities

The directors of Infratil Limited are responsible for the preparation and fair presentation of condensed interim financial statements in accordance with NZ IAS 34 Interim Financial Reporting and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Our responsibilities

Our responsibility is to express a conclusion on the condensed interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity*. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared, in all material respects, in accordance with NZ IAS 34 Interim Financial Reporting. As the auditor of the Group, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of interim financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on those financial statements.

Our firm has also provided other services to the group in relation to taxation, regulatory disclosures and other assurance engagements. Subject to certain restrictions, partners and employees of our firm may also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as auditor of the group. The firm has no other relationship with, or interest in, the group.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these condensed interim financial statements of the Group do not present fairly, in all material respects, the consolidated financial position of the Group as at 30 September 2015, and of its consolidated financial performance and its cash flows for the period ended on that date, in accordance with NZ IAS 34 Interim Financial Reporting.

A handwritten signature in blue ink that reads 'KANG'.

10 November 2015
Wellington

INFRATIL LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2015

	Notes	6 months ended 30 September 2015 Unaudited \$000	6 months ended 30 September 2014 Unaudited \$000	Year Ended 31 March 2015 Audited \$000
Dividends received from subsidiary companies		-	-	190,000
Subvention		22,000	-	-
Operating Revenue		12,841	12,904	19,233
Total revenue		34,841	12,904	209,233
Directors' fees		344	291	610
Other operating expenses		13,672	12,660	25,564
Total operating expenditure	4	14,016	12,951	26,174
Operating profit before derivatives, realisations and impairments		20,825	(47)	183,059
Net (loss)/gain on foreign exchange & financial derivatives		(2,388)	(1,172)	(5,066)
Net investment realisations and (impairments)		-	132	132
Results from operating activities		18,437	(1,088)	178,125
Financial income		35,037	35,010	70,017
Financial expenses		(37,867)	(37,355)	(74,897)
Net financing expense		(2,830)	(2,345)	(4,880)
Surplus before taxation		15,607	(3,432)	173,245
Taxation (expense)/credit	6	1,715	888	(3,054)
Net surplus/(loss) for the period		17,323	(2,545)	170,191
Other comprehensive income after tax				
Fair value movements in relation to executive share scheme		-	-	164
Other comprehensive income for the period net of income tax		-	-	164
Total comprehensive income for the period		17,323	(2,545)	170,355

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2015
Unaudited**

6 months ended 30 September 2015	Capital \$000	Other reserves \$000	Retained earnings \$000	Total \$000
Balance as at 1 April 2015	362,387	621	195,878	558,886
Total comprehensive income for the period				
Net surplus for the period	-	-	17,323	17,323
Other comprehensive income after tax				
Fair value movements in relation to executive share scheme	-	-	-	-
Total other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	17,323	17,323
Contributions by and distributions to owners				
Conversion of executive redeemable shares	-	-	-	-
Dividends to equity holders	3	-	(80,910)	(80,910)
Total contributions by and distributions to owners	-	-	(80,910)	(80,910)
	362,387	621	132,291	495,299
Balance at 30 September 2015	362,387	621	132,291	495,299

**STATEMENT OF CHANGES IN EQUITY
FOR THE period ENDED 30 September 2014
Unaudited**

Balance as at 1 April 2014	361,913	457	174,512	536,882
Total comprehensive income for the period				
Net surplus for the period	-	-	(2,545)	(2,545)
Other comprehensive income after tax				
Fair value movements in relation to executive share scheme	-	-	-	-
Total other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	(2,545)	(2,545)
Contributions by and distributions to owners				
Conversion of executive redeemable shares	-	-	-	-
Dividends to equity holders	3	-	(39,315)	(39,315)
Total contributions by and distributions to owners	-	-	(39,315)	(39,315)
	361,913	457	132,652	495,022
Balance at 30 September 2014	361,913	457	132,652	495,022

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2015
Audited**

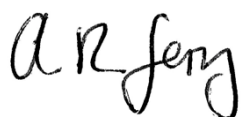
Balance as at 1 April 2014	361,913	457	174,512	536,882
Total comprehensive income for the year				
Net surplus for the year	-	-	170,191	170,191
Other comprehensive income after tax				
Fair value movements in relation to executive share scheme	-	164	-	164
Total other comprehensive income	-	164	-	164
Total comprehensive income for the year	-	164	170,191	170,355
Contributions by and distributions to owners				
Conversion of executive redeemable shares	474	-	-	474
Dividends to equity holders	3	-	(148,825)	(148,825)
Total contributions by and distributions to owners	474	-	(148,825)	(148,351)
	362,387	621	195,878	558,886
Balance at 31 March 2015	362,387	621	195,878	558,886

The accompanying notes form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2015**

		6 months ended 30 September 2015	6 months ended 30 September 2014	Year Ended 31 March 2015
	Notes	Unaudited \$000	Unaudited \$000	Audited \$000
Cash and cash equivalents		-	-	4
Prepayments and sundry receivables		1,248	1,375	6,679
Income tax receivable		3,789	3,254	521
Advances to subsidiary companies	12	1,300,282	1,297,771	1,360,237
Current assets		1,305,319	1,302,400	1,367,441
Deferred tax		22,244	16,195	20,061
Investments	12	337,528	337,528	337,528
Non current assets		359,772	353,723	357,589
Total assets		1,665,091	1,656,123	1,725,030
Bond interest payable		8,242	8,037	8,046
Accounts payable		2,402	1,926	2,148
Accrual and other liabilities		629	919	826
Infrastructure Bonds	7	152,836	-	152,836
Loans from group companies	12	153,897	153,897	153,897
Total current liabilities		318,006	164,779	317,753
Infrastructure Bonds	7	596,933	748,133	596,117
Perpetual Infratil Infrastructure bonds	7	233,136	232,753	232,944
Derivative financial instruments	8	21,718	15,436	19,330
Non current liabilities		851,787	996,322	848,391
Attributable to shareholders of the Company		495,299	495,022	558,886
Total equity		495,299	495,022	558,886
Total equity and liabilities		1,665,091	1,656,123	1,725,030

Approved on behalf of the Board on 10 November 2015



Director



Director

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2015**

		6 months ended 30 September 2015	6 months ended 30 September 2014	Year Ended 31 March 2015
	Notes	Unaudited \$000	Unaudited \$000	Audited \$000
Cash flows from operating activities				
<i>Cash was provided from:</i>				
Dividends received from subsidiary companies		-	-	190,000
Subvention receipt		22,000	-	-
Interest received		37	10	17
Taxation received		5,438	-	-
Receipts from customers		-	138	92
		27,475	148	190,109
<i>Cash was dispersed to:</i>				
Interest paid		(37,669)	(37,555)	(75,087)
Payments to suppliers		(12,944)	(10,679)	(28,325)
Taxation (paid) / refunded		(3,741)	(909)	(5,990)
		(54,354)	(49,143)	(109,402)
Net cash flows from operating activities	9	(26,879)	(48,995)	80,707
Cash flows from investing activities				
<i>Cash was provided from:</i>				
Net movement in subsidiary company loan		107,792	94,281	73,618
		107,792	94,281	73,618
<i>Cash was dispersed to:</i>				
Acquisition of shares in subsidiary		-	(5,972)	(5,972)
		-	(5,972)	(5,972)
Net cash flows from investing activities		107,792	88,309	67,646
Cash flows from financing activities				
<i>Cash was provided from:</i>				
Proceeds from issue of shares		-	-	476
Issue of bonds		-	-	-
		-	-	476
<i>Cash was dispersed to:</i>				
Repayment of bonds		-	-	-
Infrastructure bond issue expenses		(7)	-	-
Dividends paid	3	(80,910)	(39,314)	(148,825)
		(80,917)	(39,314)	(148,825)
Net cash flows from financing activities		(80,917)	(39,314)	(148,349)
Net cash movement		(4)	-	4
Cash balances at beginning of period		4	-	-
Cash balances at period end		-	-	4

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2015**

(1) Accounting policies

Basis of preparation

Infratil Limited ('the Company') is a company domiciled in New Zealand and registered under the Companies Act 1993. The Company is listed on the NZX Main Board ('NZX') and Australian Securities Exchange ('ASX'), and is an FMC Reporting Entity in terms of Part 7 of the Financial Markets Conduct Act 2013. These unaudited condensed consolidated half year financial statements ('half year statements') of Infratil Limited have been prepared in accordance with NZ IAS 34 Interim Financial Reporting and comply with IAS 34 Interim Financial Reporting. The half year statements for the six months to 30 September 2015 have been prepared in accordance with the accounting policies stated in the published financial statements for the year ended 31 March 2015 and should be read in conjunction with the previous annual report. No changes have been made from the accounting policies used in the most recent annual report which can be obtained from Infratil's registered office or www.infratil.com.

(2) Nature of business

The Company is the parent company of the Infratil Group which owns infrastructure & utility businesses and investments in New Zealand and Australia. The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 5 Market Lane, Wellington, New Zealand.

(3) Infratil shares

	6 months ended 30 September 2015 Unaudited	6 months ended 30 September 2014 Unaudited	Year Ended 31 March 2015 Audited
Total issued capital at the beginning of the period	561,875,237	561,617,737	561,617,737
<i>Movements in issued and fully paid ordinary shares during the period:</i>			
Share buyback (held as treasury stock)	-	-	-
Treasury Stock reissued under dividend reinvestment plan	-	-	-
Conversion of executive redeemable shares	-	-	257,500
Total issued capital at the end of the period	561,875,237	561,617,737	561,875,237

All fully paid ordinary shares have equal voting rights and share equally in dividends and equity. At 30 September 2015 the Company held 4,500,000 shares as Treasury Stock (30 September 2014: 4,500,000, 31 March 2015: 4,500,000).

Dividends paid on ordinary shares

	6 months ended 30 September 2015 Unaudited	6 months ended 30 September 2014 Unaudited	Year Ended 31 March 2015 Audited	6 months ended 30 September 2015 Unaudited	6 months ended 30 September 2014 Unaudited	Year Ended 31 March 2015 Audited
<i>Dividends declared and paid by the Company for the period were as follows:</i>						
	cents per share	cents per share	cents per share	\$000	\$000	\$000
Final dividend prior year	8.00	7.00	7.00	44,950	39,315	39,313
Interim dividend paid	-	-	4.50	-	-	25,267
Special dividend paid	6.40	-	15.00	35,960	-	84,243
	14.40	7.00	26.50	80,910	39,315	148,823

Executive redeemable shares

	6 months ended 30 September 2015	6 months ended 30 September 2014	Year Ended 31 March 2015
Balance at the beginning of the period	1,337,500	1,082,500	1,082,500
Shares issued	-	-	512,500
Shares converted to ordinary shares	-	-	(257,500)
Shares cancelled	-	-	-
Balance at end of period	1,337,500	1,082,500	1,337,500

During the year no shares were forfeited by executives leaving Infratil (30 September 2014: 15,000, 31 March 2015: 15,000).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2015**

(4) Other operating expenses

		6 months ended 30 September 2015	6 months ended 30 September 2014	Year Ended 31 March 2015
				Audited
Fees paid to the Company auditor		106	110	168
Directors' fees	12	344	291	610
Administration and other corporate costs		3,541	2,967	6,062
Management fee (to related party Morrison & Co Infrastructure Management)	12	10,024	9,583	19,334
Total other operating expenses		14,016	12,951	26,174

		6 months ended 30 September 2015 Unaudited \$000	6 months ended 30 September 2014 Unaudited \$000	Year Ended 31 March 2015 Audited \$000
<i>Fees paid to the Company auditor</i>				
Audit and review of financial statements		102	110	168
Taxation services		4	-	1
Other services		-	-	10
Total fees paid to the Company auditor		106	110	179

The audit fee includes the fees for both the annual audit of the financial statements and the review of the interim financial statements. Other assurance services comprise of agreed upon procedures, audit of compliance reports and verification of incentive fee paid. Tax services relate to tax compliance work.

(5) Net investment realisations and (impairments)

At 30 September 2015 the Company reviewed the carrying amounts of loans to Infratil Group companies to determine whether there is any indication that those assets have suffered an impairment loss. The recoverable amount of the asset was estimated by reference to the counterparties' net asset position and ability to repay loans out of operating cash flows in order to determine the extent of any impairment loss. As a result the Company did not impair any loans to Infratil Group companies in 2015 (September 2014: nil, March 2015: nil).

(6) Taxation

	6 months ended 30 September 2015 Unaudited \$000	6 months ended 30 September 2014 Unaudited \$000	Year Ended 31 March 2015 Audited \$000
(Loss)/surplus before taxation	15,607	(3,432)	173,245
Taxation on the (loss)/surplus for the period @ 28% tax rate	(4,370)	961	(48,509)
<i>Plus/(less) taxation adjustments:</i>			
Exempt dividends	-	-	53,200
Loss offset from (to) group company	6,160	-	-
Under/(over) provision in prior periods	(1)	-	(8,278)
Other permanent differences	(73)	(74)	533
Taxation (expense)/credit	1,715	888	(3,054)
Current taxation	2,192	1,354	(6,799)
Deferred taxation	(477)	(466)	3,745
	1,715	888	(3,054)

There was no income tax recognised in other comprehensive income during the period (30 September 2014: nil, 31 March 2015: nil)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2015**

(7) Infrastructure Bonds

	6 months ended 30 September 2015 Unaudited \$000	6 months ended 30 September 2014 Unaudited \$000	Year Ended 31 March 2015 Audited \$000
Balance at the beginning of the period	981,897	979,879	979,879
Issued during the period	-	-	-
Matured during the period	-	-	-
Exchanged during the period	-	-	-
Purchased by Infratil during the period	-	-	-
Bond issue costs capitalised during the period	-	-	-
Bond issue costs amortised during the period	1,007	1,007	2,018
Balance at the end of the period	982,904	980,886	981,897
Current	152,836	-	152,836
Non current fixed coupon	596,933	748,133	596,117
Non current perpetual variable coupon	233,136	232,753	232,944
Balance at the end of the period	982,904	980,886	981,897
<i>Repayment terms and interest rates:</i>			
IFT070 Maturing in November 2015, 8.50% p.a. fixed coupon rate	152,836	152,836	152,836
IFT150 Maturing in June 2016, 8.50% p.a. fixed coupon rate	100,000	100,000	100,000
IFT160 Maturing in June 2017, 8.50% p.a. fixed coupon rate	66,285	66,285	66,285
IFT170 Maturing in November 2017, 8.00% p.a. fixed coupon rate	81,112	81,112	81,112
IFT180 Maturing in November 2018, 6.85% p.a. fixed coupon rate	111,418	111,418	111,418
IFT200 Maturing in November 2019, 6.75% p.a. fixed coupon rate	68,500	68,500	68,500
IFT090 Maturing in February 2020, 8.50% p.a. fixed coupon rate	80,498	80,498	80,498
IFT190 Maturing in June 2022, 6.85% p.a. fixed coupon rate	93,696	93,696	93,696
IFTHA Perpetual Infratil infrastructure bonds	234,857	234,857	234,857
less: Bond issue costs capitalised and amortised over term	(6,296)	(8,314)	(7,303)
Balance at the end of the period	982,904	980,886	981,897

Fixed coupon

The fixed coupon bonds the Company has on issue are at a face value of \$1.00 per bond. Interest is payable quarterly on the bonds. 25 days prior to the maturity date of the IFT070, IFT090, IFT150 and IFT160 series, Infratil can elect to redeem those infrastructure bonds at their \$1.00 face value payable in cash, or convert all the infrastructure bonds in the relevant series by issuing the number of shares equivalent to 98% of the face value of the bonds multiplied by the market price of the shares. The market price is the average price weighted by volume of all trades of ordinary shares over the 10 business days up to the fifth business day before the maturity date.

Perpetual Infratil infrastructure bonds ('PIIBs')

The Company has 234,857,200 (30 September 2014: 234,857,200, 31 March 2015: 234,857,200) PIIBs on issue at a face value of \$1.00 per bond. Interest is payable quarterly on the bonds. For the period to 15 November 2015 the coupon is fixed at 5.26% per annum (September 2014: 4.53%, March 2015: 5.26%). Thereafter the rate will be reset annually at 1.5% per annum over the then one year bank rate (quarterly), unless Infratil's gearing ratio exceeds certain thresholds, in which case the margin increases. These infrastructure bonds have no fixed maturity date. No PIIBs (September 2014: nil, March 2015: nil) were repurchased by Infratil Limited during the period.

Throughout the year the Company complied with all debt covenant requirements as imposed by the bond trustee.

At 30 September 2015 the Infrastructure bonds (including PIIBs) had a fair value of \$967.1 million (30 September 2014: \$963.4 million, 31 March 2015: \$966.1 million).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2015**

(8) Financial instruments

Risk Management

Interest rates

Interest rate risk is the risk of interest rate volatility negatively affecting the Company's interest expense cash flow and earnings. The Company mitigates this risk by issuing borrowings at fixed interest rates or entering into Interest Rate Swaps to convert floating rate exposures to fixed rate exposure. Borrowings issued at fixed rates expose the Company to fair value interest rate risk which is managed by the interest rate profile and hedging.

The Company has interest rate swap derivatives that are classified as Level 2 and have a fair value liability of \$21.7 million at 30 September 2015 (30 September 2014: \$15.4 million, 31 March 2015: \$19.3m).

(9) Reconciliation of net surplus with cash flow from operating activities

	6 months ended 30 September 2015 Unaudited \$000	6 months ended 30 September 2014 Unaudited \$000	Year Ended 31 March 2015 Audited \$000
Net surplus	17,323	(2,545)	170,191
<i>Less items classified as investing activity</i>			
Loss/(profit) on investment realisations and impairments	-	(132)	(132)
<i>Add items not involving cash flows</i>			
Movement in financial derivatives taken to the profit or loss	2,388	1,172	5,066
Capitalisation of intercompany interest and charges	(47,841)	(47,904)	(89,234)
Other	1,009	1,009	2,018
<i>Movements in working capital</i>			
Change in receivables	5,438	138	(5,478)
Change in trade payables	253	1,626	1,848
Change in accruals and other liabilities	(2)	(563)	(645)
Change in taxation and deferred tax	(5,447)	(1,796)	(2,927)
Net cash inflow from operating activities	(26,879)	(48,995)	80,707

(10) Commitments

There are no outstanding commitments (30 September 2014: nil, 31 March 2015: nil).

(11) Contingent liabilities

The Company and certain wholly owned subsidiaries are guarantors of the bank debt facilities of Infratil Finance Limited under a Deed of Negative Pledge, Guarantee and Subordination and the Company is a guarantor to certain obligations of subsidiary companies.

The Company has a contingent liability under the international fund management agreement with Morrison & Co International Limited in the event that the Group sells its international assets, or valuation of the assets exceeds the performance thresholds set out in the management agreement.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2015**

(12) Related parties

Certain Infratil Directors have relevant interests in a number of companies with which Infratil has transactions in the normal course of business. A number of key management personnel are also Directors of Group subsidiary companies and associates.

Morrison & Co Infrastructure Management Limited ('MCIM') is the management company for the Company and receives management fees in accordance with the applicable management agreement.

MCIM is owned by H.R.L. Morrison & Co Group Limited Partnership ('MCO'). Messrs M Bogoevski and D P Saville are directors of, and Mr Muh is an alternate director of Infratil. Mr Bogoevski is a director and Chief Executive Officer of MCO, Mr Muh is an executive director of MCO, and Mr Saville is a non-executive director of MCO. Entities associated with Mr Bogoevski, Mr Saville and Mr Muh also have beneficial interests in MCO.

The Company has the following significant loans and investments to/from/in its subsidiaries:

Related Party	Interest income/(expense)			Intercompany (loan)/advance/investment at carrying value		
	6 months ended 30 September 2015 Unaudited \$000	6 months ended 30 September 2014 Unaudited \$000	Year Ended 31 March 2015 Audited \$000	6 months ended 30 September 2015 Unaudited \$000	6 months ended 30 September 2014 Unaudited \$000	Year Ended 31 March 2015 Audited \$000
<i>Advances</i>						
Infratil Finance	35,000	35,000	70,000	1,300,283	1,297,772	1,359,629
Aotea Energy Holdings Limited	-	-	-	(153,897)	(153,897)	(153,897)
<i>Investments in</i>						
Infratil Investments Limited				87,665	87,665	87,665
Infratil 1998 Limited				12,000	12,000	12,000
Infratil Finance Limited				153,897	153,897	153,897
Infratil No. 1 Limited				78,023	78,023	78,023
Infratil PPP Limited				5,942	5,942	5,942

(13) Segment analysis

During the year, the Company operated in predominantly one business segment, that of investments.

Geographical segments

The Company operated in one geographical area, that of New Zealand. Certain subsidiaries of the Company invest in Australia.

(14) Events after balance date

Dividend

On 10 November 2015, the Directors approved a fully imputed interim dividend of 5.25 cents per share to holders of fully paid ordinary shares to be paid on 15 December 2015.

Bond Issue

On 1 October 2015 Infratil announced the opening of an offer of Infrastructure Bonds which mature on 15 September 2023 and pay a quarterly coupon of 5.25% per annum. On 27 October 2015 and 29 October 2015 \$75.0 million and \$16.3 million bonds were allotted respectively. The bond offer closes on 13 November 2015 with the final allotment on 16 November 2015.

Directory

Directors

M Tume (Chairman)
M Bogoievski
A Gerry
P Gough
H J D Rolleston
D P Saville
A Y Muh (alternate to D P Saville)

Company Secretary

P Harford

Registered Office - New Zealand

5 Market Lane
PO Box 320
Wellington
Telephone: +64 4 473 3663
Internet address: www.infratil.com

Manager

Morrison & Co Infrastructure Management
5 Market Lane
PO Box 1395
Wellington
Telephone: +64 4 473 2399
Facsimile: +64 4 473 2388
Internet address: www.hrlmorrison.com

Share Registrar - New Zealand

Link Market Services
Level 7, Zurich House
21 Queen Street
PO Box 91976
Auckland
Telephone: +64 9 375 5999
E-mail: enquiries@linkmarketservices.co.nz
Internet address: www.linkmarketservices.co.nz

Auditor

KPMG
Maritime Tower
10 Customhouse Quay
PO Box 996
Wellington

Bankers

Bank of New Zealand
Level 4
80 Queen Street
Auckland

Registered Office - Australia

C/- H.R.L. Morrison & Co Private Markets
Suite 40C
Level 40
Governor Phillip Tower
1 Farrer Place
Sydney
NSW, 2000
Telephone: +64 4 473 3663

Share Registrar - Australia

Link Market Services
Level 12
680 George Street
Sydney
NSW 2000
Telephone: +61 2 8280 7100
E-mail: registrars@linkmarketservices.com.au
Internet address: www.linkmarketservices.com.au



Independent review report

To the Shareholders of Infratil Limited

Report of the Interim Financial statements

We have completed a review of the interim financial statements of Infratil Limited (the “Parent”) on pages 1 to 9 which comprise the statement of financial position as at 30 September 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, and a summary of significant accounting policies and other explanatory information.

Directors’ responsibilities

The Directors of Infratil Limited are responsible for the preparation and fair presentation of interim financial statements in accordance with NZ IAS 34 Interim Financial Reporting and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Our responsibilities

Our responsibility is to express a conclusion on the interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity*. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared, in all material respects, in accordance with NZ IAS 34 Interim Financial Reporting. As the auditor of Infratil Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of interim financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on those financial statements.

Other than in our capacity as auditors we have no relationship with or interests in the Parent.

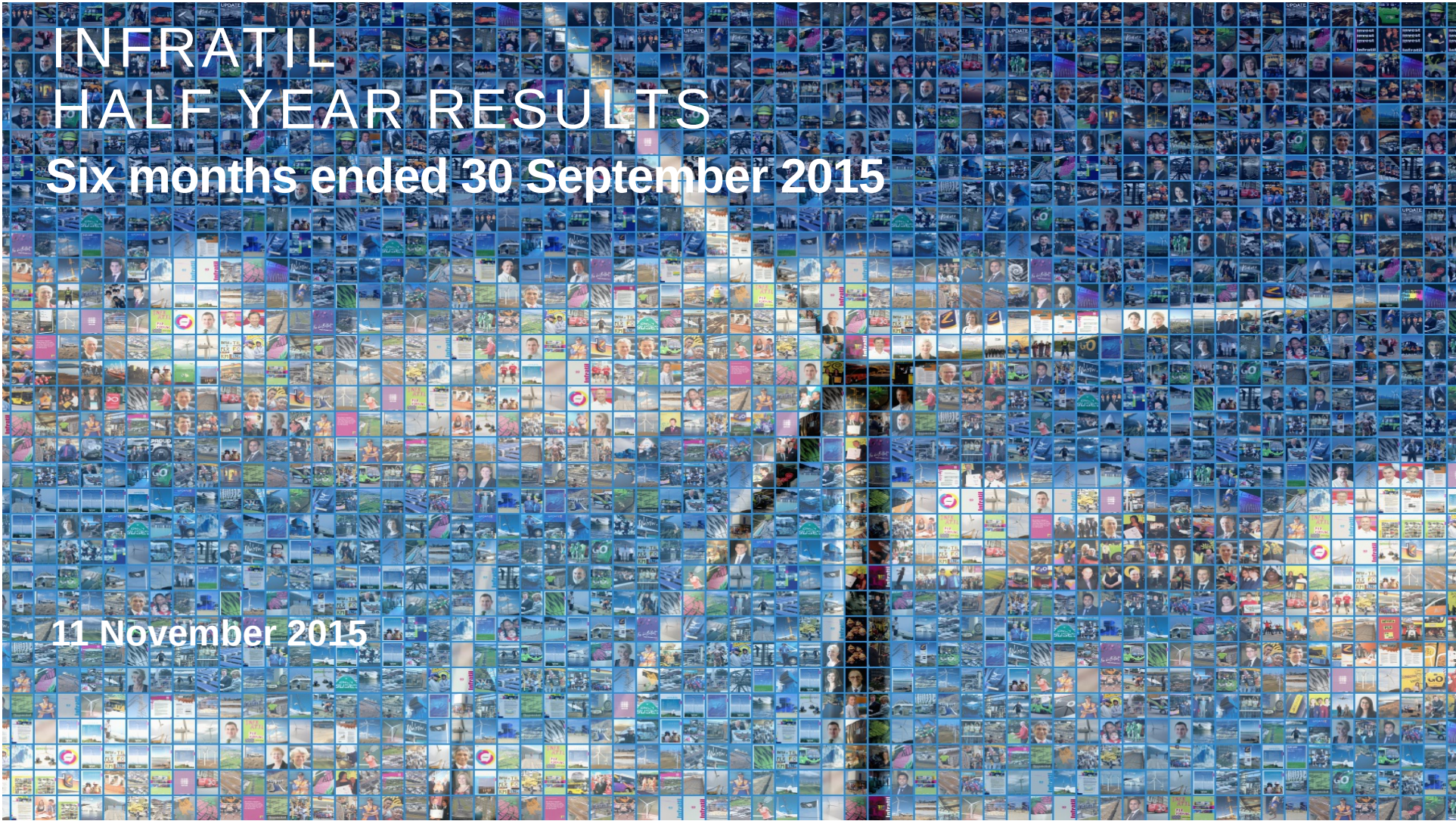


Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these interim financial statements of Infratil Limited do not present fairly, in all material respects, the financial position of the Infratil Limited as at 30 September 2015, and of its financial performance and its cash flows for the period ended on that date, in accordance with NZ IAS 34 Interim Financial Reporting.

A handwritten signature in blue ink, appearing to read 'KPMG', is written over the date and location text.

10 November 2015
Wellington



INFRATIL HALF YEAR RESULTS

Six months ended 30 September 2015

11 November 2015

Half Year Overview

Z Energy sale drives record net surplus



- Record net surplus following asset realisations
- EBITDAF from continuing operations +14.0%
- Ongoing portfolio renewal increases investment capacity:
 - Sale of 20% Z Energy stake for \$6.00 per share - \$480m
 - Trustpower \$65m-\$125m takeover offer for King Country Energy Limited
- FY2016 EBITDAF guidance range of \$500m-\$530m following Z sale
- Interim ordinary dividend of 5.25 cps, up 17% on prior year
- Strong capital position and confidence around future investment opportunities

Financial Highlights

EBITDAF growth and Z realisation boost result



Six months ended 30 September (\$M)	2015	2014	Variance	% Change
EBITDAF (continuing activities)	271.4	238.1	33.3	14.0%
Operating Earnings (continuing activities)	94.5	73.6	20.9	28.4%
Net Surplus after Tax, MI and Disc Ops	435.4	398.8	36.6	9.2%
Net Operating Cash Flow	121.6	122.2	(0.6)	(0.5%)
Capital Expenditure/Investment	55.1	196.0	(140.9)	(71.9%)

Result Summary

EBITDAF from continuing activities +14.0% on prior period



- \$20.9m increase in Operating Earnings to \$94.5m (+28.4%)
- TPW growth reflecting full six month contribution from Snowtown II wind farm
- Increased contributions from Metlifecare and RetireAustralia following investment property revaluations and first time contribution to interim result for RetireAustralia
- Z Energy contribution to EBITDAF included within discontinued operations

Six months ended 30 September (\$M)	2015	2014	% Change
EBITDAF (continuing activities)	271.4	238.1	14.0%
Depreciation & Amortisation	(85.3)	(72.1)	18.3%
EBIT	186.1	166.0	12.1%
Net Interest Expense	(91.6)	(92.4)	(0.9%)
Operating Earnings	94.5	73.6	28.4%

EBITDAF Breakdown

Renewables and retirement contributions deliver EBITDAF growth



Six months ended 30 Sep (\$M)	2015	2014
Trustpower	184.2	173.3
Wellington Airport	41.8	40.4
NZ Bus	22.7	20.0
Perth Energy	1.1	4.9
Other, eliminations, etc.	(10.6)	(8.8)
EBITDAF – pre associates	239.2	229.8
Metlifecare	16.5	8.3
RetireAustralia	15.7	-
EBITDAF – continuing	271.4	238.1
Discontinued operations	13.4	46.4
Total EBITDAF	284.8	284.5

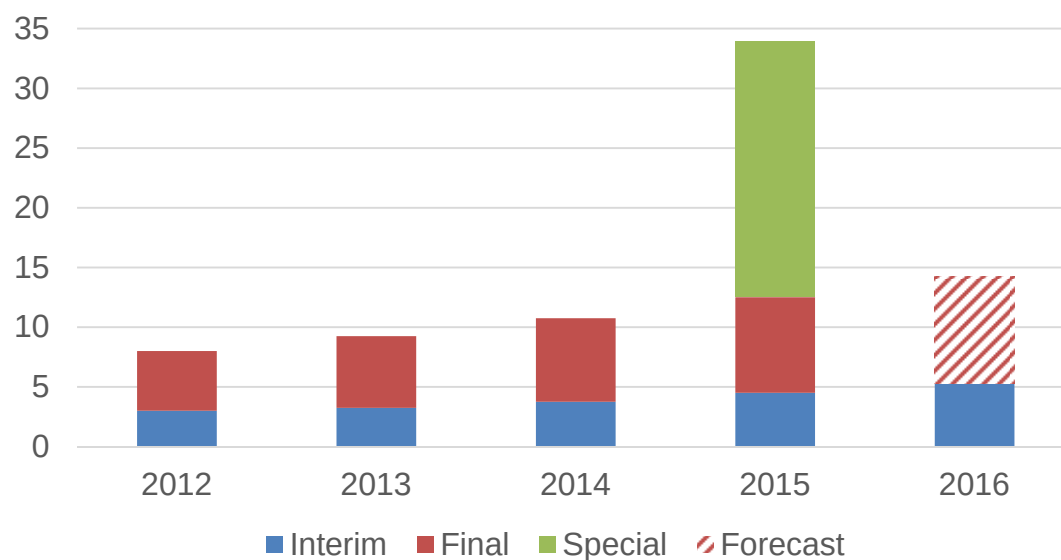
- **Trustpower** – EBITDAF increase of 6% following a full contribution from Snowtown II
- **Wellington Airport** – strong passenger growth; International +18%, Domestic +3%
- **NZ Bus** – EBITDAF growth reflects 1.5% passenger growth and cost improvements
- **Metlifecare** – investment property revaluations underpin growth in EBITDAF contribution
- **RetireAustralia** – acquired 31 December 2014 – strong sales momentum and investment property valuations driving result
- **Discontinued Operations** – includes Z Energy result in both periods and Lumo result in 2014

Distributions

Capital expenditure and earnings growth have driven DPS profile



Dividend Per Share Profile FY 2012-2016⁽¹⁾



INTERIM ORDINARY DIVIDEND

Interim ordinary dividend of 5.25 cps, fully imputed, payable on 15 December 2015 to shareholders recorded as owners by the registry as at 27 November 2015 (last year interim ordinary of 4.5 cps)

The DRP remains suspended for this dividend

⁽¹⁾ Forecast dividend range for the FY16 Final dividend is 8.0 – 9.0 cps

Debt Position

Strong capital position maintained to support future growth



- Senior debt facilities have maturities up to 4 years and 6 years (for bus finance export credit facility)
- A new \$100m (with up to \$50m oversubscriptions) 8 year bond issue at 5.25% closes on 13 November 2015
- Infratil continues to target duration of its borrowings consistent with the profile of its assets and long-term ownership

Maturing in the period to 31 March (\$M)	2016	2017	2018	2019	>4 yrs	>10 yrs
Bonds ⁽¹⁾	152.8	100.0	147.4	111.4	242.7	234.9
Infratil bank facilities ⁽²⁾	46.0	95.0	57.0	25.0	53.0	-
100% subsidiaries' bank facilities ⁽³⁾	6.3	12.7	12.7	12.7	29.4	-

⁽¹⁾ Maturity profile excludes 8 year bond issue currently underway

⁽²⁾ Infratil and wholly-owned subsidiaries exclude Trustpower, WIAL, Perth Energy, RetireAustralia and Metlifecare

⁽³⁾ NZ Bus export credit guarantee fleet procurement facility

Funds Available for Investment

Significant capacity provides financial flexibility



Period ended 30 September Wholly-owned group (\$M)	2011	2012	2013	2014	2015
Net bank debt (cash on hand)	352	397	42	(640)	(682)
Infratil bonds (incl. PiiBs)	799	858	921	989	989
Market value of equity	1,073	1,268	1,454	1,589	1,719
Total capital	2,224	2,523	2,417	1,938	2,026
Gearing (net debt / total capital)	52%	50%	40%	18%	15%
Infratil undrawn bank facilities ⁽¹⁾					276
100% subsidiaries cash					755
Dry powder					1,031

- Cash position of \$755m (including Z Energy proceeds of \$480m) and wholly owned subsidiaries bank facilities drawn of \$73.9m
- Infratil gearing 15.2% (net debt / net debt + equity capitalisation), down from 29.9% at March 2015

Net Asset Values

Book values at 30 September



Investment (\$M) ⁽¹⁾⁽²⁾	2015	2014
Trustpower	1,185.3	1,167.7
Z Energy	-	316.8
Wellington Airport	325.2	329.6
NZ Bus	275.6	300.5
RetireAustralia	241.6	-
Metlifecare	179.4	193.4
Perth Energy	79.3	76.5
Other	91.8	73.3
Total	2,378.2	2,457.8

(1) Book values represent accounting based measures of value, other than for listed investments (Trustpower, Z Energy and Metlifecare)

(2) Values exclude 100% subsidiaries' cash balances and deferred tax where CGT does not apply

- **Trustpower** – listed market value (\$7.42)
- **WIAL** – investment value represents 66% of book value of net assets
- **NZ Bus** – movement reflects asset depreciation
- **RetireAustralia** – acquisition cost plus share of trading result and NZD exchange gains
- **Metlifecare** – movement in listed market share price (\$4.23 vs \$4.60)
- **Other** includes investments in ASIP, iSite, Snapper and Property

Sale of Z Energy 30 September 2015

IFT success story in creating a strong NZ business



- On 30 September 2015, Infratil completed the sale of its 20% stake in Z Energy for a net sales price of \$479.8m, recognising a gain on sale of \$392.3m on the 20% stake
- Infratil acquired the business in April 2010 for \$209.8m and has received \$1,033.2m cash returns during its tenure of ownership – a 48.4% equity IRR since 2010 (492.6% total return)

Reported gain on Z Energy Sale	\$M
Gross sales proceeds	480.0
less: sales costs	(0.2)
Net sales proceeds	479.8
Carrying value of net assets sold	(87.5)
Net gain on sale	392.3

Total returns	\$M	\$ per share
Infratil acquisition cost	(209.8)	(3.73)
Cash income pre-IPO	118.6	2.11
Net IPO proceeds	397.4	7.07
Cash income post-IPO	37.4	0.67
Net sales proceeds	479.8	8.54
Total cash return on investment	1,033.2	18.39
Net cash return on investment	823.4	14.65

Australasian Energy - Trustpower

Delivering on growth agenda in NZ



It pays to get
it together.

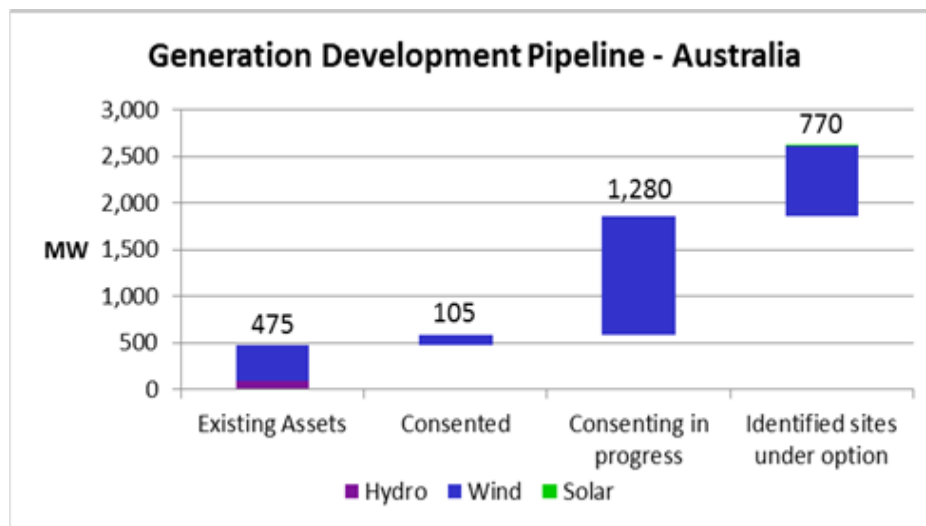


Better together.
trustpower.co.nz

- EBITDAF increased by 6% over prior period to \$184.2m
- Strong customer growth compared to prior period;
 - Electricity connections up 8% to 252,000
 - Gas connections up 33% to 28,000
 - Telco connections up 46% to 51,000
 - Mass market sales up 10% to 1,659GWh
- Announced takeover offer for King Country Energy
 - 53.7 MW of hydro generation
 - Circa 17,000 electricity customers
 - 54% Nova Energy shareholding committed via lock up agreement

Australasian Energy - Trustpower

Good options for growth in Australia



- Australian wind
 - LRET renewable energy now has bipartisan political support
 - Target will largely be met by wind
 - PPAs mitigate risk but may be hard to achieve
 - Progressing Development Approvals in SA, VIC and NSW with view that revised LRET scheme supports further wind development
 - Dundonnell in VIC consent hearing completed. Expect decision by end of 2015
 - New 105MW consented wind site in Western Australia with unconsented option for 20MW of solar

NZ Airports – Wellington Airport

EBITDAF increase reflects growth in passenger numbers



- EBITDAF +3.5% to \$41.8m
 - International PAX growth +18%. New Jetstar services to Melbourne and Gold Coast and Fiji Airways to Nadi
 - Solid domestic PAX growth +3%, forecast to continue with the up-gauging of Air NZ aircraft and regional competition from Jetstar, Sounds Air and Origin Air

- \$23.8m of capex invested during the period, primarily relating to the terminal extension, airfield engineering and the airport retail park
- Multi-storey car park is in final stages of design and cost approval, with construction commencing in early 2016
- Forecast growth and investment
 - Further investment in aeronautical and commercial facilities expected as growth continues (potential additional investment includes further expansion of the domestic and international terminals, airport hotel and roll out of the noise mitigation programme for neighbouring residents)

NZ Public Transport – NZ Bus

EBITDA Growth and focus on the future



- EBITDAF of \$22.7m, +14%
 - Revenue +1.5%, reflecting 1% patronage growth over PY and increases to Auckland fares. Total passengers 31.3m
 - Expenses -1.1%, despite increased labour and PTOM costs, reflecting improvements in productivity and fuel costs
- Public Transport Operating Model (“PTOM”) Tenders
 - NZ Bus submitted tenders for the 8 South Auckland units in early October, with results expected early 2016 and the services to commence in September 2016
 - The West Auckland and Waikato tenders are likely to be released in November, with North Auckland and Central Auckland following in 2016
 - Greater Wellington Regional Council is expected to release draft contracts in November for consultation, with tenders in Q2 2016 and new contracts starting from January 2018
- Fleet Additions
 - NZ Bus is introducing 23 double decker buses to central Auckland routes in mid-2016

Australia Retirement Living - RetireAustralia

RetireAustralia transition phase into the IFT portfolio



- A\$14.4m equity-accounted contribution to Infratil
 - Underlying EBIT of A\$39.9m¹
 - Revaluation gains A\$13.0m and realised gains of A\$18.4m
 - Operating cashflow of A\$36.6m²
 - Development pipeline of over 450 units
- Governance and organisational change
 - Recently appointed new CEO, Alison Quinn (starting mid January 2016)
- Strong sales momentum
 - Expect to achieve 100+ new sales for the year to 31 March 2016. Demand and pricing remains robust
 - Re-sales activity is in-line with plan across the portfolio

¹ RetireAustralia Underlying EBIT excludes land apportionment but includes spend on communal facilities

² RetireAustralia operating cashflows exclude financing

NZ Retirement Living - Metlifecare

Metlifecare showing strong profit growth and development



- \$16.5m equity accounted contribution to Infratil
 - Underlying profit up 14% to \$52.4m (FY2015)
 - Revaluation gains \$121.2m and realised gains of \$39.8m
 - Operating cashflow growth of 40% to \$83.3m (FY2015)
- Development pipeline of over 2,000 units and care beds
 - Greenfield and brownfield construction underway across North Island – over 289 units & beds currently under construction and over 400 units and care beds forecast to be delivered in FY16 and FY17
 - Conditional agreements for greenfield sites at Red Beach (5ha) and Albany (3ha) adding over 800 units and care beds



Portfolio Management

Origination focused on renewables, retirement and development



- Current strategy to tilt the portfolio towards risk assets and development opportunities
- Infratil is likely to build on the core existing platforms established for renewables and the retirement sector
 - Good value is available as market disruptions occur (e.g. Australian renewables post the RET review)
 - Fragmented Australian retirement sector yet to consolidate
 - Possible that both models can be extended beyond traditional Australasian markets in the long-term
- Development projects still offering attractive equity IRRs
 - Rewards available for taking development and greenfield risks
 - Search for controlled development risk may require consideration of new geographies and sectors
- Positioned to respond quickly to market developments and large-scale opportunities in domestic markets



Capital Management

Capital structure appropriate for growing pipeline of developments



- Capital structure designed to support growing development pipeline of internal opportunities in renewables and retirement
- Important to have committed capital in large private market processes and at times of market dislocation
 - Infrastructure and capital markets are currently positive, although we remain cautious given current asset pricing and the potential for significant volatility as developed markets face the end of QE
 - Disruption in energy markets is likely to continue given low oil prices
- We remain positive on investment prospects in targeted sectors
- Pipeline of external origination opportunities is larger than the capital available

Group Capital Expenditure and Investment

2015/16 focused on deployment of internal capex pipeline



Capex (\$M)	30 September 2015	FY16 Outlook
Trustpower ⁽¹⁾	15.4	40-50
Wellington Airport	28.0	75-85
NZ Bus	4.8	12-16
Metlifecare ⁽²⁾	0.6	1-2
RetireAustralia ⁽²⁾	1.3	1-2
Australian PPP	0.3	8-12
Other	4.7	8-13
Total	55.1	145-180

(1) Excludes investment related to the proposed acquisition of King Country Energy

(2) Capital expenditure excludes asset level capex of RetireAustralia and Metlifecare

- **Trustpower** – no major FY16 capex planned
– forecast excludes the proposed \$65m-\$125m acquisition of King Country Energy Limited
- **Wellington Airport** - terminal expansion and airfield engineering underway, multi-level car park planned for 2nd half FY16
- **NZ Bus** – includes fleet renewals and upgrades and double decker bus acquisitions
- **Australian PPP** - investment contributions for the new Royal Adelaide Hospital development via ASIP
- **Other** - investment to design bus depot upgrades and digital billboard offering
- Forecast assumes no changes in the portfolio

2015/16 Outlook

Significant growth forecast from continuing operations



\$Millions	30 September 2015 Actual	FY 2016 Outlook ⁽¹⁾
EBITDAF ⁽²⁾ – continuing operations	271.4	500–530
Net interest	91.6	160–170
Operating cash flow	121.6	250–280
Depreciation and amortisation	85.3	170–180

2015/16 EBITDAF range \$500m - \$530m:

- Updated following the Z Energy sale – Z Energy result now included in discontinued operations
- Assumes no further changes in the IFT portfolio

- 1) The 2016 guidance is based on management's current expectations and assumptions about the trading performance of Infratil's investments and is subject to risks and uncertainties, is dependent on prevailing market conditions continuing throughout the outlook period and assumes no other major changes in the composition of the Infratil investment portfolio. Trading performance and market conditions can and will change, which may materially affect the guidance set out above.
- 2) EBITDAF is a non-GAAP measure of financial performance and represents consolidated net earnings before adjustments for interest, tax, depreciation, amortisation, financial derivative movements, revaluations, non-operating gains or losses on the sales of investments. EBITDAF is a non-GAAP measure of financial performance, presented to show management's view of the underlying business performance.

Infratil Group – Summary

Quality pipeline and uncertain markets support the case for retention



- Further portfolio recycling has established a very strong capital base
- Ongoing review of capital management options confirms that retention is optimal given high levels of confidence around internal reinvestment options and current origination activity
 - Infratil is active in a number of near-term opportunities
- Key value drivers for the next 12-24 months;
 - Further traction of the New Zealand retail multi-service offering and consolidation in the New Zealand market
 - Financial close on renewable projects in Australia following regulatory clarity of the RET review
 - Delivery of development opportunities in the retirement sector and consolidation in both Australia and New Zealand
 - Execution of the capital expenditure plans in Wellington Airport
 - Allocation of further capital into early stage and/or higher growth development exposures in favoured sectors - e.g. renewables, retirement, water and irrigation, telco infrastructure
- Cash flow growth and outlook supports continued growth in dividends per share

For more information:



www.infratil.com

Appendix I

Consolidated Profit & Loss



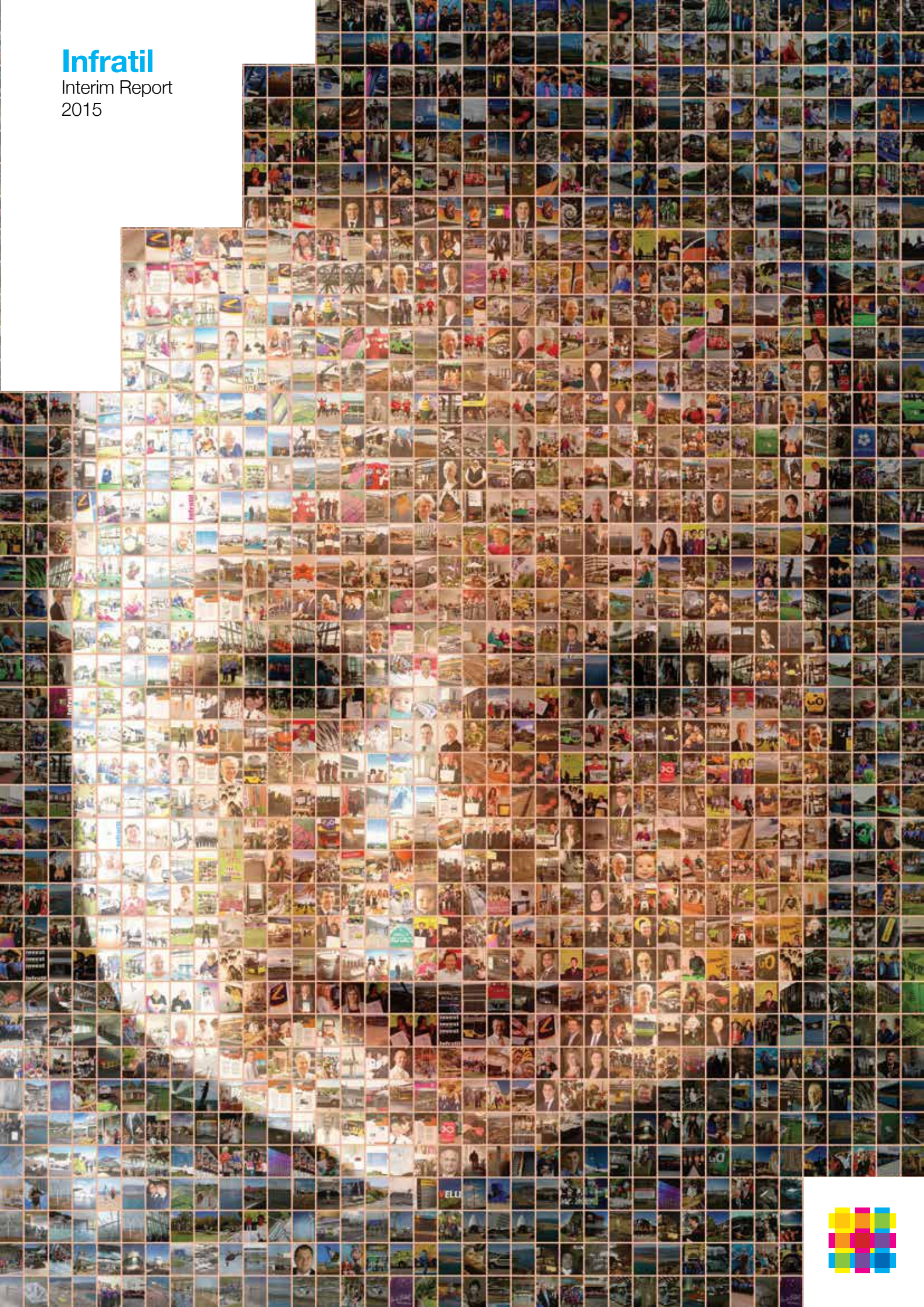
Group Financial Performance (\$M)	HY September 2015	HY September 2014
Total income	909.5	847.8
Operating expenditure	(638.1)	(609.7)
EBITDAF (continuing activities)	271.4	238.1
Net interest	(91.6)	(92.4)
Depreciation & amortisation	(85.3)	(72.1)
Operating earnings (continuing activities)	94.5	73.6
Net loss on foreign exchange and financial derivatives	(8.5)	(4.7)
Net investment realisations and revaluations	0.7	29.9
Tax	(21.6)	(21.8)
Discontinued operations ⁽¹⁾	405.7	371.4
Net Surplus after tax	470.8	448.4
Minority interests	(35.4)	(49.6)
Net Parent Surplus	435.4	398.8

⁽¹⁾ Discontinued operations relate to Z Energy which was sold in FY16 and the IEA Group and PayGlobal which were sold in FY15

INFRATIL
2015

Infratil

Interim Report
2015



A large wind turbine is shown against a sunset sky with orange and blue clouds. A blue text box is on the left side of the image.

Infratil owns energy, transport and social infrastructure businesses that provide essential services to individuals and communities. If they are efficient and provide good services they create opportunities for profitable growth.

When Infratil opened its issue of 5.25% coupon Infrastructure Bonds maturing in 2023 (IFT210) it received a waiver from the NZX in respect of a rule that there must be at least 100 bond holders holding at least 25% of the securities issued on the day the securities were first listed ("spread requirement"). Had the Infrastructure Bonds not been widely held it could have reduced their secondary market liquidity. While the spread requirement has now been met, NZX made it a condition of the waiver that the waiver's existence be prominently displayed in the Infratil Interim Report (it is explained further in the Bond Terms Sheet) and that Infratil keep NZX informed in the event the spread requirement is not maintained.

Highlights

for the six months
ended 30 September
2015

Net parent surplus for the period was \$435 million compared with \$399 million last year

- 78 cents per share up from 71 cents.

Consolidated EBITDAF from continuing operations¹ was \$271 million (\$238 million for the same period last year and \$452 million for the last full year)

- \$11 million increase in Trustpower EBITDAF.
- \$24 million increased contribution from retirement accommodation in New Zealand and Australia.

Full year EBITDAF guidance for FY16 is confirmed at \$500-\$530 million (last year actual \$452 million)

- Relative to the guidance given in May, the updated guidance has been reduced to reflect the sale of the remaining 20% interest in Z Energy, partially offset by a small increase in projected earnings from continuing operations.

\$55 million of capital was invested over the period (\$196 million in the prior period)

- 50% of the group's investment for the period was undertaken by Wellington Airport.
- An increase in internal capital spending is anticipated in the second half of the year.
- Significant acquisition initiatives are under active development.

The sale of Infratil's 20% interest in Z Energy realised \$480 million and provided a gain on book value of \$392 million

Net debt² of Infratil and wholly owned subsidiaries fell to \$308 million from \$761 million at the start of the period (15% of total capitalisation from 30%)

- A \$100 million issue of 5.25% per annum bonds maturing September 2023 was opened after balance date and has been oversubscribed. \$153 million of 8.5% per annum bonds mature in November 2015.

The interim dividend increased to 5.25 cents per share from 4.50 cents last year

- The dividend will be paid on 15 December 2015 to shareholders of record on 27 November 2015.
- Last year special dividends of 21.4 cents per share were declared (amounting to \$120 million). While Infratil is now in an even stronger capital position, the pipeline of internal capital expenditure and external origination is strong. Funds may be required for investment projects now under development and until these initiatives are finalised (one way or the other) returns of capital are on hold.

1. EBITDAF is a non-GAAP measure which shows management's view of underlying business performance. It shows operating earnings before deducting interest, tax, depreciation and amortisation and before making any adjustments for fair value movements, realisations and impairments.

2. For 30 September 2015 net debt includes \$480 million of receivables from the sale of Z Energy shares. This amount was received in October.

Chairman and Chief Executive Report

Infratil's goal is to provide good risk-adjusted returns to its shareholders. Primarily this will come from capital allocation decisions and the operational results that drive individual business values.

For our shareholders, the six month period under review may feel as if Infratil won the double, but needed the trifecta. Operating earnings were good, asset disposals delivered excellent value, but no new major capital allocation occurred. For reasons which are unclear, Infratil's strong capital position which provides the capacity to deploy over \$1 billion seems to have resulted in weakness in Infratil's share price. Positively, the uncertainty will be resolved in due course as new investments are executed or capital returned.

One potential investment which has been noted in the media is Pacific Hydro. This company owns and develops renewable generation in Australia and South America. It is being sold by its funds manager owner as it seems that the operational expertise required of the owner is not a good fit with a passive management approach. Pacific Hydro's breadth of generation assets and extensive pipeline of development projects is well suited to Infratil's management capability. The sales process is expected to conclude in FY2016 although the outcome is uncertain and the company is for sale as a whole or by geography.

It is apparent that attractive opportunities for deployment of Infratil's capital are available and the best outcome will reflect patience and a long term perspective on value.

EBITDAF (Earnings before interest, tax, depreciation, amortisations and adjustments for fair value movements, realisations and impairments) on continuing operations was \$271 million, up 14% or \$33 million on the prior period. Improved contributions were received from all businesses except Perth Energy.

Trustpower is delivering strong growth from its multi-utility retail offer and building a pipeline of wind and solar generation development projects. Retail growth and slightly higher wind and hydro generation on both sides of the Tasman contributed to a 6% increase in EBITDAF. This would have been higher but for the expenses associated with expanding the retail customer base.

Wellington Airport saw three new international services and the announcement that Jetstar is to expand its domestic services into regional New Zealand. This latter event is likely to have been an important contributor to the 13% drop in domestic air travel costs registered by Statistics NZ for the June quarter. To accommodate traffic growth the Airport is in the initial stages of a series of construction projects which makes it the biggest (by value) building site in New Zealand outside of Auckland and Christchurch.

NZ Bus lodged bids for the South Auckland public transport services that are the first major expression of the regulatory/contracting regime which has been in gestation for the last decade! NZ Bus has comprehensively prepared for this bid, but the final decision is hard to anticipate as it will be based on a mixture of price and qualitative factors. The "up or out" nature of this process is hard on all the NZ Bus staff and their support and engagement though this long process is appreciated.

Metlifecare made solid progress on delivering its operational and strategic objectives. Surveys of staff and residents indicate a high and improving level of satisfaction. Over the last two years Metlifecare has sold occupancy rights to 948 units and delivered 197 new units, and over the next two years the company is forecasting delivery of 269 new units and 154 care beds. The latter initiative reflecting the Company's intention to expand its care offering.

RetireAustralia delivered to expectations over its first half year of Infratil ownership. Alison Quinn was appointed as chief executive and will commence work in the New Year. She will oversee the objectives of increasing the range of care options and the rate of new unit development. Occupancy rights to 241 units were sold over the period, including for 59 new units.

Investments & Opportunities

Over the period Infratil sold its residual shareholding in Z Energy and actively engaged in a number of projects to redeploy the available capital. Yet Infratil is decidedly not an asset trader. The transactions and opportunities reflect a combination of factors; normal market fluctuations, the current nature of investor priorities, the peculiarities of energy markets and, of course, Infratil's investment criteria.

To note the latter of those factors first. Infratil invests with the aim of delivering high risk-adjusted returns for its shareholders by owning businesses which have the potential to grow earnings and value, and where acquisition/investment values are consistent with satisfactory future yields. At times these criteria also justify asset sales. Lumo and Z Energy are excellent businesses that were sold because their market values meant that Infratil was able to withdraw capital with a good prospect that better opportunities would be found elsewhere.

Low interest rates on government bonds and bank deposits are causing investors that want cash returns to seek ways to combine yield with low risk. This is placing a premium value on some businesses. While Infratil also invests for cash earnings so that it can provide increasing dividends for its shareholders, its investment priority is growth.

The Pacific Hydro investment opportunity and other transactions in the renewables sector seem to have arisen out of the peculiarities of the energy market. A combination of unexpectedly low prices for hydrocarbon fuels (coal, gas, oil), financial stress, confused regulatory interventions, and disruptive technology. While the New Zealand electricity market is largely insulated from these factors, elsewhere they are clearly causing investor distress and opportunities.

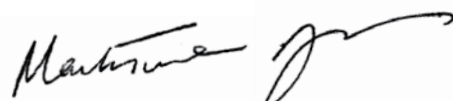
They represent an opportunity for Infratil because its investment approach is based on being able to apply high quality industry expertise to complex businesses. This has proven to be a foundation for both good long term returns and the avoidance of low-probability but high-consequence risks, which are clearly causing grief in some quarters.

Capital & Shareholder Returns

Last year Infratil paid special dividends of 21.4 cents per share which amounted to \$120 million; in part because of the Company's capital position and in part to reward shareholders for their support. Today Infratil's capital situation is appreciably stronger than it was last year but at least for now decisions about capital returns have been deferred. It is the board and management's opinion that while shareholders value increasing ordinary dividend income, the majority also favour Infratil continuing to use their capital to invest to grow the value of their shares. However, there is no desire to merely sit on capacity. If investments are not executed in a reasonable time capital will be returned.

Annual Meeting

Infratil's 2015 annual meeting was held in Wellington on 21 August. All resolutions were passed by at least 99% of the votes cast, including the resolutions to reappoint Humphry Rolleston and Paul Gough as directors. The meeting presentation is available on the website and minutes of the meeting are available on request.



Mark Tume
Chairman

Marko Bogoievski
Chief Executive

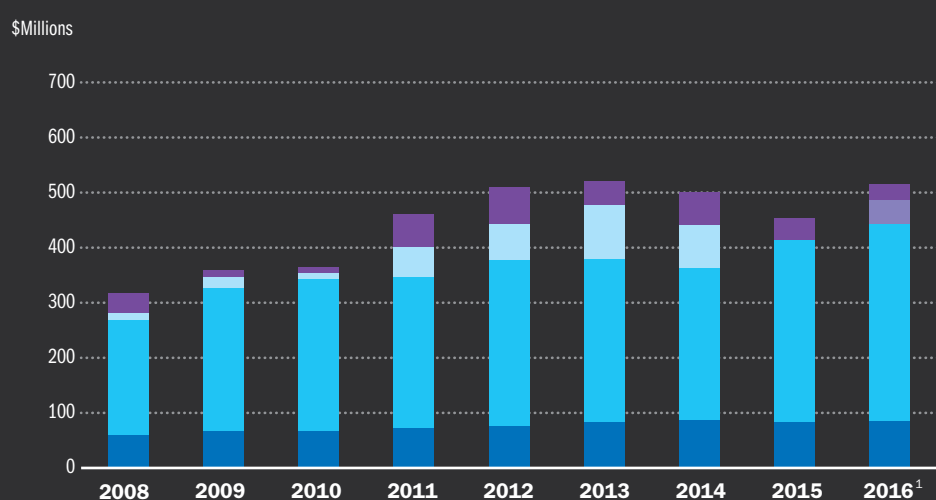
Infratil Financial Trends

The graphs the evolution of Infratil's portfolio of businesses, EBITDAF, cash flow, dividend, asset and capital structure.

EBITDAF (Earnings before interest, tax, depreciation, amortisations and adjustments for fair value movements, realisations and impairments)

Since 2013 businesses that contributed \$115 million to consolidated EBITDAF have been sold for \$1,574 million while retained businesses have grown their EBITDAF contribution by approximately \$60 million and retirement businesses acquired for \$362 million are now contributing \$45 million per annum.

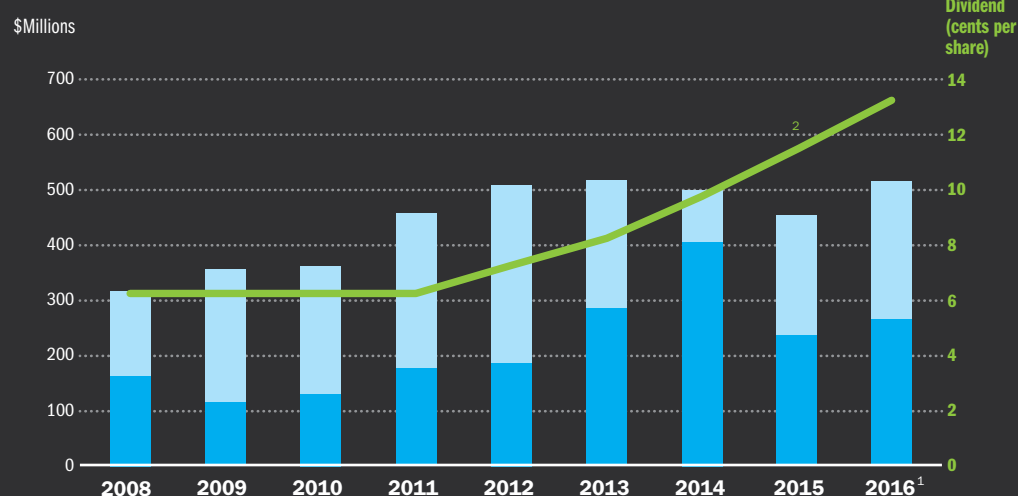
- NZ Bus, Z Energy and Other
- Retirement (Metlifecare and RetireAustralia)
- Infratil Energy Australia
- Trustpower
- Wellington Airport



Operating Cash Flows and Dividends

Operating cash flow comprises EBITDAF less payments of interest and tax and changes to working capital.

- Dividend (rhs)
- Interest, tax, working capital (lhs)
- Operating Cash Flow (lhs)



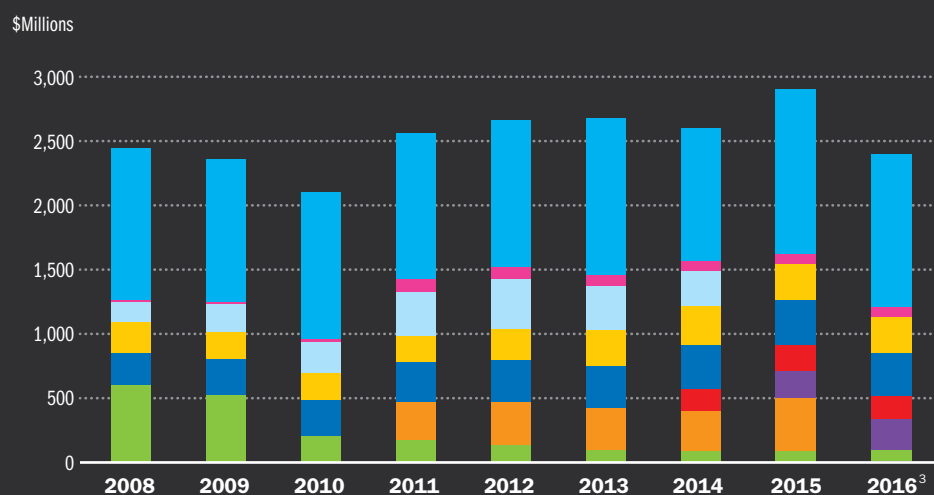
1. The 2016 columns in the graphs show the mid-point guidance for FY2016

2. For FY2015 and FY2016 only ordinary dividends are shown

Infratil's Assets

Over the graphed period Infratil has invested \$3,364 million and raised \$2,043 million from divestments. This, depreciation and changes to market values has resulted in the evolution of Infratil's assets.

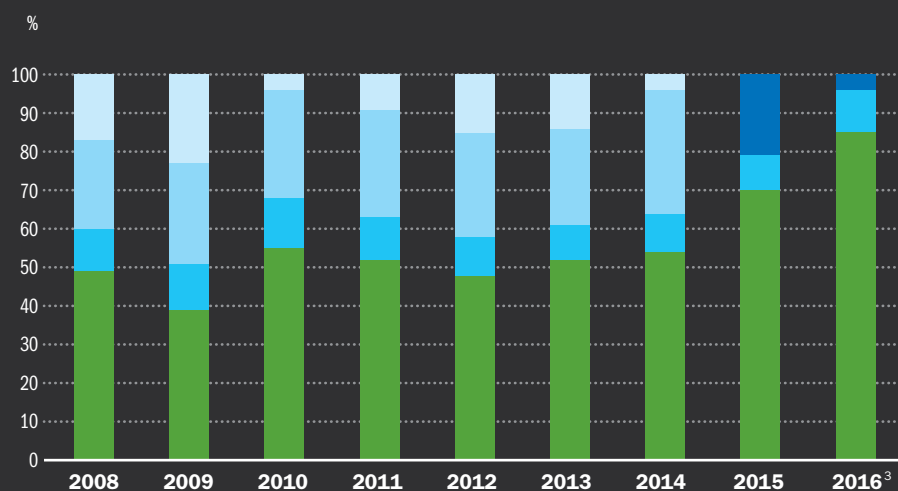
- Trustpower
- Perth Energy
- Infratil Energy Australia
- NZ Bus
- Wellington Airport
- Metlifecare
- RetireAustralia
- Z Energy
- Other



Infratil's Capital Structure

The proportion of Infratil's funding provided by equity (at market value) and perpetual and dated debt.

- Bank
- Dated Bond
- For 2015 and 2016 net bank debt, cash receivables, and dated bonds are combined
- Perpetual Bond
- Equity (market value)



3. The 2016 columns in the graphs show the position as at 30 September 2015

Infratil's Financial Performance & Position

Consolidated Results

\$ Millions	6 months to 30 September 2015	6 months to 30 September 2014	12 months to 31 March 2015
EBITDAF (continuing)	\$271.4	\$238.1	\$452.0
Depreciation & amortisation	(\$85.3)	(\$72.0)	(\$149.7)
Net interest	(\$91.6)	(\$92.3)	(\$178.2)
Tax expense	(\$21.6)	(\$21.6)	(\$19.6)
Revaluations	(\$7.8)	\$24.8	(\$6.8)
Discontinued operations	\$405.7	\$371.4	\$368.6
Net profit after tax	\$470.8	\$448.4	\$466.3
Minorities	(\$35.4)	(\$49.6)	(\$82.8)
Net parent surplus	\$435.4	\$398.8	\$383.5

EBITDAF (continuing) excludes contributions from businesses sold over the period (Z Energy this year and Lumo and PayGlobal last year). The \$33.3 million increase over the prior period was approximately 50% from the new addition, RetireAustralia, and 50% from retained businesses.

Depreciation and amortisation increased due to higher electricity generation plant valuations and the accelerated depreciation of the NZBus trolley bus fleet which the Regional Council has chosen to terminate early.

Net interest remained flat because Trustpower lost a court case with the IRD which resulted in a \$5 million charge. Trustpower is appealing the decision.

Tax includes \$2.7 million in respect of the Trustpower-IRD dispute noted above.

Revaluations are mark to market and realised losses on hedges used to cover energy, interest rate and foreign exchange rate risks.

Discontinued operation gains comprised \$13.4 million of income received from Z Energy prior to its sale and a \$392.3 million gain on sale.

Minorities declined because the prior period included a gain booked by Trustpower on the value of the Green State Power assets that were acquired in June 2014.

For the current period an average NZ\$/A\$ exchange rate of 0.9176 was used. The rate was 0.9172 for the same period last year and 0.9259 for FY15.

EBITDAF

\$ Millions	6 months to 30 September 2015	6 months to 30 September 2014	12 months to 31 March 2015
Trustpower	\$184.2	\$173.3	\$330.7
Wellington Airport	\$41.8	\$40.4	\$82.1
NZ Bus	\$22.7	\$20.0	\$34.2
Perth Energy	\$1.1	\$4.9	\$14.1
Metlifecare	\$16.5	\$8.3	\$16.3
RetireAustralia	\$15.7	-	(\$6.2)
Parent/Other	(\$10.6)	(\$8.8)	(\$19.2)
EBITDAF (continuing)	\$271.4	\$238.1	\$452.0
Discontinued operations	\$13.4	\$46.4	\$43.4
Total EBITDAF	\$284.8	\$284.5	\$495.4

Trustpower's \$11 million increase reflected increased generation and retail growth (partially offset by the costs associated with the retail expansion). The doubling of the contribution from Metlifecare reflected its increase in net surplus. Perth Energy did not have the one-off benefit of last year when there was a change to the Renewable Energy Certificate regime.

EBITDAF from continuing operations for the full year is expected to be between \$500-\$530 million (assuming no further asset sales or acquisitions).

Consolidated Operating Cash Flow

\$ Millions	6 months to 30 September 2015	6 months to 30 September 2014	12 months to 31 March 2015
EBITDAF (continuing)	\$271.4	\$238.1	\$452.0
Net interest	(\$87.4)	(\$87.3)	(\$167.4)
Tax paid	(\$28.7)	(\$40.2)	(\$57.0)
Working capital/other	(\$33.8)	\$11.6	\$8.0
Operating cash flow	\$121.6	\$122.2	\$235.6

'Other' includes the difference between the equity accounted earnings and cash dividend receipts received from some investments. For the most recent period the former was \$32.2 million and the latter \$14.9 million. For the prior period the respective figures were \$8.3 million and \$12.0 million.

Full year operating cash flow is expected to be between \$250 million and \$280 million.

Breakdown of Consolidated Results before Revaluations: Six Months Ended 30 September 2015

\$ Millions	EBITDAF	D&A	Interest	Tax	Total	Ownership
Trustpower	\$184.2	(\$57.2)	(\$44.0)	(\$20.2)	\$62.8	51%
Wellington Airport	\$41.8	(\$8.1)	(\$8.5)	(\$6.5)	\$18.7	66%
NZ Bus	\$22.7	(\$15.4)	-	-	\$7.3	100%
Perth Energy	\$1.1	(\$3.3)	(\$2.2)	\$1.2	(\$3.2)	80%
Metlifecare	\$16.5	-	-	-	\$16.5	20%
RetireAustralia	\$15.7	-	-	-	\$15.7	50%
Parent/Other	(\$10.6)	(\$1.3)	(\$36.9)	\$3.9	(\$44.9)	-
Total	\$271.4	(\$85.3)	(\$91.6)	(\$21.6)	\$72.9	
Z Energy	\$11.2	-	-	-	\$11.2	20%
	\$282.6	(\$85.3)	(\$91.6)	(\$21.6)	\$84.1	

Breakdown of Consolidated Results before Revaluations: Six Months Ended 30 September 2014

\$ Millions	EBITDAF	D&A	Interest	Tax	Total	Ownership
Trustpower	\$173.3	(\$46.1)	(\$37.8)	(\$20.8)	\$68.6	51%
Wellington Airport	\$40.4	(\$8.1)	(\$9.1)	(\$6.5)	\$16.7	66%
NZ Bus	\$20.0	(\$13.2)	-	-	\$6.8	100%
Perth Energy	\$4.9	(\$3.0)	(\$2.4)	\$0.2	(\$0.3)	80%
Metlifecare	\$8.3	-	-	-	\$8.3	20%
Parent/Other	(\$8.8)	(\$1.6)	(\$43.0)	\$5.5	(\$47.4)	-
Total	\$238.1	(\$72.0)	(\$92.3)	(\$21.6)	\$52.2	
Z Energy	\$7.8	-	-	-	7.8	20%
IEA	\$40.8	(\$9.4)	(\$0.3)	(\$10.1)	\$21.0	100%
Pay Global	\$1.2	(\$0.1)	\$0.1	-	\$1.2	54%
	\$287.9	(\$81.5)	(\$92.6)	(\$31.7)	\$82.2	

Infratil's Assets

\$ Millions	30 September 2015	31 March 2015
Trustpower	\$1,185.3	\$1,270.0
Wellington Airport	\$325.2	\$349.9
NZ Bus	\$275.6	\$285.8
Perth Energy	\$79.3	\$76.7
Z Energy	-	\$410.4
Metlifecare	\$179.4	\$199.6
RetireAustralia	\$241.6	\$208.6
Other	\$91.8	\$86.5
Total	\$2,378.2	\$2,887.5

Values exclude 100% subsidiaries' cash balances and deferred tax where CGT does not apply. Otherwise what is shown are Infratil's book values or with listed companies the NZX valuation on the relevant date.

Over the period, the 20% shareholding in Z Energy was sold for a net \$480 million.

Changes to the values of Trustpower and Metlifecare are due to changes in listed share prices and, in the case of Metlifecare, the reinvestment of \$0.6 million of dividends. Changes in the value of Wellington Airport, NZ Bus and RetireAustralia reflect the difference between the companies' net surplus over the period and payments to shareholders, and in the case of RetireAustralia changes to the NZ\$/A\$ exchange rate.

"Other" includes iSite, Snapper, Infratil Infrastructure Property and ASIP.

For 30 September a NZ\$/A\$ exchange rate of 0.9094 was used (31 March 0.9785).

Infratil's Liabilities and Risk Management

\$ Millions	30 September 2015	31 March 2015
Net bank debt, (cash), (receivables) of 100% subsidiaries	(\$681.6)	(\$228.4)
Dated bonds	\$754.3	\$754.3
Perpetual bonds	\$234.9	\$234.9
Market value equity	\$1,719.3	\$1,786.8
Total capital	\$2,026.9	\$2,547.6
Dated debt/capital	3.6%	20.6%
Debt/capital	15.2%	29.9%

Over the period, a net \$480 million was raised from the sale of Infratil's holding in Z Energy. Net debt of the Infratil wholly owned group was reduced by \$453.2 million.

As at 30 September 2015 Infratil and 100% subsidiaries had \$350 million of committed bank funding of which \$276 million was undrawn.

Investments & Plans

Internal capital expenditure accompanied by periodic acquisitions is a feature of the Infratil approach to provide increasing returns and value for its shareholders.

The full year outlook does not include potential new Infratil acquisitions.

\$ Millions	6 months to 30 September 2015	Full year outlook to 31 March 2016	12 months to 31 March 2015
Trustpower	\$15.4	\$40 - 50 ¹	\$199.8
Wellington Airport	\$28.0	\$75 - 85	\$21.9
NZ Bus	\$4.8	\$12 - 16	\$15.3
Perth Energy	\$0.4	\$1 - 2	\$0.1
Metlifecare	\$0.6	\$1 - 2	\$1.6
RetireAustralia	\$1.3	\$1 - 2	\$219.2
ASIP	\$0.3	\$8 - 12	\$32.0
Other	\$4.3	\$9 - 11	\$17.7
Total	\$55.1	\$145-180¹	\$507.6

1. This does not include Trustpower's acquisition of King Country Energy. Depending on the acceptance of Trustpower's offer by the KCE shareholders the investment amount in respect of this transaction will be between \$65 million and \$125 million.

Infratil's investment is either through subsidiaries, such as Wellington Airport expanding its domestic terminal, or by direct acquisition, such as last year's purchase of the RetireAustralia shareholding.

Over the five years ended 30 September 2015, a total of \$2,040 million was invested, of which 85% was internal to the group and 15% was external Infratil acquisitions (largely comprising the shareholding in Metlifecare and RetireAustralia).

Z Energy Investment/Divestment

The following table breaks down the cash outgoings and receipts associated with the now concluded Z Energy investment and divestment.

Time Line		\$ Millions	Per Infratil Share
March 2010	Invested sum	(\$209.8)	
	Cash income	\$118.6	
August 2013	Sale proceeds 30%	\$397.4	
	Cash income	\$37.4	
September 2015	Sale proceeds 20%	\$479.8	
	Total cash gain	\$823.4	\$1.47

1924



A photograph of the Mangahao Power Station, a large concrete building with a red roof and a small control tower, nestled in a lush green valley. In the background, steep, forested hills rise, with several long, straight concrete penstocks visible on the slopes. The foreground is filled with dense, green foliage.

2015

Mangahao was the first Power Station built by the NZ Government and was commissioned in 1924. It was connected to Wellington by the first 110KV high voltage lines in the Southern Hemisphere. Trustpower also owns the only NZ hydro power stations which are older; Waipori and Coleridge. Mangahao is owned by King Country Energy.

Trustpower is progressing three distinct avenues of earnings and value growth:

- Expanding its retailing operations by providing customers with a combination of electricity, gas, landline telephone and internet.
- The development of wind and solar generation in Australia to take advantage of Australian government renewable generation targets.
- Undertaking smaller scale “bolt-on” acquisitions that suit Trustpower’s expertise in retailing and renewable generation.

Trustpower’s continued investment in retail growth is being vindicated by results:

Accounts	30 September 2015	31 March 2015	Annual growth
Electricity	252,000	242,000	+8%
Gas	28,000	24,000	+33%
Telephone/Internet	51,000	38,000	+46%
With 2 or more services	66,000	52,000	+27%

Sales of electricity to retail customers amounted to 1,659GWh up from 1,510GWh in the same period the prior year.

In Australia Trustpower is progressing the development of renewable generation at sites in four states. Consent hearings for a 330MW wind farm at Dundonnell in Victoria has concluded and a decision by the authorities is anticipated this year. A consented site for a 105MW wind farm and 20MW of solar generation has been purchased in Western Australia. Earlier-stage development and consenting work is being undertaken at other sites in South Australia and NSW.

With the Australian government having confirmed its “20% renewable by 2020” goal, approximately 4,200MW of renewable capacity (generating 15,000GWh) will have to be built over the next five years. Trustpower is confident that it will be the developer of some part of this requirement.

After 30 September Trustpower announced it had agreed to acquire 54% of King Country Energy and has bid for the remaining 46%. The cost will depend on the level of shareholder acceptance and will be between \$65 million and \$125 million. KCE owns four small hydro power stations in the King Country, the medium scale Mangahao station in the Horowhenua, and undertakes energy retailing largely to King Country residents. The operations suit Trustpower’s capabilities with smaller hydro power stations and the needs of provincial customers.

Year ended 31 March Six months ended 30 September	30 September 2015	30 September 2014	31 March 2015
NZ output sold	2,147GWh	2,051GWh	3,934GWh
NZ generation	1,307GWh	1,225GWh	2,216GWh
Australian generation	664GWh	536GWh	1,465GWh
Electricity accounts	252,000	234,000	242,109
Telco & gas accounts	79,000	56,000	62,118
Av. NZ generation spot price	5.4c/kwh	6.3c/kwh	7.7c/kwh
EBITDAF	\$184.2m	\$173.3m	\$330.7m
Investment spend	\$15.4m	\$143.9m	\$199.8m
Infratil cash income	\$33.5m	\$31.9m	\$63.9m
Infratil’s holding value ¹	\$1,185m	\$1,168m	\$1,270m

1. NZX market value at period end

Wellington Airport

Wellington Airport has embarked on its most exciting period of development in a decade.

Strong traffic growth and the likelihood this will continue is driving a substantial investment in new facilities. In fact so substantial that the Airport is the largest, by value, construction site in New Zealand outside of Christchurch and Auckland.

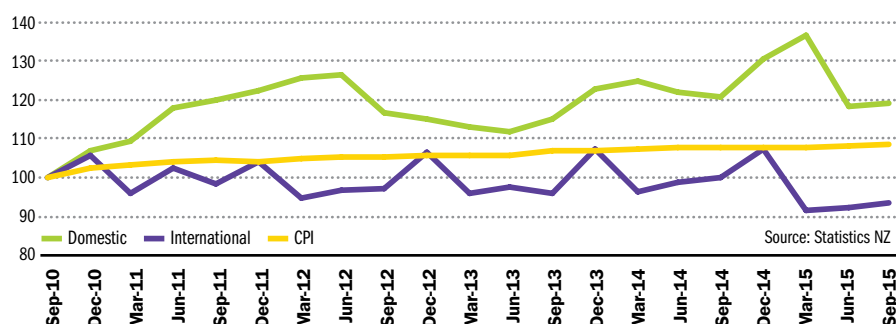
To ensure growth continues the Airport and its partner Wellington City Council are undertaking the planning and consenting work required to allow the extension of the runway to accommodate long-haul services that will directly link central New Zealand with Asia and North America. The business case for the runway extension is being developed and construction consents applications will shortly be lodged with the Environment Court.

During the half year the Airport saw stark evidence of how new services stimulate traffic. The period included new services on three of the Airport's four international routes. On those routes traffic grew by 55,069 passengers or 28%. Notably, while 94% of those additional passengers were carried by new entrant airlines, existing services also grew!

		Latest ½ year	Prior Period	Change
Melbourne	Existing services	92,785	92,183	+1%
	New services	24,311	-	-
	Total	117,096	92,183	+27%
Sydney	Existing services	169,994	163,020	+4%
Queensland	Existing services	99,141	96,278	+3%
	New services	21,678	-	-
	Total	120,819	96,278	+25%
Fiji	Existing services	5,454	5,615	-3%
	New services	5,776	-	-
	Total	11,230	5,615	+100%

Almost as exciting as the international growth was Jetstar's announcement that it is to expand its trunk services to link Wellington and Dunedin and will introduce an entirely new network of services to regional cities. Showing the effect of this, Statistics NZ figures for domestic air travel costs showed a 13% fall in the June quarter relative to the previous three month period.

Air Travel Costs: Domestic & International



Year ended 31 March			
Six months ended 30 September	30 September 2015	30 September 2014	31 March 2015
Passengers Domestic	2,388,201	2,311,527	4,682,086
Passengers International	419,139	357,200	775,193
Aeronautical income	\$32.2m	\$31.0m	\$64.5m
Passenger services income	\$17.7m	\$16.9m	\$34.1m
Property/other	\$5.7m	\$5.7m	\$9.7m
Operating costs	(\$13.8m)	(\$13.2m)	(\$26.2m)
EBITDAF	\$41.8m	\$40.4m	\$82.1m
Investment spending	\$28.0m	\$7.3m	\$21.9m
Infratil cash income	\$39.5m	\$38.2m	\$38.2m
Infratil's holding value ¹	\$325m	\$330m	\$350m

1. Infratil's share of net assets excluding deferred tax

2011



2015



Wellington Airport's terminal
opened in 2000 is now
undergoing a major expansion

NZ Bus

After almost a decade of evolution, the new public transport contracting regime has taken the first steps towards implementation with Auckland Transport holding tenders for a large part of the South Auckland network.

NZ Bus's Waka Pacific division is the main incumbent operator in this area and understands the market better than any other party. However the outcome of the tenders is impossible to forecast. Auckland Transport's criteria include cost and qualitative factors as well as an intention to limit the market share of any one operator. The decision is expected to be announced this year with implementation to occur in late 2016.

As a part of the transition to the new regime incumbent operators have the right to negotiate new contracts rather than having to tender and this covers approximately half of NZ Bus's operations.

The next phase of implementation will see contracts tendered in West Auckland and the Waikato. Wellington is expected to follow in mid-2016.

The new contracting regime changes the risk profile for operators and transport agencies. Today NZ contracts provide a top-up to fare income, in the future all fare income will be collected on behalf of agencies such as Auckland Transport. Almost all of an operator's income will be in the form of contract receipts (which will be set by the tenders and subsequent indexation). Henceforth an operator's commercial risks will relate to costs exceeding those recovered under the contract and any factors that result in service standards not meeting specifications.

While there are some rewards for growth in the contracts, to make a winning bid which then provides a satisfactory return on invested capital, NZ Bus is going to have to be very efficient. And as with any business with many moving parts, all those parts are going to have to function efficiently and in unison for NZ Bus to be successful. This is particularly the case for the Company's bus drivers and maintenance regime. Not only do these areas amount to approximately 75% of operating costs, they are both the face of the business and make sure that buses run on time, and indeed run at all.

The most recent six-month period has seen very encouraging operating performance in terms of service punctuality, reliability and the move to preventative (as opposed to reactive) maintenance. These results reflect the significant benefits of investment and process improvement made over the last couple of years.

All the NZ Bus people have played a part in making these improvements. Their contribution is recognised and appreciated.

Year ended 31 March Six months ended 30 September	30 September 2015	30 September 2014	31 March 2015
Patronage north	20,535,380	20,299,964	39,888,455
Patronage south	10,778,264	10,715,152	20,536,828
Bus distance (million kilometres)	23.7	23.7	47.8
Bus numbers	1,075	1,097	1,075
Passenger income	\$70.3m	\$67.4m	\$131.8m
Contract income	\$46.0m	\$46.7m	\$91.8m
EBITDAF	\$22.7m	\$20.0m	\$34.2m
Capital spending	\$4.8m	\$10.3m	\$15.3m
Infratil's holding value ¹	\$276m	\$301m	\$286m

1. Infratil's share of net assets excluding cash and deferred tax at period end



On the bus, boys travelling home from school entertain New Zealand Fringe Festival performers

Retirement Facilities & Services

Metlifecare

Metlifecare reported positive support from its residents and staff and progress on its longer term objectives of enhancing and expanding its retirement living and care offering.

Metlifecare villages are mainly in or near Auckland and have benefitted from the nearby residential property market which has resulted in good unit sales and value gains. The average embedded value per unit rose to \$155,000 (this is the net sum that is expected to be received in future as units change hands).

The Company is progressing its development plans. 133 new units were completed last year and as at 30 June 2015 a further 289 units and care beds were under construction.

The total development pipeline comprises approximately 2,000 units and care beds.

Year ended 30 June	2015	2014	2013	2012
Units	4,033	3,900	3,836	2,512
Care beds	359	359	359	359
Unit resales	403	397	424	294
Resale cash gain	\$142,000	\$124,000	\$124,000	\$110,000
New unit sales	87	61	113	36
New unit av. value	\$561,000	\$563,000	\$433,000	\$567,000
Embedded val/unit	\$155,000	\$130,000	\$118,000	\$113,000
Underlying profit	\$52.4m	\$46.0m	\$33.5m	\$18.2m
Dividend cps	4.5	3.75	3.0	2.0

RetireAustralia

Alison Quinn was appointed as chief executive and will commence work in the New Year. She will oversee the Company's strategic goals of increasing its range of care options and the rate of new unit development.

Occupancy rights to 241 units were sold over the period, including 59 new units. The average new unit sale value was \$530,000, which was slightly ahead of Infratil's acquisition case.

The resale rate experienced over the six months was consistent with forecast, while the average net cash collect of \$106,000 was slightly ahead. This sum is the gap between the refund to outgoing residents and the right to occupy payment received from new residents. In effect it is a mixture of deferred management fees and value uplift.

The diversity of locations and styles of RetireAustralia's villages means that value movements will tend to be uneven, however units near Sydney and on the NSW Central Coast are clearly benefitting from proximity to the strong Sydney residential property market. 45% of the RetireAustralia portfolio by value is located in this area.

Acquisition case projections included the development of 500 new units within the existing villages and 59 units were commissioned over the half year and a similar build rate is expected for the rest of this financial year.

RetireAustralia is also progressing three co-developments that could become brand new villages. Work on the first of these is planned to commence in calendar 2016 with the completion of the first units expected to follow about a year later.



Other Investments

Perth Energy

Perth Energy is one of the few private participants in the uniquely structured and regulated Western Australian energy retailing and generation market. The WA Government is now undertaking a review of the market structure which may result in more opportunity for private operators to compete for customers and also improve the basis on which generators are rewarded for providing capacity. While these changes could benefit Perth Energy their implementation is still uncertain and some way off.

Over the half year, both generation and retail activities were stable, but Perth Energy's EBITDAF was lower than the same period last year because that period had benefited from a reduction in the State specified obligation to buy renewable energy certificates.

Snapper

Snapper continued to develop and enhance its payment technology, as demonstrated by it winning the Ticketing Technology of the Year award in London.

Its technology is increasingly allowing integration of smart-card and phone payment tools, with the next step being to allow payment from accounts in the manner of a bank card. While progress is being made in these areas Snapper has decided to wind-back the use of its cards to buy a coffee and other such low-value items. The infrastructure costs did not warrant continuation of the service.

Another demonstration of Snapper's technology was its integration of the Victoria University campus pass so it can be used by students and academic staff to pay for the Cable Car as well as the buses that operate between Victoria University's different campuses. Snapper's ability to operate on two different transport modes provided by two different operators is possible because of its open flexible system which underpins the mobile reload solutions that are being marketed to offshore transport authorities.

iSite

iSite is New Zealand's premier out of home advertising company, mainly known for its billboards and bus advertising. The next stage of the evolution of the medium is now underway with greater awareness of the advantages of digital images on the one hand and increasing potential for the medium to communicate with passing traffic on the other.

Infrail Infrastructure Property

IIP completed the development and lease to NZ Bus of its new Thordon depot.

Work is underway on the reconfiguration of Wellington's Kilbirnie and Auckland's Halsey Street bus depots. In both cases this includes looking at alternatives to what have become expensive lease options for the bus company.

Directory

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M Tume (Chairman)
M Bogoievski
A R Gerry
P Gough
H J D Rolleston
D P Saville
A Y Muh (alternate to
D P Saville)

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P M Harford

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