Infratil Half Year Results to 30 September 2016

11 November 2016

Infratil Limited results for the six months ended 30 September 2016 reflected stable and satisfactory operating contributions from our key businesses. The period was notable for further investment initiatives which will drive shareholder returns over the foreseeable future.

Net parent surplus from continuing operations for the period was $28.9 million compared with $28.3 million for the same period last year.

- The prior period included gains of $407.1 million from assets sold at that time. There were no asset sales this year.

Consolidated underlying EBITDAF from continuing operations[1] was $246.0 million ($253.1 million for the same period last year).

- Guidance for full year underlying EBITDAF is tracking at the bottom end of the previously announced guidance range of $485-$525 million (last year actual $462.1 million).

Net debt of Infratil and wholly owned subsidiaries as at 30 September 2016 was $812.7 million, up from $295.9 million as at 31 March 2016 (31% of total capitalisation from 14%).

- Over the period $150 million of Infrastructure Bonds were issued and $100 million matured and were repaid.

The interim dividend of 5.75 cents per share will be paid on 15 December 2016 to shareholders of record on 28 November 2016. Last year the interim dividend was 5.25 cents.

- This is the sixth year in a row Infratil has lifted its dividend.
- The Dividend Reinvestment Plan remains suspended.

The Infratil board approved a $50 million on-market buy-back programme through July 2017.

$599.8 million of capital was invested over the period (compared with the $62.4 million the prior period). Investment initiatives included:

- Acquisition of a 50% interest in student accommodation at the Australian National University;
- Acquisition of a 48% interest in Canberra Data Centres;
- Establishment of Longroad Renewables to develop renewable generation projects in the USA; and,
- Formation of Tilt Renewables to develop renewable generation projects in Australia.

These businesses, and the others in which Infratil has interests, are expected to provide Infratil with a diverse range of investment opportunities. We are confident that the investments which will flow from these opportunities will underpin returns for shareholders over the foreseeable future.

Marko Bogoievski
Chief Executive Officer

Further information is available on www.infratil.com, or by contacting Mark Flesher on +64 473 3663

[1]Underlying EBITDAF is a non-GAAP measure of financial performance, presented to show management's view of the underlying business performance. Underlying EBITDAF represents consolidated net earnings before interest, tax, depreciation, amortisation, financial derivative movements, revaluations, gains or losses on the sales of investments, and includes Infratil's share of Metlifecare and RetireAustralia's underlying profits. Underlying profit for Metlifecare and RetireAustralia removes the impact of unrealised fair value movements on investment properties, impairment of property, plant and equipment, excludes one-off gains and deferred taxation, and includes realised resale gains and realised development margins.

NZX Appendix 1 Disclosures

Results for announcement to the market

Reporting Entity	Infratil Limited
Reporting Period	Six months to 30 September 2016
Previous Reporting Period	Six months to 30 September 2015

Results	Six months to 30 September 2016 ($Millions)	Percentage change
Revenues from ordinary activities	971.2	+8.8%
Profit (loss) from ordinary activities after tax attributable to security holders	28.9	+2.1%
Net profit (loss) attributable to security holders	28.9	-93.4%[2]

	Amount per security (cents per share)	Imputed amount per security (cents per share)
Interim Dividend	5.75	2.24
Record date		28 November 2016
Payment date		15 December 2016

	30 September 2016 ($ per share)	30 September 2015 ($ per share)
Net tangible assets per share	3.00	2.92

Financial information and commentary

The Appendix 1 disclosures should be read in conjunction with the Infratil Group Unaudited Interim Financial Statements for the six months ended 30 September 2016 and Infratil's most recent Annual Report. More detailed commentary on the operations of the Group over the period has been provided in the form of the Infratil Interim Results Presentation and Infratil Interim Report which have been released alongside the Interim Financial Statements.

[2] The prior period included gains of $407.1 million from assets sold during that period

Infratil

Interim Results Announcement

11 November 2016

Half Year Overview

Targeted deployment of capital the highlight of the first half of FY17

Infratil

- Underlying EBITDAF of $246.0 million slightly down on the comparative half year of $253.1 million (-2.8%)
- Operating cash flow of $129.2 million remains strong, up $7.6 million on the prior year
- 6 months dominated by capital deployment in new platforms and expansion:
  - $412 million acquisition of 48% of Canberra Data Centres
  - $85 million acquisition of 50% of Australian National University Student Accommodation Rental Concession
  - $44 million of development at Wellington Airport including terminal extension and transport hub
  - US$45 - $50 million commitment to the development of renewables in the United States
  - Over $500 million of cash and undrawn bank facilities remain on hand
- Approval to utilise up to $50 million of Infratil's buyback programme through July 2017
- Interim dividend of 5.75 cps, up 9.5% on the prior year
- FY17 Underlying EBITDAF tracking at the bottom end of our previously announced guidance range of $485 - $525 million

Financial Highlights

Earnings from core businesses maintained while capital successfully deployed

Infratil

Half Year ended 30 September ($millions)	2016	2015	Variance	% Change
Underlying EBITDAF (continuing activities)[1]	**246.0**	253.1	(7.1)	(2.8%)
Net Parent Surplus (continuing activities)	**28.9**	28.3	0.6	2.2%
Net Operating Cash Flow	**129.2**	121.6	7.6	6.3%
Capital Expenditure	**103.5**	62.4	41.1	65.9%
Investment	**496.3**	-	496.3	N/A
Earnings per share (cps) (continuing activities)	**5.1**	5.0	0.1	2.0%

[1] Underlying EBITDAF is a non-GAAP measure of financial performance, presented to show management's view of the underlying business performance. Underlying EBITDAF represents consolidated net earnings before interest, tax, depreciation, amortisation, financial derivative movements, revaluations, gains or losses on the sales of investments, and includes Infratil's share of Metlifecare and RetireAustralia's underlying profits. Underlying profit for Metlifecare and RetireAustralia removes the impact of unrealised fair value movements on investment properties, impairment of property, plant and equipment, excludes one-off gains and deferred taxation, and includes realised resale gains and realised development margins. A reconciliation of Underlying EBITDAF is provided in Appendix I

Results Summary

Operating performance impacted by one-off items & challenging market conditions

30 September ($Millions)	2016	2015
Operating revenue	971.2	892.5
Operating expenses	(717.9)	(623.9)
Depreciation & amortisation	(88.5)	(84.6)
Net interest	(79.6)	(91.6)
Tax expense	(22.4)	(20.9)
Revaluations	0.1	(7.8)
Discontinued operations	-	407.1
Net profit after tax	62.9	470.8
Minority earnings	(34.0)	(35.4)
Net parent surplus	28.9	435.4

- Operating revenue increased 8.8%, offset by increased operating expenses largely relating to the trading difficulties experienced by Perth Energy
- Slight increase in depreciation and amortisation reflects increasing asset base
- Net interest has decreased as a result of net cash at the corporate level following divestments at the end of the prior period, and maturing bonds across the Group being replaced with coupon rates up to 300 basis points lower
- No material revaluations or impairments during the period
- Discontinued operations in the prior period includes the results of Z Energy and iSite prior to divestment and the gain on sale of the balance of Z Energy

Underlying EBITDAF

Core assets provide stable earnings during the period

Underlying EBITDAF ($Millions)	2016	2015
Trustpower[1]	118.7	119.2
Tilt Renewables[1]	66.1	65.0
Wellington Airport	43.7	41.8
NZ Bus	25.0	22.7
Perth Energy	(9.7)	1.1
CDC	0.6	-
Metlifecare[2]	7.4	6.2
RetireAustralia[2]	7.1	10.4
ANU Student Accommodation	1.5	-
Other	(14.4)	(13.3)
Continuing operations	246.0	258.0
Discontinued operations	-	16.2
Total	246.0	274.2

- Trustpower – Weak New Zealand generation performance and increased marketing and customer acquisition costs delivered a flat result. The HY17 number excludes demerger costs YTD of $8.7 million
- Tilt Renewables – Australia wind generation was 13% above the prior period, partially offset by higher generation production costs
- WIAL – Increase in aeronautical and passenger services revenue was driven by record passenger numbers
- NZ Bus - Lower operating costs despite an increase in service levels, reflecting a continued focus on productivity across the business as well as lower fuel prices
- Perth Energy – Retail performance hampered by challenging market conditions in Western Australia
- Metlifecare – Underlying Profit up 26% for FY16 to 30 June
- RetireAustralia – Underlying profit A$13 million for the half year with development weighted to second half
- Contributions for CDC and ANU are for half a month and 2 months from the dates of acquisition respectively

[1] Trustpower and Tilt results relate to the respective performance of the two entities pre-demerger

[2] Underlying EBITDAF for Metlifecare and RetireAustralia includes Infratil's share of their respective underlying profits. Underlying profit is a common performance measure used by retirement companies and removes the impact of unrealised fair value movements on investment properties, impairment of property, plant and equipment, one-off gains and deferred taxation, and includes realised resale gains and realised development margins

Group Capital Expenditure and Investment

Continuing to optimise value in existing assets while repositioning the portfolio

30 September ($Millions)	2016	2015
Trustpower	20.2	15.0
Tilt Renewables	6.0	0.4
Wellington Airport	44.0	28.0
NZ Bus	12.3	4.8
RetireAustralia	16.6	8.6
Other	4.4	5.6
Capital Expenditure[1]	103.5	62.4
CDC	411.5	-
ANU Student Accommodation	84.8	-
Investment	496.3	-
Total	599.8	65.5

[1] Capital expenditure excludes asset level capex of Metlifecare

- **Trustpower and Tilt** capex represents its operational and maintenance capex programme
- **Wellington Airport** has several major capital expenditure projects underway including the terminal expansion, commencement of the land-transport hub and plans for an onsite hotel
- **NZ Bus** has completed the acquisition of 23 ADL double decker buses for use on key Auckland corridors to reduce congestion, while assembly of a prototype bus using Wrightspeed electric powertrain technology is currently underway
- **RetireAustralia** spend includes 50% share of new units built during the period. RetireAustralia has delivered 37 new villas in the first half of 2017 and is on track to deliver ~150 new villas in FY17
- The acquisitions of **ANU** and **CDC** were completed during the period totalling $496 million
- **US Renewables** investment in the pipeline for the 2nd half of FY17 with the announcement of a 45% stake in Longroad Energy

Asset Values

Strong demand for Infrastructure assets underpins the value of the portfolio

Infratil

Investment ($Millions)	September 2016	March 2016
Trustpower[1]	1,230.0	1,223.6
Wellington Airport	389.7	408.9
NZ Bus	193.9	201.5
Perth Energy	56.5	69.2
CDC	401.3	-
Metlifecare	265.1	222.7
RetireAustralia	255.3	252.9
ANU	82.7	-
Other	80.7	73.2
Total	2,955.1	2,452.0

[1] Following the demerger of Trustpower on October 28, Infratil's respective shareholdings in Trustpower and Tilt were valued at $785.9 million and $359.4 million based on their closing share prices on the NZX at that date.

"Lower for longer" expectations continue to drive up valuations in the infrastructure sector highlighting potentially significant gaps between book value and market value

- **Trustpower** – movement in listed market share price ($7.70 vs $7.66)
- **Wellington Airport** – book value implied EV/EBITDA multiple of 10.5x compares to Auckland Airport >20x
- **NZ Bus** – movement reflects capital expenditure less asset depreciation
- **CDC**, **RetireAustralia** and **ANU** – acquisition cost plus share of trading result adjusted for NZD/AUD movements
- **Metlifecare** – movement in listed market share price ($6.25 vs $5.25)
- Other investments include ASIP, Snapper and Property

Debt Position

Strong capital base remains with cash position, facility head room and duration

- Cash position of $255 million and wholly owned subsidiaries bank facilities drawn of $61 million
- Senior debt facilities have maturities up to 3.5 years and 5 years (for bus finance export credit facility)
- $150 million in Infrastructure Bonds was raised in June, replacing $100 million of maturing bonds
- Infratil gearing 30.8% (net debt / net debt + equity capitalisation)
- Infratil continues to target duration of its borrowings consistent with the profile of its assets and long-term ownership

Maturities in period to 31 March ($Millions)	2017	2018	2019	2020	>4 yrs	>10 yrs
Bonds	-	147.4	111.4	149.0	365.8	233.4
Infratil bank facilities[1]	65.0	57.0	71.0	-	53.0	-
100% subsidiaries bank facilities[2]	6.3	12.7	12.7	12.7	16.8	-

[1] Infratil and wholly-owned subsidiaries exclude Trustpower, Tilt, WIAL, Perth Energy, CDC, Metlifecare, RetireAustralia and ANU

[2] NZ Bus export credit guarantee fleet procurement facility

Funds Available for Investment

Significant capacity remains to support further investment

- Over $500 million of cash and undrawn bank facilities remain on hand

30 September ($Millions)	2011	2012	2013	2014	2015	2016
Net bank debt (cash on hand)	352	397	42	(640)	(682)	(194)
Infratil bonds (incl. PiiBs)	799	858	921	989	989	1,007
Market value of equity	1,073	1,268	1,454	1,589	1,719	1,822
Total capital	2,224	2,523	2,417	1,938	2,026	2,635
Gearing (net debt / total capital)	**52%**	**50%**	**40%**	**18%**	**15%**	**31%**
Infratil undrawn bank facilities[(1)]					276	246
100% subsidiaries cash					755	255
Funds Available					1,031	501

Portfolio Composition

Higher return development ideas supported by core assets generating cash flows

Infratil

Core assets generating free cash

Trustpower · Wild at Heart · Wellington Airport · NZ Bus · Australian National University

- Retirement DMF assets and operational renewable assets

High Conviction Proprietary Platforms

Retirement Platform

Metlifecare · retire australia

- Development pipeline
- Care strategy

Renewables Platform

tilt renewables · longroad ENERGY

- Development pipeline
- Australian solar

Emerging Platforms

cdc

- Data Infrastructure
- Student/Social Housing
- Healthcare
- Agriculture Infra

- Total returns to shareholders are enhanced by building and maintaining a well balanced portfolio
  - Portfolio composition needs to also take account of credit metrics and liquidity
- Although the focus is on capital growth, it is also important to retain a proportion of cash generating investments
  - Lower growth core assets provide the cash flow to build development platforms
- Higher-risk development returns are delivered if we can position investments early in major trends
  - e.g. growth in renewables, data growth or the aging demographic

Trustpower

Demerger results in two new entities positioned for success

Trustpower has demerged into Tilt Renewables and Trustpower (new). Shareholders have received 1 share in each company for each share they owned in Trustpower (old)

- Trustpower (new) holds Trustpower's New Zealand and Australian hydro assets and its New Zealand based retail operations
- Key attributes of Trustpower (new):
  - Electricity connections 278,000, Telecommunications connections 69,000, Gas connections 31,000 and 84,000 customers with 2 or more services
  - 65% stake in King Country Energy
  - 80% of new customers taking both electricity and telecommunications
  - 570 MW of Hydro Generation
  - Long term power purchase agreements with Tilt Renewables to acquire generation outputs of New Zealand wind farms at market prices

- Tilt Renewables owns Trustpower's Australian and New Zealand existing wind assets and the wind and solar development pipeline
- Key attributes of Tilt Renewables:
  - Strong existing wind portfolio and development pipeline
  - Australian development options underpinned by supportive regulatory environment (Large Scale Renewable Energy Target), that is targeting ~23.5% of Australia's electricity being renewable by 2020 (33,000 GWh)

Trustpower

Multi-product customer growth during demerger and a flat market

EBITDAF for 1H17 was $118.7 million, $0.5 million below 1H16 before demerger costs

- Customer acquisition costs drove the expected level of customer growth, but strong competition resulted in higher than expected losses leaving overall energy connection growth flat
- King Country Energy’s contribution to EBITDAF was $7.1 million. Its generation contributed 116 GWh with sales of 113 GWh to its 17,000 retail customers

Customers

- Total accounts up 2% since 31 March 2016 to 378,000 accounts (up 14% since September 2015)
- Total accounts with two or more utilities up 9% since 31 March 2016 to 84,000 accounts (up 27% since September 2015)

Generation

- New Zealand generation production was above the prior period due to the impact of the King Country Energy acquisition, however it remained 5% below the long term average due to generation being withheld in response to low spot prices
- Production from Australian hydro stations, was 100 GWh, 47% higher than in the prior period reflecting very strong hydro inflows in the period

Tilt Renewables

Bringing a fresh perspective to the Australasian renewable energy market

EBITDAF for 1H17 was $66.1 million, $1.1 million above 1H16

Generation

- Strong wind generation conditions in South Australia have resulted in Australian wind approximately 13% above prior period and 7% above long-term expectation
- New Zealand wind generation was 2% ahead of the prior period, with both periods ahead of long-term expectation
- Generation production costs were higher than the prior period due to costs incurred in relation to some one-off turbine repairs and increased market costs due to unusual market conditions in the South Australian market

Development

- Development options continue to be progressed with the Tilt targeting to be in a position to commit to new investments during 2017
- Planning permit received for Dundonnell Wind Farm (up to 300 MW and 96 turbines) located in south-west Victoria
- Establishment activities centred around the company operating as a stand-alone business following demerger progressing

Perth Energy

Challenging retail environment with significant uncertainty

EBITDAF loss for the period of A$9.1 million driven by a poor performance in the retail business

Retail

- Perth Energy’s retail business has experienced significant deterioration in trading conditions:
  - High fixed price product purchase arrangements relative to the current market; and
  - Limited availability of wholesale hedging products as a result of the merger of Synergy with Verve which has changed the wholesale electricity market structure
- A substantially new management team is seeking to establish a sustainable forward plan for the retail business, which should show improvement in the 6 months to 31 March 2017

Generation

- Perth Energy's generation provides valuable peak capacity to the market and will benefit from the announced removal of excess capacity from the market

Canberra Data Centres

Strong platform in an emerging growth sector

- IFT completed its acquisition of 48% of Canberra Data Centres (CDC) on 14 September 2016, for a total cash equity cost of A$385.7 million
- Construction of the first stage of the Hume 3 data centre was completed within budget in October 2016. When fully fitted out the facility will add a further 9 MW of available capacity
- CDC has secured some strategic initial workloads for the Hume 3 facility and is in discussion with a number of Federal Government and commercial customers regarding upcoming opportunities
- In the year to 30 June 2016 CDC delivered earnings EBITDAF of A$46 million and while recent growth has been affected by the Federal Election temporarily delaying Government purchase decisions, medium term targets have not changed

Australia National University student accommodation

Evolving standalone sector with attractive yield and development profile

- Student Accommodation is an emerging asset class in Australia, supported by strong domestic and international demand growth for quality tertiary education
- Investment is a 50% interest in a 30-year revenue stream from nine on-campus residences of Australian National University ("ANU") in Canberra
- Provides Infratil with exposure to a new growth sector with an attractive yield profile
- Establishes a new development platform within a broad social infrastructure asset class
- Half year result includes two months trading performance

On a standalone basis, ANU provides:

- High single digit cash yield on initial investment with capital upside on potential future development opportunities

ANU also offers options:

- Extension of social infrastructure/PPP strategy
- Early move into a large emerging Australian student accommodation opportunity

Summary of Longroad investment

Commitment to the development of renewables in the U.S.

- Attractive access point into the U.S. renewable energy market
  - Experienced team with a demonstrable track record of developing and operating utility scale renewable generating facilities
  - Infratil's partnership with Longroad combines local knowledge with the capital of Infratil and the NZ Superannuation Fund
- Compelling industry fundamentals with strong anticipated growth in the medium term
  - The US provides a unique opportunity to enter one of the largest and fastest growing renewable markets in the world
  - Macro environment is increasingly supportive of renewable energy development, although recent election result may disrupt the passage of the Clean Energy Plan
- Initial commitment of up to US$100m to establish renewable energy development and operating platform
  - Infratil and the NZ Superannuation Fund will initially own 90% of the business while Longroad Energy Partners (LEP), an entity held by the Longroad executive team will own the remaining 10%
  - Over time, Longroad will provide an option for further investment in stable, low risk operating assets

Wellington International Airport

Passenger growth responding well to capital expenditure and new routes

EBITDAF of $43.7 million +4.5%

- Total passengers over 2.9 million, +4.5% or 125,000 increase on prior period (long run average growth 82,000 p.a.)
- Domestic passenger growth +5.6% following up-gauging of Air NZ aircraft and regional competition from Jetstar
- International passengers consistent with the prior period, with 29% growth since 2011. Further growth expected in the latter part of FY17 with the arrival of the Singapore Airlines service to Singapore via Canberra adding around +55,000 seats

- Significant capex of $44 million invested during the period, with completion of the Terminal South Extension and commencement of the Multi-Level Car Park; part of ~$300 million of forecast capital expenditure projects, including aeronautical and terminal developments, and a 4 star hotel
- Revenue and EBITDAF are expected to increase, reflecting investment in route development and increases in scheduled aeronautical charges

NZ Bus
Strong first half year operational performance

EBITDAF of $25.0 million, +10%

- Revenue growth (+1%) driven by additional services in Auckland and patronage growth in Wellington
- Expenses lower than the prior year (1.1%) despite increase to service levels, reflecting a continued focus on productivity across the business as well as a lower fuel price

Contracting market update (Public Transport Operating Model)

- Auckland Transport has issued an invitation to price for NZ Bus' directly appointed units in West (already submitted, awaiting result), Central and East Auckland (due early December). North Auckland will follow in early 2017. Prices will be benchmarked against tender results
- Greater Wellington Regional Council has issued a tender for the Wellington Region units, with submissions in mid November. An invitation to price NZ Bus' Wellington directly appointed units is expected in Q2 2017

NZ Bus

Focus on electric, connected and autonomous transit

Fleet Investment

- 23 double decker buses purchased for use on key Auckland corridors to reduce congestion are now in service
- Development of the prototype combining an existing trolley bus with a Wrightspeed Inc. electric powertrain is progressing. Core components have arrived in country, and testing is expected to commence in the near future
- Plans to incorporate the Wrightspeed technology into other fleet types are also progressing

Future Technologies

- The rise of alternative forms of mobility, such as on-demand services, will have an impact on public transit – some positive, some negative – and new opportunities will emerge. A strong core business offers a stable platform from which to invest and grow new technologies in an environment that is heading towards a convergence of electric, connected and autonomous transit

Metlifecare

Strong development activity across high-performing portfolio of villages

- $8 million Underlying EBITDAF contribution to Infratil, up from $6 million in the prior period:
  - Underlying Profit of $66.1 million in FY16 up 26%
  - Revaluation gains $237.2 million and realised resale gains of $56.5 million (FY16)
  - Strong growth in the key profit metrics driven by lift in list prices of resale units across the portfolio, in particular in Auckland and Bay of Plenty, and increases in new sales of occupation right agreements
- In FY16 Metlifecare achieved 430 resales of occupation right agreements, 7% up on the prior period and generated realised resale gains of $46.5 million, up 49% on the prior period. Realised resale gains per unit increased to $111,000, a 48% increase on the prior period
- As at 30 June 2016 Metlifecare had:
  - 279 units and beds under construction
  - Development pipeline of 1,773 units and care beds; including the now completed acquisition of 5ha of land at Red Beach on the Whanagaparaoa peninsula

Development Landbank: Proposed Red Beach development

[1]FY16 for Metlifecare refers to the 12 months to 30 June 2016

RetireAustralia

Strong first half year result; care and development strategies on track

Operating Performance

- Net profit after tax (IFRS) A$30 million
- Underlying profit A$13 million. On track to deliver 150+ new villas in FY17 with development weighted to second half. 37 delivered in first half
- First half sales volumes slightly weak due to lack of available stock – 170 resales and 30 new sales
- Realised DMF and capital gains slightly lower at A$102,000 per resale due to mix
- Embedded value up 8% on FY16 to A$117,000 per unit due to strong price growth and contract terms improvement
- Realised development margin 22%
- Positive initial response to national standardisation of resident contracts

Development pipeline growing

- Acquired 2 new sites yielding ~315 apartments. Consent process underway
- A further 2 sites yielding ~250 apartments in final stages of negotiation

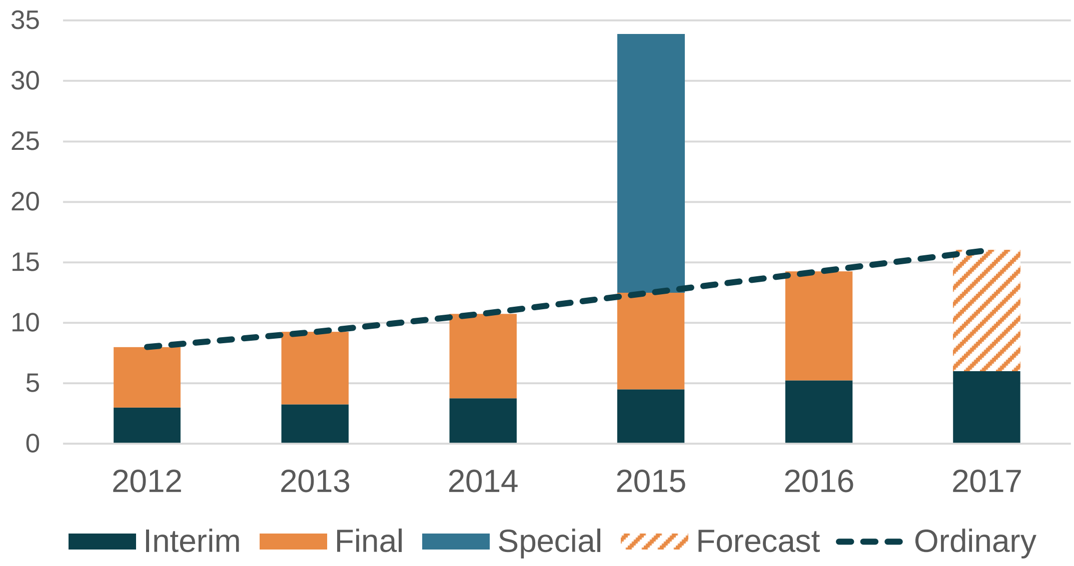
Care strategy progressing well

- Broader thinking about retirement services has prompted RetireAustralia to consider extending services into the home
- Piloting enhanced care provision into existing serviced apartments
- ~250 care apartments now included in planned developments

Distributions

Growth in dividend per share maintained

Dividend Per Share Profile FY 2012-2017[(1)]



[1] Forecast dividend range for the FY17 Final dividend is 9.5 – 10.0 cps

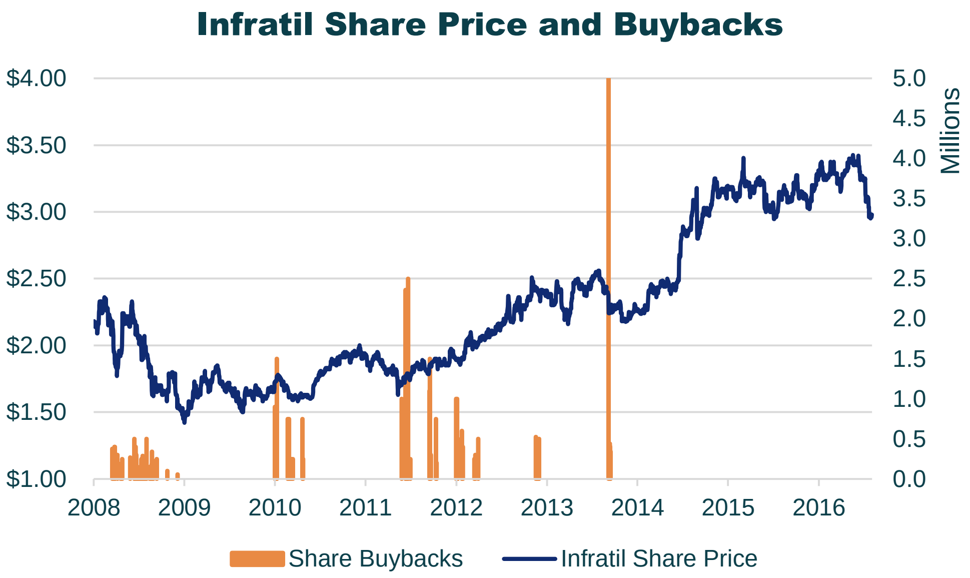
INTERIM ORDINARY DIVIDEND

Interim **ordinary** dividend of **5.75** cps, fully imputed, payable on **15 December 2016** to shareholders recorded as owners by the registry as at **28 November 2016** (last year interim ordinary of 5.25 cps)

The DRP remains suspended for this dividend

Capital Options

Approval to utilise up to $50 million of Infratil's buyback programme through July 2017



Historical buyback summary:

2009: 12.7m shares at $1.96
2010: 0.9m shares at $1.72
2011: 5.6m shares at $1.66
2012: 18.7m shares at $1.83
2013: 6.4m shares at $2.07
2014: 26.0m* shares at $2.37
2015-2017: nil
*05/12/13: 24.8 million share buyback at $2.38

- At recent share price of ~$3.00, Infratil is trading approximately 13% off its historical highs and at an approximate discount range of 15-30% to broker NAVs 20% to broker average
- Current share price suggests:
  - Conservative implied values of TPW and WIAL
  - New investments in CDC and ANU are held at a discount to cost
- $50 million on-market buyback designed to repurchase shares at attractive returns and deliver strong accretion in the near term
- These buybacks will occur under the buyback programme outlined in the notice for the 2016 Annual Meeting (which allows for on-market and off-market purchases of up to 50 million ordinary shares through July 2017)

2016/17 Outlook

Underlying EBITDAF tracking at the bottom end of $485-$525 million guidance range

Infratil

- Underlying FY17 EBITDAF is tracking at the bottom end of our previously announced guidance range of $485-$525 million
- Trends reflect current trajectory and changes in the portfolio including:
  - First half TPW performance
  - Challenging retail operating conditions for Perth Energy
  - Additional corporate costs associated with the establishment of Tilt Renewables
  - A full period contribution from King Country Energy
  - Continued growth from Wellington Airport
  - NZ Bus impacted by the loss of its South Auckland service contracts
  - Initial contributions from CDC, ANU and Longroad
- Capital structure and confidence in outlook are positive for growth in dividends per share

Investment ($Millions)	2016 Actual	2017 Outlook
Underlying EBITDAF	462.1	~485
Operating Cashflow	250.5	225-255
Net Interest	169.9	185-195
Depreciation & Amortisation	172.1	170-180
Capital Expenditure & Investment	599.8	700-750

2017 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 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.

Underlying EBITDAF is a non-GAAP measure of financial performance, presented to show management's view of the underlying business performance. Underlying EBITDAF represents consolidated net earnings before interest, tax, depreciation, amortisation, financial derivative movements, revaluations, gains or losses on the sales of investments, and includes Infratil's share of Metlifecare's and RetireAustralia underlying profits. Underlying profit for Metlifecare and RetireAustralia removes the impact of unrealised fair value movements on investment properties, impairment of property, plant and equipment, excludes one-off gains and deferred taxation, and includes realised resale gains and realised development margins.

Summary

Getting set for above average returns for the next 10 years

Recent development activity has established several proprietary platforms with significant future optionality:

- Tilt Renewables – Australian wind and solar
- Longroad – North American wind and solar
- Metlifecare/RetireAustralia – Australasian retirement services
- Canberra Data Centres – Australian data infrastructure
- ANU student accommodation – Australian student accommodation

Key value drivers for the next 12-24 months:

- Realising customer value benefits of the Trustpower multi-product offering
- Achieving financial close on Australian and U.S. renewable projects
- Enhancing development and care capability within retirement assets
- Managing growth, capex, and customer acquisition strategies for CDC
- Continuing to interact with regulators and politicians regarding key policy shifts in each jurisdiction
- Remaining opportunistic for low-tension processes and high quality assets in our home markets
- Balancing sensible capital management and distribution strategies with priority investment and portfolio opportunities

For more information:

www.infratil.com

Results Summary

Appendix I – Reconciliation of NPAT to Underlying EBITDAF

30 September ($Millions)	2016	2015
Net profit after tax	62.9	470.8
less: share of MET & RA investment property revaluations	(35.1)	(29.6)
plus: share of MET & RA realised resale gains	7.9	7.2
plus: share of MET & RA development margin	3.5	5.1
plus: share of MET & RA deferred tax expense and non-recurring items	2.1	1.8
Trustpower demerger costs	8.7	-
CDC transaction costs	5.6	-
Net loss/(gain) on foreign exchange and derivatives	0.4	8.5
Net realisations, revaluations and (impairments)	(0.5)	(0.7)
Discontinued operations	-	(407.1)
Underlying Earnings	55.5	55.9
Depreciation & amortisation	88.5	84.6
Net interest	79.6	91.6
Tax	22.4	20.9
Underlying EBITDAF	246.0	253.1

- Underlying EBITDAF is a non-GAAP measure of financial performance, presented to show management's view of the underlying business performance.
- Underlying EBITDAF represents consolidated net earnings before interest, tax, depreciation, amortisation, financial derivative movements, revaluations, gains or losses on the sales of investments, and includes Infratil's share of Metlifecare and RetireAustralia's underlying profits.
- Underlying profit for Metlifecare and RetireAustralia removes the impact of unrealised fair value movements on investment properties, impairment of property, plant and equipment, excludes one-off gains and deferred taxation, and includes realised resale gains and realised development margins.
- The impact reduces reported earnings in the current period, however provides a better benchmark to measure business performance.

Infratil Limited
Consolidated Statement of Comprehensive Income
For the 6 months ended 30 September 2016

	Notes	6 months ended 30 September 2016 $Millions Unaudited	6 months ended 30 September 2015 $Millions Unaudited	Year ended 31 March 2016 $Millions Audited
Operating revenue		940.7	859.4	1,706.4
Dividends		1.4	0.9	2.3
Total revenue		**942.1**	**860.3**	**1,708.7**
Share of earnings of associate companies	8	29.1	32.2	67.0
Total income		**971.2**	**892.5**	**1,775.7**
Depreciation		80.5	76.7	155.9
Amortisation of intangibles		8.0	7.9	16.2
Employee benefits		104.5	94.5	191.1
Other operating expenses	4	613.4	529.4	1,093.2
Total operating expenditure		**806.4**	**708.5**	**1,456.4**
Operating surplus before financing, derivatives, realisations and impairments		164.8	184.0	319.3
Net gain/(loss) on foreign exchange and derivatives		(0.4)	(8.5)	(13.6)
Net realisations, revaluations and (impairments)		0.5	0.7	(51.8)
Interest income		9.4	5.9	17.2
Interest expense		89.0	97.5	187.1
Net financing expense		79.6	91.6	169.9
Net surplus before taxation		**85.3**	**84.6**	**84.0**
Taxation expense	6	22.4	20.9	24.8
Net surplus for the period from continuing operations		**62.9**	**63.7**	**59.2**
Net surplus from discontinued operations after tax	3	-	407.1	436.3
Net surplus for the period		**62.9**	**470.8**	**495.5**
Net surplus attributable to owners of the Company		28.9	435.4	438.3
Net surplus attributable to non-controlling interest		34.0	35.4	57.2
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		(17.6)	22.5	158.7
Share of associates other comprehensive income		0.1	0.2	0.2
Fair value movements in relation to the executive share scheme		-	-	(0.1)
Income tax effect of the above items		0.1	-	(42.2)
Items that may subsequently be reclassified to profit and loss				
Differences arising on translation of foreign operations		(28.8)	29.2	33.3
Realisations on disposal of subsidiary, reclassified to profit and loss		-	-	-
Net change in fair value of available for sale financial assets		0.1	2.4	1.9
Ineffective portion of hedges taken to profit and loss		0.3	(0.6)	-
Effective portion of changes in fair value of cash flow hedges		0.6	(8.0)	(8.9)
Income tax effect of the above items		(9.0)	16.4	17.6
Total other comprehensive income after tax		(54.2)	**62.1**	**160.5**
Total comprehensive income for the period		**8.7**	**532.9**	**656.0**
Total comprehensive income for the period attributable to owners of the Company		(9.7)	479.7	541.0
Total comprehensive income for the period attributable to non-controlling interests		18.4	53.2	115.0
Earnings per share				
Basic and diluted (cents per share)		5.1	77.5	78.0

The accompanying notes form part of these financial statements

Infratil Limited
Consolidated Statement of Financial Position
As at 30 September 2016

	Notes	30 September 2016 $Millions Unaudited	30 September 2015 $Millions Unaudited	31 March 2016 $Millions Audited
Cash and cash equivalents		319.1	313.2	775.5
Trade and other accounts receivable and prepayments		230.2	701.6	217.5
Derivative financial instruments		3.0	2.6	3.7
Inventories		4.9	6.4	3.1
Income tax receivable		1.2	0.7	0.5
Land and buildings held for sale		-	7.2	7.2
Current assets		**558.4**	**1,031.7**	**1,007.5**
Trade and other accounts receivable and prepayments		2.4	7.8	2.7
Property, plant and equipment		4,759.0	4,552.1	4,824.6
Investment properties		70.5	62.1	72.0
Derivative financial instruments		4.6	5.6	4.3
Intangible assets		60.7	71.2	64.3
Goodwill		117.4	179.7	117.4
Investments in associates	8	1,002.2	462.5	497.1
Other investments	9	38.8	34.7	37.2
Non-current assets		**6,055.6**	**5,375.7**	**5,619.6**
Total assets		**6,614.0**	**6,407.4**	**6,627.1**
Accounts payable, accruals and other liabilities		226.8	193.0	210.1
Interest bearing loans and borrowings	10	260.5	120.2	272.9
Derivative financial instruments		9.1	4.7	8.5
Income tax payable		5.8	6.9	2.5
Infrastructure bonds	11	66.1	152.8	100.0
Trustpower bonds		65.0	100.0	65.0
Total current liabilities		**633.3**	**577.6**	**659.0**
Interest bearing loans and borrowings	10	782.4	795.1	818.8
Other liabilities		8.6	10.4	16.3
Deferred tax liability		535.9	500.3	544.4
Derivative financial instruments		73.2	75.1	76.9
Infrastructure bonds	11	700.2	597.0	617.9
Perpetual Infratil Infrastructure bonds	11	232.5	233.1	231.9
Trustpower bonds		318.2	382.3	317.8
Wellington International Airport bonds		347.9	274.1	274.1
Non-current liabilities		**2,998.9**	**2,867.4**	**2,898.1**
Attributable to owners of the Company		1,864.4	1,892.7	1,924.7
Non-controlling interest in subsidiaries		1,117.4	1,069.7	1,145.3
Total equity		**2,981.8**	**2,962.4**	**3,070.0**
Total equity and liabilities		**6,614.0**	**6,407.4**	**6,627.1**
Net tangible assets per share ($ per share)		3.00	2.92	3.10

Approved on behalf of the Board on 10 November 2016

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 2016

	Notes	6 months ended 30 September 2016 $Millions Unaudited	6 months ended 30 September 2015 $Millions Unaudited	Year ended 31 March 2016 $Millions Audited
Cash flows from operating activities				
Cash was provided from:				
Receipts from customers		895.5	828.0	1,757.5
Distributions received from associates		21.1	14.9	17.4
Other dividends		0.3	-	0.9
Interest received		9.4	5.9	17.2
		926.3	848.8	1,793.0
Cash was disbursed to:				
Payments to suppliers and employees		(683.4)	(605.2)	(1,311.7)
Interest paid		(84.9)	(93.3)	(179.0)
Taxation paid		(28.8)	(28.7)	(51.8)
		(797.1)	(727.2)	(1,542.5)
Net cash inflow from operating activities	12	**129.2**	**121.6**	**250.5**
Cash flows from investing activities				
Cash was provided from:				
Proceeds from sale of associates		-	-	479.9
Proceeds from sale of subsidiaries (net of cash sold)		0.4	-	46.5
Proceeds from sale of property, plant and equipment		8.4	2.0	2.3
Proceeds from sale of investments		-	-	1.9
Return of security deposits		9.6	4.9	15.4
		18.4	6.9	546.0
Cash was disbursed to:				
Purchase of investments		(517.1)	(2.3)	(84.8)
Lodgement of security deposits		(5.7)	(1.9)	(10.5)
Purchase of intangible assets		(4.6)	(4.3)	(7.0)
Interest capitalised on construction of fixed assets		-	(0.9)	(2.2)
Capitalisation of customer acquisition costs		-	-	-
Purchase of property, plant and equipment		(79.8)	(43.0)	(106.3)
		(607.2)	(52.4)	(210.8)
Net cash inflow / (outflow) from investing activities		**(588.8)**	**(45.5)**	**335.2**
Cash flows from financing activities				
Cash was provided from:				
Proceeds from issue of shares		-	-	1.0
Proceeds from issue of shares to Non-controlling Interests		-	-	0.3
Bank borrowings		118.7	173.7	689.4
Issue of bonds		285.0	-	122.1
		403.7	173.7	812.8
Cash was disbursed to:				
Repayment of bank debt		(135.4)	(174.1)	(544.1)
Loan establishment costs		(1.7)	(1.6)	(3.1)
Repayment of bonds/Perpetual Infratil Infrastructure bonds buyback		(160.0)	-	(253.8)
Infrastructure bond issue expenses		(3.7)	-	(2.3)
Share buyback		-	-	-
Share buyback of non-wholly owned subsidiary		(0.7)	-	-
Dividends paid to non-controlling shareholders in subsidiary companies		(45.6)	(45.1)	(76.9)
Dividends paid to owners of the Company		(50.6)	(80.9)	(110.4)
		(397.7)	(301.7)	(990.6)
Net cash inflow / (outflow) from financing activities		**6.0**	**(128.0)**	**(177.8)**
Net increase/ (decrease) in cash and cash equivalents		(453.6)	(51.9)	407.9
Foreign exchange gains / (losses) on cash and cash equivalents		(2.8)	1.7	2.7
Cash and cash equivalents at beginning of the period		775.5	363.4	363.4
Adjustment for cash acquired with new subsidiary		-	-	1.5
Cash and cash equivalents at end of the period		**319.1**	**313.2**	**775.5**

The accompanying notes form part of these financial statements.

Infratil Limited
Consolidated Statement of Changes in Equity
For the 6 months ended 30 September 2016
Attributable to equity holders of the Company - Unaudited

	Capital $Millions	Revaluation reserve $Millions	Foreign currency translation reserve $Millions	Other reserves $Millions	Retained earnings $Millions	Total $Millions	Non-controlling $Millions	Total equity $Millions
Balance as at 1 April 2016	370.7	749.8	2.8	(4.7)	806.1	1,924.7	1,145.3	3,070.0
Total comprehensive income for the period								
Net surplus for the period	-	-	-	-	28.9	28.9	34.0	62.9
Other comprehensive income, after tax								
Differences arising on translation of foreign operations	-	-	(30.6)	-	-	(30.6)	(6.9)	(37.5)
Realisations on disposal of subsidiary, reclassified to profit and loss	-	-	-	-	-	-	-	-
Net change in fair value of available for sale financial assets	-	-	-	0.1	-	0.1	-	0.1
Ineffective portion of hedges taken to profit and loss	-	-	-	-	-	-	-	-
Effective portion of changes in fair value of cash flow hedges	-	-	-	1.0	-	1.0	(0.4)	0.6
Fair value movements in relation to the executive share scheme	-	-	-	-	-	-	-	-
Net change in fair value of property, plant & equipment recognised in equity	-	(9.2)	-	-	-	(9.2)	(8.3)	(17.5)
Share of associates other comprehensive income	-	-	-	-	0.1	0.1	-	0.1
Total other comprehensive income	-	(9.2)	(30.6)	1.1	0.1	(38.6)	(15.6)	(54.2)
Total comprehensive income for the period	**-**	**(9.2)**	**(30.6)**	**1.1**	**29.0**	**(9.7)**	**18.4**	**8.7**
Contributions by and distributions to non-controlling interest								
Dividend paid to minority of subsidiary investment	-	-	-	-	-	-	(1.3)	(1.3)
Issue/(acquisition) of shares held by outside equity interest	-	-	-	-		-	(0.7)	(0.7)
Total contributions by and distributions to non-controlling interest	-	-	-	-	-	-	(2.0)	(2.0)
Contributions by and distributions to owners								
Share buyback	-	-	-	-	-	-	-	-
Treasury Stock reissued under dividend reinvestment plan	-	-	-	-	-	-	-	-
Conversion of executive redeemable shares	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	(50.6)	(50.6)	(44.3)	(94.9)
Total contributions by and distributions to owners	-	-	-	-	(50.6)	(50.6)	(44.3)	(94.9)
Balance as at 30 September 2016	**370.7**	**740.6**	**(27.8)**	**(3.6)**	**784.5**	**1,864.4**	**1,117.4**	**2,981.8**

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								
Non-controlling interest arising on acquisition of subsidiary	-	-	-	-	-	-	-	-
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								
Share buyback	-	-	-	-	-	-	-	-
Treasury Stock reissued under dividend reinvestment plan	-	-	-	-	-	-	-	-
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.

Infratil Limited
Consolidated Statement of Changes in Equity
For the year ended 31 March 2016
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 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 year								
Net surplus for the year	-	-	-	-	438.3	438.3	57.2	495.5
Other comprehensive income, after tax								
Differences arising on translation of foreign operations	-	-	37.2	-	-	37.2	10.9	48.1
Realisations on disposal of subsidiary, reclassified to profit and loss	-	-	-	-	-	-	-	-
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	-	-	-	(4.1)	-	(4.1)	2.6	(1.5)
Effective portion of changes in fair value of cash flow hedges	-	-	-	1.0	-	1.0	(5.6)	(4.6)
Fair value movements in relation to the executive share scheme	-	-	-	(0.1)	-	(0.1)	-	(0.1)
Net change in fair value of property, plant & equipment recognised in equity	-	66.6	-	-	-	66.6	49.9	116.5
Share of associates other comprehensive income	-	-	-	-	0.2	0.2	-	0.2
Total other comprehensive income	-	66.6	37.2	(1.3)	0.2	102.7	57.8	160.5
Total comprehensive income for the period	**-**	**66.6**	**37.2**	**(1.3)**	**438.5**	**541.0**	**115.0**	**656.0**
Contributions by and distributions to non-controlling interest								
Non-controlling interest arising on acquisition of subsidiary	-	-	-	-	-	-	57.4	57.4
Issue/(acquisition) of shares held by outside equity interest	-	-	-	-	(0.7)	(0.7)	(11.6)	(12.3)
Total contributions by and distributions to non-controlling interest	-	-	-	-	(0.7)	(0.7)	45.8	45.1
Contributions by and distributions to owners								
Share buyback	-	-	-	-	-	-	-	-
Treasury Stock reissued under dividend reinvestment plan	-	-	-	-	-	-	-	-
Conversion of executive redeemable shares	0.9	-	-	-	-	0.9	-	0.9
Dividends to equity holders	-	-	-	-	(110.4)	(110.4)	(76.9)	(187.3)
Total contributions by and distributions to owners	0.9	-	-	-	(110.4)	(109.5)	(76.9)	(186.4)
Balance at 31 March 2016	**370.7**	**749.8**	**2.8**	**(4.7)**	**806.1**	**1,924.7**	**1,145.3**	**3,070.0**

The accompanying notes form part of these financial statements.

(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 2016 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 2016. None of these has had a material effect on the financial statements of the Group.

(2) Nature of business

The Group owns and operates infrastructure and 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) 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. After sales costs, the net proceeds from the sale of Infratil's 20% interest were $479.8 million resulting in a gain on sale of the 20% interest of $392.3 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.

On 1 December 2015 the Group entered into an unconditional agreement to sell its 100% shareholding in iSite Limited to QMS Media Limited for cash consideration of $49.5 million. The transaction settled on 10 December 2015, with an adjustment for final working capital amounts of $0.5m paid to QMS Media in March 2016.

iSite Limited was not included within discontinued operations or classified as held for sale as at 30 September 2015. The comparative statement of comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

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 2016 $Millions Unaudited	6 months ended 30 September 2015 $Millions Unaudited	Year ended 31 March 2016 $Millions Audited
Z Energy Limited	-	405.7	405.7
iSite Limited	-	1.4	30.6
Net surplus from discontinued operation after tax	-	**407.1**	**436.3**

Z Energy Limited	6 months ended 30 September 2016 $Millions Unaudited	6 months ended 30 September 2015 $Millions Unaudited	Year ended 31 March 2016 $Millions Audited
Carrying value at 1 April	-	87.1	87.1
Share of associate's surplus before income tax	-	19.2	19.2
Share of associate's income tax (expense)	-	(5.8)	(5.8)
Total share of associate's earnings in the period	-	13.4	13.4
Share of associate's other comprehensive income	-	0.2	0.2
less: distributions received	-	(13.2)	(13.2)
less: disposal	-	(87.5)	(87.5)
Carrying value of investment in associate	-	-	-
The net gain on the sale is calculated as follows:			
Gross sale proceeds	-	480.0	480.0
less : Sale costs	-	(0.2)	(0.2)
Net sales proceeds	-	479.8	479.8
Carrying value of investment in associate prior to sale	-	87.5	87.5
Net gain on sale	-	392.3	392.3
Net surplus from discontinued operation after tax	-	405.7	405.7
Basic and diluted earnings per share (cents per share)	-	72.2	72.2
The profit from the discontinued operation is attributable entirely to the owners of the Company.			
Cash flows from/(used in) discontinued operation			
Net cash from operating activities	-	13.2	13.2
Net cash used in investing activities	-	-	-
Net cash used in financing activities	-	-	-
Net cash flows for the period	-	13.2	13.2

There is no cumulative income recognised in other comprehensive income relating to Z Energy Limited in any of the reported periods.

iSite Limited	6 months ended 30 September 2016 $Millions Unaudited	6 months ended 30 September 2015 $Millions Unaudited	Year ended 31 March 2016 $Millions Audited
Results of iSite *(classified as discontinued)*			
Revenue	-	17.0	24.5
Operating expenses	-	14.2	19.5
Results from operating activities	-	2.8	5.0
Depreciation & amortisation of intangibles	-	(0.7)	(1.1)
Net realisations, revaluations, (impairments) and net (gain)/loss on foreign exchange and derivatives	-	-	-
Net interest expense	-	-	-
Profit before tax of iSite	-	2.1	3.9
Taxation expense	-	(0.7)	(0.3)
Net surplus of iSite after tax	-	1.4	3.6
The net gain on the sale is calculated as follows:			
Gross sale proceeds	-	-	49.0
less: Sale costs	-	-	(0.6)
Net sales proceeds	-	-	48.4
Carrying value of iSite net assets sold	-	-	21.4
Net gain on sale	-	-	27.0
Net surplus/(loss) from discontinued operation after tax	-	1.4	30.6
Basic and diluted earnings per share (cents per share)	-	0.3	5.4
The profit from the discontinued operation is attributable entirely to the owners of the Company.			
Cash flows from/(used in) discontinued operation			
Net cash used in operating activities	-	3.0	4.0
Net cash used in investing activities	-	(2.5)	(2.8)
Net cash used in financing activities	-	-	-
Net cash flows for the period	-	0.5	1.2

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

(4) Other operating expenses

	Note	6 months ended 30 September 2016 $Millions Unaudited	6 months ended 30 September 2015 $Millions Unaudited	Year ended 31 March 2016 $Millions Audited
Fees paid to the Group auditor		0.3	0.4	0.6
Audit fees paid to other auditors		0.2	0.1	0.8
Bad debts written off		1.0	0.8	2.2
Increase in provision for doubtful debts		0.9	0.2	-
Onerous lease expense		-	-	4.2
Directors' fees		1.1	1.2	2.4
Administration and other corporate costs		3.5	3.6	11.1
Donations		0.5	-	0.9
Management fee (to related party Morrison & Co Infrastructure Management)	17	11.2	10.7	21.5
Trading operations		-		
Energy and wholesale costs		214.8	180.0	379.1
Line, distribution and network costs		219.8	198.6	391.5
Other energy business costs		93.2	74.0	154.7
Telecommunications cost of sales		23.7	16.6	38.2
Transportation business costs		34.0	34.7	69.0
Airport business costs		9.2	8.6	17.1
Other operating business costs		-	-	-
Total other operating expenses		**613.4**	**529.4**	**1,093.2**

Other energy business costs incurred during the period include $8.7 million relating to the Trustpower Demerger.

Included in administration and other corporate costs for the year ended 31 March 2016 are investment due diligence costs of $5.3 million related to the Group's unsuccessful bid for Pacific Hydro.

	6 months ended 30 September 2016 $000's Unaudited	6 months ended 30 September 2015 $000's Unaudited	Year ended 31 March 2016 $000's Audited
Fees paid to the Group auditor			
Audit and review of financial statements	212.8	267.7	462.6
Regulatory audit work	16.0	15.0	33.0
Other assurance services	7.2	6.4	3.3
Taxation services	62.3	59.7	131.6
Other services	43.2	31.5	-
Total fees paid to the Group auditor	**341.5**	**380.3**	**630.5**

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, investment due diligence work and advisory services relating to the Trustpower demerger. $4k was paid to the Group auditors for the audit of iSite Limited that was included within discontinued operations for the year ended 31 March 2016.

(5) 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 within Trustpower 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. However as a group these differences partially offset each other.

(6) Taxation

	Note	6 months ended 30 September 2016 $Millions Unaudited	6 months ended 30 September 2015 $Millions Unaudited	Year ended 31 March 2016 $Millions Audited
Net surplus before taxation from continuing operations		85.3	84.6	84.0
Taxation on the surplus for the period @ 28%		23.9	23.7	23.5
Plus/(less) taxation adjustments:				
Effect of tax rates in foreign jurisdictions		(0.1)	(0.1)	0.2
Net benefit of imputation credits		(0.3)	(4.0)	(0.4)
Exempt dividends		-	(0.2)	-
Tax losses not recognised/(utilised)		-	-	-
Effect of equity accounted earnings of associates		(1.3)	(0.2)	(7.0)
Recognition of previously unrecognised deferred tax		-	-	(0.4)
(Over)/Under provision in prior periods		-	0.4	(6.1)
Inland Revenue dispute tax expense adjustment		-	2.7	2.7
Net investment (realisations)/impairment		(0.2)	(0.3)	14.5
Other permanent differences		0.4	(1.1)	(2.2)
Taxation expense		**22.4**	**20.9**	**24.8**
Current taxation		30.7	25.2	49.6
Deferred taxation		(8.3)	(4.3)	(24.8)
Tax on discontinued operations		-	0.6	0.3

Income tax recognised in other comprehensive income	6 months ended 30 September 2016 Before tax $Millions Unaudited	Tax (expense) /benefit $Millions Unaudited	Net of tax $Millions Audited
Differences arising on translation of foreign operations	(28.8)	(8.7)	(37.5)
Realisations on disposal of subsidiary, reclassified to profit and loss	-	-	-
Net change in fair value of available for sale financial assets	0.1	-	0.1
Ineffective portion of hedges taken to profit and loss	0.3	(0.3)	-
Effective portion of changes in fair value of cash flow hedges	0.6	-	0.6
Fair value movements in relation to executive share scheme	-	-	-
Net change in fair value of property, plant & equipment recognised in equity	(17.6)	0.1	(17.5)
Share of associates other comprehensive income	0.1	-	0.1
Balance at the end of the period	(45.3)	(8.9)	(54.2)

	6 months ended 30 September 2015 Before tax $Millions Unaudited	Tax (expense) /benefit $Millions Unaudited	Net of tax $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

	Year ended 31 March 2016 Before tax $Millions Unaudited	Tax (expense) /benefit $Millions Unaudited	Net of tax $Millions Audited
Differences arising on translation of foreign operations	33.3	14.8	48.1
Realisations on disposal of subsidiary, reclassified to profit and loss	-	-	-
Net change in fair value of available for sale financial assets	1.9	-	1.9
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)	4.3	(4.6)
Fair value movements in relation to executive share scheme	(0.1)	-	(0.1)
Net change in fair value of property, plant & equipment recognised in equity	158.7	(42.2)	116.5
Share of associates other comprehensive income	0.2	-	0.2
Balance at the end of the period	185.1	(24.6)	160.5

(7) Infratil shares

Ordinary shares (fully paid)	6 months ended 30 September 2016 Unaudited	6 months ended 30 September 2015 Unaudited	Year ended 31 March 2016 Audited
Total issued capital at the beginning of the year	562,325,645	561,875,237	561,875,237
Movements in issued and fully paid ordinary shares during the year:			
Share buyback (held as treasury stock)	-	-	-
Treasury Stock reissued under dividend reinvestment plan	-	-	-
Conversion of executive redeemable shares	-	-	450,408
Total issued capital at the end of the period	562,325,645	561,875,237	562,325,645

All fully paid ordinary shares have equal voting rights and share equally in dividends and equity. At 30 September 2016 the Group held 4,500,000 shares as Treasury Stock (30 September 2015: 4,500,000, 31 March 2016: 4,500,000).

Dividends paid on ordinary shares	6 months ended 30 September 2016 cps Unaudited	6 months ended 30 September 2015 cps Unaudited	Year ended 31 March 2016 cps Audited	6 months ended 30 September 2016 $Millions Unaudited	6 months ended 30 September 2015 $Millions Unaudited	Year ended 31 March 2016 $Millions Audited
Final dividend prior year	9.00	8.00	8.00	50.6	45.0	44.9
Interim dividend paid current year	-	-	5.25	-	-	29.5
Special dividend paid current year	-	6.40	6.40	-	35.9	36.0
Dividends paid on ordinary shares	9.00	14.40	19.65	50.6	80.9	110.4

(8) Investments in associates

	Note	6 months ended 30 September 2016 $Millions Unaudited	6 months ended 30 September 2015 $Millions Unaudited	Year ended 31 March 2016 $Millions Audited
Investments in associates are as follows:				
Canberra Data Centres	8.1	401.4	-	-
Metlifecare	8.2	260.7	218.7	242.1
RetireAustralia	8.3	255.3	241.6	252.9
ANU Student Accommodation	8.4	82.6	-	-
Mana Coach Holdings		2.2	2.2	2.1
Investments in associates		1,002.2	**462.5**	**497.1**
Equity accounted earnings of associates are as follows:				
Canberra Data Centres	8.1	(5.0)	-	-
Metlifecare	8.2	20.4	16.5	41.9
RetireAustralia	8.3	15.8	15.7	25.1
ANU Student Accommodation	8.4	(2.1)	-	-
Mana Coach Holdings		-	-	-
Share of earnings of associate companies		29.1	**32.2**	**67.0**

(8.1) Canberra Data Centres

On 14 September 2016 the Group completed the acquisition of 48% of Canberra Data Centres ('CDC'), with consortium partner the Commonwealth Superannuation Corporation acquiring 48% and CDC Executives 4%. CDC operates two carrier-neutral co-location data centre precincts in Canberra. Infratil's initial A$385.7 million (NZ$396.4 million) equity investment is made by way of an A$144.4 million (NZ$148.4 million) shareholder loan and A$241.3 million (NZ$248.0 million) of Equity. The Group equity accounts for its investment in CDC. The Group's share of associate's loss for the period includes Infratil's share of transaction costs that were incurred at the holding structure level.

Movement in the carrying amount of investment in Canberra Data Centres:	6 months ended 30 September 2016 $Millions Unaudited
Carrying value at 1 April	-
Acquisition of shares	248.0
Capitalised transaction costs	15.1
Shareholder loan	148.4
Total cost of investment	411.5
Interest on shareholder loan (including accruals)	0.7
Share of associate's surplus/(loss) before income tax	(5.6)
Share of associate's income tax (expense)	(0.1)
Total share of associate's earnings in the period	(5.0)
Share of associate's other comprehensive income	-
less: distributions received	-
Foreign exchange movements recognised in other comprehensive income	(5.1)
Carrying value of investment in associate	401.4

Summary financial information *Summary information for CDC is not adjusted for the percentage ownership held by the Group*	30 September 2016 A$Millions Unaudited
Current assets	28.5
Non-current assets	1,009.6
Total Assets	1,038.1
Current liabilities	15.5
Non-current liabilities	600.3
Total liabilities	615.8

CDC's functional currency is Australian Dollars (A$) and the summary financial information shown is presented in this currency.

(8.2) Metlifecare

The Group owns a 19.9% 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 the Australian Securities Exchange.

Movement in the carrying amount of investment in Metlifecare Limited:	6 months ended 30 September 2016 $Millions Unaudited	6 months ended 30 September 2015 $Millions Unaudited	Year ended 31 March 2016 $Millions Audited
Carrying value at 1 April	242.1	202.2	202.2
Acquisition of shares	-	0.6	0.6
Share of associate's surplus before income tax	21.8	17.8	45.2
Share of associate's income tax (expense)	(1.4)	(1.3)	(3.3)
Total share of associate's earnings in the period	20.4	16.5	41.9
Share of associate's other comprehensive income	(0.1)	-	-
less: distributions received	(1.7)	(0.6)	(2.6)
Carrying value of investment in associate	260.7	218.7	242.1

Summary financial information *Summary information for Metlifecare is not adjusted for the percentage ownership held by the Group*	30 June 2016 $Millions Audited	30 June 2015 $Millions Audited
Current assets	16.1	9.4
Non-current assets	2,570.3	2,218.0
Total Assets	2,586.4	2,227.4
Current liabilities	31.3	26.9
Non-current liabilities	1,422.1	1,289.1
Total liabilities	1,453.4	1,316.0
Revenues	106.2	101.5
Net profit after tax	228.7	122.7
Total other comprehensive income	0.3	0.1

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.

At 30 September 2016 the Group's investment in MET had a fair value of $265.1 million based on the quoted market price of MET shares on the NZX at that date of $6.25 (30 September 2015: $179.4 million at $4.23, 31 March 2016: $222.7 million at $5.25).

(8.3) RetireAustralia

On 31 December 2014, the Group acquired a 50% shareholding of 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.

Movement in the carrying amount of investment in RetireAustralia:	6 months ended 30 September 2016 $Millions Unaudited	6 months ended 30 September 2015 $Millions Unaudited	Year ended 31 March 2016 $Millions Audited
Carrying value at 1 April	252.9	208.6	208.6
Acquisition of shares	17.4	-	-
Capitalised transaction costs	-	-	-
Prepayment for shares not yet issued	-	1.4	1.4
Total cost of investment	270.3	210.0	210.0
Share of associate’s surplus/(loss) before income tax	15.8	15.7	25.1
Share of associate’s income tax (expense)	-	-	-
Total share of associate’s earnings in the period	15.8	15.7	25.1
Share of associate's other comprehensive income	-	-	-
less: distributions received	(18.3)	-	-
Foreign exchange movements recognised in other comprehensive income	(12.5)	15.9	17.8
Carrying value of investment in associate	255.3	241.6	252.9

Summary financial information *Summary information for RetireAustralia is not adjusted for the percentage ownership held by the Group*	30 September 2016 A$Millions Unaudited	30 September 2015 A$Millions Unaudited	31 March 2016 A$Millions Audited
Current assets	139.1	129.3	139.8
Non-current assets	2,084.2	1,926.6	1,970.5
Total Assets	2,223.3	2,055.9	2,110.3
Current liabilities	1,511.1	1,414.8	1,442.7
Non-current liabilities	241.4	216.1	225.1
Total liabilities	1,752.5	1,630.9	1,667.8
Revenues	35.0	43.1	77.2
Net profit/(loss) after tax	29.9	28.8	46.2
Total other comprehensive income	-	-	-

RetireAustralia's functional currency is Australian Dollars (A$) and the summary financial information shown is presented in this currency.

(8.4) ANU Student Accommodation

On 4 August 2016 the Group completed the acquisition of 50% of the concession for the net rental revenue from nine on-campus Purpose Built Student Accommodation ('ANU Student Accommodation') residences at the Australian National University, with consortium partner the Commonwealth Superannuation Corporation acquiring the other 50%. Infratil's A$80.4 million (NZ$84.8 million) equity investment is made by way of an A$45.0 million (NZ$47.5 million) shareholder loan and A$35.4 million (NZ$37.3 million) of equity. The Group's share of associate's loss for the period includes Infratil's share of transaction costs that were incurred at the holding structure level.

Movement in the carrying amount of investment in ANU Student Accommodation:	6 months $Millions Unaudited
Carrying value at 1 April	-
Acquisition of shares	37.3
Capitalised transaction costs	-
Shareholder loan	47.5
Total cost of investment	84.8
Interest on shareholder loan (including accruals)	0.6
Share of associate's surplus/(loss) before income tax	(2.7)
Share of associate's income tax (expense)	-
Total share of associate's earnings in the period	(2.1)
Share of associate's other comprehensive income	-
less: distributions received	-
Foreign exchange movements recognised in other comprehensive income	(0.1)
Carrying value of investment in associate	82.6

Summary financial information *Summary information for ANU Student Accommodation is not adjusted for the percentage ownership held by the Group*	30 September 2016 A$Millions Unaudited
Current assets	24.3
Non-current assets	499.6
Total Assets	523.9
Current liabilities	1.3
Non-current liabilities	456.9
Total liabilities	458.2

The Investment Entity's functional currency is Australian Dollars (A$) and the summary financial information shown is presented in this currency.

(9) Other investments	30 September 2016 $Millions Unaudited	30 September 2015 $Millions Unaudited	31 March 2016 $Millions Audited
Australian Social Infrastructure Partners	32.2	32.8	33.6
Envision Ventures	6.6	-	3.6
Other	-	1.9	-
Total other investments	**38.8**	**34.7**	**37.2**

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').

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 2016 Infratil has made total contributions of A$28.9m (30 September 2015: A$28.3m, 31 March 2016: A$28.7m), with the remaining A$71.1m commitment uncalled at that date.

Envision Ventures

In February 2016 Infratil made a commitment of US$25 million to the California based Envision Ventures Fund 2. The strategic objective is to help Infratil's businesses identify and engage with technology changes that will impact their activities. As at 30 September 2016 Infratil has made total contributions of US$4.8 million (31 March 2016: US$2.5 million), with the remaining US$20.2 million commitment uncalled at that date.

(10) Loans and borrowings

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

	30 September 2016	30 September 2015	31 March 2016
	$Millions	$Millions	$Millions
Current liabilities	Unaudited	Unaudited	Audited
Unsecured bank loans	258.5	66.6	221.8
Secured bank facilities	4.4	54.9	52.7
less: Capitalised loan establishment costs	(2.4)	(1.3)	(1.6)
	260.5	120.2	272.9
Non-current liabilities			
Unsecured bank loans	741.1	799.6	822.2
Secured bank facilities	43.8	-	-
less: Capitalised loan establishment costs	(2.5)	(4.5)	(3.4)
	782.4	795.1	818.8
Facilities utilised at reporting date			
Unsecured bank loans	999.6	866.2	1,044.0
Unsecured guarantees	0.4	13.4	-
Secured bank loans	48.2	54.9	52.7
Secured guarantees	0.2	0.2	25.0
Facilities not utilised at reporting date			
Unsecured bank loans	937.2	627.7	592.0
Unsecured guarantees	-	8.6	-
Secured bank loans	25.4	21.0	-
Secured guarantees	-	0.6	20.1
Interest bearing loans and borrowings - *current*	260.5	120.2	272.9
Interest bearing loans and borrowings - *non-current*	782.4	795.1	818.8
Total interest bearing loans and borrowings	1,042.9	915.3	1,091.7

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 year 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 1.9% to 5.0% (30 September 2015: 2.8% to 5.3%, 31 March 2016: 2.9% to 5.3%).

During the period the A$47.6 million secured bank facility of Perth Energy has been refinanced with an expiry date of 21 May 2018. This facility and certain other indebtedness between the Perth Energy Holdings Group and financiers has been guaranteed by Infratil Finance Limited.

(11) Infrastructure bonds

	30 September 2016 $Millions Unaudited	30 September 2015 $Millions Unaudited	31 March 2016 $Millions Audited
Balance at the beginning of the period	949.8	981.9	981.9
Issued during the period	150.0	-	122.1
Exchanged during the year	(49.5)	-	(21.5)
Matured during the period	(50.5)	-	(131.3)
Purchased by Infratil during the period	-	-	(1.5)
Bond issue costs capitalised during the period	(2.2)	-	(2.1)
Bond issue costs amortised during the period	1.2	1.0	2.2
Balance at the end of the period	998.8	982.9	949.8
Current	66.1	152.8	100.0
Non-current fixed coupon	700.2	597.0	617.9
Non-current perpetual variable coupon	232.5	233.1	231.9
Balance at the end of the year	998.8	982.9	949.8
Repayment terms and interest rates:			
IFT070 Maturing in November 2015, 8.50% p.a. fixed coupon rate	-	152.8	-
IFT150 Maturing in June 2016, 8.50% p.a. fixed coupon rate	-	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
IFT210 Maturing in September 2023, 5.25% p.a. fixed coupon rate	122.1	-	122.1
IFT220 Maturing in June 2021, 4.90% p.a. fixed coupon rate	93.9	-	-
IFT230 Maturing in June 2024, 5.50% p.a. fixed coupon rate	56.1	-	-
IFTHA Perpetual Infratil infrastructure bonds	233.4	234.9	233.4
less: Bond issue costs capitalised and amortised over term	(8.2)	(6.3)	(7.2)
Balance at the end of the period	998.8	982.9	949.8

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 IFT090 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 233,405,600 (30 September 2015: 234,857,200, 31 March 2016: 233,405,600) 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 2016 the coupon is fixed at 4.26% per annum (September 2015: 5.26%, March 2016: 4.26%). 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 2015: nil, March 2016: 1,452,000) 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 2016 the Infrastructure bonds (including PIIBs) had a fair value of $968.9 million (30 September 2015: $967.1 million, 31 March 2016: $924.6 million).

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

	6 months ended 30 September 2016	6 months ended 30 September 2015	Year ended 31 March 2016
	$Millions Unaudited	$Millions Unaudited	$Millions Audited
Net surplus for the period	62.9	470.8	495.5
(Add) / Less items classified as investing activity:			
(Gain) / Loss on investment realisations and impairments	(0.5)	(393.0)	(365.6)
Add items not involving cash flows:			
Movement in financial derivatives taken to the profit or loss	0.4	8.5	13.6
Decrease in deferred tax liability excluding transfers to reserves	(8.3)	(4.2)	(24.8)
Changes in fair value of investment properties	-	-	(1.9)
Equity accounted earnings of associate net of distributions received	(9.1)	(30.7)	(64.4)
Depreciation	80.5	77.0	156.4
Movement in provision for bad debts	1.8	1.0	(2.2)
Amortisation of intangibles	8.0	8.3	16.8
Other	4.1	3.2	8.0
Movements in working capital:			
Change in receivables	(20.9)	(13.4)	(1.9)
Change in inventories	(1.9)	(1.1)	2.3
Change in trade payables, accruals and other liabilities	9.9	(1.9)	20.6
Change in current and deferred taxation	2.3	(2.9)	(1.9)
Net cash flow from operating activities	129.2	**121.6**	**250.5**

(13) 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 in Western Australia. Associates comprises Infratil's investments that aren't consolidated for financial reporting purposes including Canberra Data Centres, Metlifecare, RetireAustralia and ANU Student Accommodation. Further information on these investments is outlined in Note 8. All other segments and corporate includes predominately the activities of the Parent Company and Holding Company level. The group has no significant reliance on any one customer.

For the period ended 30 September 2016	Trustpower New Zealand $Millions Unaudited	Wellington Airport New Zealand $Millions Unaudited	NZ Bus New Zealand $Millions Unaudited	Perth Energy Australia $Millions Unaudited	Associates Australasia $Millions Unaudited	All other segments and corporate New Zealand $Millions Unaudited	Eliminations & discontinued operations $Millions Unaudited	Total from Continuing Operations $Millions Unaudited
Segment revenue	570.3	58.4	120.1	187.9	-	83.1	-	1,019.8
Share of earnings of associate companies	-	-	-	-	29.1	-	-	29.1
Inter-segment revenue	-	(0.2)	-	-	-	(77.5)	-	(77.7)
Segment revenue - external	570.3	58.2	120.1	187.9	29.1	5.6	-	971.2
Operating expenses	(394.2)	(14.4)	(95.1)	(197.6)	-	(16.5)	-	(717.8)
Interest income	0.2	0.2	-	0.2	-	10.5	(1.7)	9.4
Interest expense	(35.4)	(12.3)	(1.3)	(2.3)	-	(39.4)	1.7	(89.0)
Depreciation and amortisation	(59.5)	(10.0)	(15.9)	(2.8)	-	(0.3)	-	(88.5)
Net gain/(loss) on foreign exchange and derivatives	(5.5)	4.5	-	0.1	-	0.5	-	(0.4)
Net realisations, revaluations and (impairments)	-	(0.3)	-	-	-	0.8	-	0.5
Taxation expense	(18.9)	(7.3)	(1.5)	4.4	-	0.9	-	(22.4)
Segment result	57.0	18.6	6.3	(10.1)	29.1	(37.9)	-	62.9
Investments in associates	-	-	-	-	1,002.2	-	-	1,002.2
Total non-current assets (excluding financial instruments and deferred tax)	3,665.9	977.0	218.9	109.6	1,002.2	77.4	-	6,051.0
Total assets	3,856.3	996.9	240.1	180.4	1,002.2	338.1	-	6,614.0
Total liabilities	1,901.9	520.4	45.4	109.9	-	1,054.6	-	3,632.2
Capital expenditure and investments	26.2	44.0	12.3	0.4	513.7	4.0	-	600.6

For the period ended 30 September 2015	Trustpower New Zealand $Millions Unaudited	Wellington Airport New Zealand $Millions Unaudited	NZ Bus New Zealand $Millions Unaudited	Perth Energy Australia $Millions Unaudited	Associates Australasia $Millions Unaudited	All other segments and corporate New Zealand $Millions Unaudited	Eliminations & discontinued operations $Millions Unaudited	Total from Continuing Operations $Millions Unaudited
Segment revenue	540.6	55.6	118.9	145.8	-	98.0	(17.0)	941.9
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	45.6	18.9	(30.4)	892.5
Operating expenses	(356.4)	(13.7)	(94.4)	(144.7)	-	(28.9)	14.2	(623.9)
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)	0.6	(84.6)
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	0.7	(20.9)
Segment result	59.8	15.6	5.0	(2.7)	45.6	347.4	(407.0)	63.7
								-
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	462.5	84.7	-	5,370.1
Total assets	3,742.4	842.9	305.2	200.7	462.5	853.7	-	6,407.4
Total liabilities	1,792.8	441.1	50.4	101.5	-	1,059.2	-	3,445.0
Capital expenditure and investments	15.4	28.0	4.8	0.4	0.6	5.9	-	55.1

For the year ended 31 March 2016	Trustpower New Zealand $Millions Audited	Wellington Airport New Zealand $Millions Audited	NZ Bus New Zealand $Millions Audited	Perth Energy Australia $Millions Audited	Associates Australasia $Millions	All other segments and corporate New Zealand $Millions Audited	Eliminations & discontinued operations $Millions Audited	Total from Continuing Operations $Millions Audited
Segment revenue	1,036.5	113.5	230.8	326.8	-	147.4	(24.5)	1,830.5
Share of earnings of associate companies	-	-	-	-	80.4	-	(13.4)	67.0
Inter-segment revenue	-	(1.0)	(2.5)	-	-	(118.3)	-	(121.8)
Segment revenue - external	1,036.5	112.5	228.3	326.8	80.4	29.1	(37.9)	1,775.7
Operating expenses	(707.1)	(26.4)	(190.5)	(323.9)	-	(55.9)	19.5	(1,284.3)
Interest income	0.4	0.3	0.1	0.5	-	18.1	(2.2)	17.2
Interest expense	(81.5)	(17.1)	(3.1)	(4.7)	-	(82.9)	2.2	(187.1)
Depreciation and amortisation	(117.0)	(16.5)	(31.4)	(6.4)	-	(1.9)	1.1	(172.1)
Net gain/(loss) on foreign exchange and derivatives	(6.3)	(2.6)	-	0.3	-	(5.0)	-	(13.6)
Net realisations, revaluations and (impairments)	(1.9)	1.8	(55.1)	-	-	422.7	(419.3)	(51.8)
Taxation expense	(33.2)	-	0.4	2.1	-	5.6	0.3	(24.8)
Segment result	89.9	52.0	(51.3)	(5.3)	80.4	329.8	(436.3)	59.2
								-
Investments in associates	-	-	-	-	497.1	-	-	497.1
Total non-current assets (excluding financial instruments and deferred tax)	3,760.5	938.9	222.7	120.6	497.1	75.5	-	5,615.3
Total assets	3,925.3	959.1	242.2	190.9	497.1	812.5	-	6,627.1
Total liabilities	1,927.8	452.5	55.4	104.3	-	1,017.1	-	3,557.1
Capital expenditure and investments	119.3	56.7	11.2	0.6	0.6	4.6	-	193.0

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.

For the period ended 30 September 2016	New Zealand $Millions Unaudited	Australia $Millions Unaudited	Eliminations & discontinued operations $Millions Unaudited	Total from Continuing Operations $Millions Unaudited
Segment revenue	754.2	265.6	-	1,019.8
Share of earnings of associate companies	20.4	8.7	-	29.1
Inter-segment revenue	(77.7)	-	-	(77.7)
Segment revenue - external	696.9	274.3	-	971.2
Operating expenses	(490.8)	(227.0)	-	(717.8)
Interest income	10.8	0.3	(1.7)	9.4
Interest expense	(71.4)	(19.3)	1.7	(89.0)
Depreciation and amortisation	(57.6)	(30.9)	-	(88.5)
Net gain/(loss) on foreign exchange and derivatives	1.7	(2.1)	-	(0.4)
Net realisations, revaluations and (impairments)	0.5	-	-	0.5
Taxation expense	(23.9)	1.5	-	(22.4)
Segment result	66.1	(3.2)	-	62.9
Investments in associates	262.8	739.4	-	1,002.2
Total non-current assets (excluding financial instruments and deferred tax)	4,084.9	1,966.1	-	6,051.0
Total assets	4,518.5	2,095.5	-	6,614.0
Total liabilities	2,830.8	801.4	-	3,632.2
Capital expenditure and investments	82.2	518.4	-	600.6

For the period ended 30 September 2015	New Zealand $Millions Unaudited	Australia $Millions Unaudited	Eliminations & discontinued operations $Millions Unaudited	Total from Continuing Operations $Millions Unaudited
Segment revenue	748.1	210.8	(17.0)	941.9
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	(30.4)	892.5
Operating expenses	(475.6)	(162.4)	14.1	(623.9)
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)	0.6	(84.6)
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	0.7	(20.9)
Segment result	457.7	13.1	(407.1)	63.7
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 and investments	25.4	29.7	-	55.1

For the year ended 31 March 2016	New Zealand $Millions Audited	Australia $Millions Audited	Eliminations & discontinued operations $Millions Audited	Total from Continuing Operations $Millions Audited
Segment revenue	1,387.7	467.3	(24.5)	1,830.5
Share of earnings of associate companies	55.3	25.1	(13.4)	67.0
Inter-segment revenue	(121.8)	-	-	(121.8)
Segment revenue - external	1,321.2	492.4	(37.9)	1,775.7
Operating expenses	(944.6)	(359.2)	19.5	(1,284.3)
Interest income	18.9	0.5	(2.2)	17.2
Interest expense	(146.4)	(42.9)	2.2	(187.1)
Depreciation and amortisation	(111.6)	(61.6)	1.1	(172.1)
Net gain/(loss) on foreign exchange and derivatives	(9.7)	(3.9)	-	(13.6)
Net realisations, revaluations and (impairments)	367.5	-	(419.3)	(51.8)
Taxation expense	(21.8)	(3.3)	0.3	(24.8)
Segment result	473.5	22.0	(436.3)	59.2
Investments in associates	244.2	252.9	-	497.1
Total non-current assets (excluding financial instruments and deferred tax)	4,038.1	1,577.2	-	5,615.3
Total assets	4,948.7	1,678.4	-	6,627.1
Total liabilities	2,638.5	918.6	-	3,557.1
Capital expenditure and investments	188.4	4.6	-	193.0

(14) 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 2016 of $1,742.5 million (30 September 2015: $1,764.5 million, 31 March 2016: $1,620.8 million) compared to a carrying value of $1,729.9 million (30 September 2015: $1,739.3 million, 31 March 2016: $1,606.7 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 3.2% to 3.5% (30 September 2015: 4.1% to 4.7%, 31 March 2016: 4.1% to 5.2%)

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.

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 2016	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	-	0.2	7.0	7.2
Derivative financial instruments - foreign exchange	-	-	-	-
Derivative financial instruments - interest rate	-	0.4	-	0.4
Total	-	0.6	7.0	7.6
Liabilities per the statement of financial position				
Derivative financial instruments - energy	-	-	14.0	14.0
Derivative financial instruments - foreign exchange	-	-	-	-
Derivative financial instruments - interest rate	-	68.3	-	68.3
Total	-	68.3	14.0	82.3

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

31 March 2016	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	-	0.2	6.4	6.6
Derivative financial instruments - foreign exchange	-	-	-	-
Derivative financial instruments - interest rate	-	1.4	-	1.4
Total	-	1.6	6.4	8.0
Liabilities per the statement of financial position				
Derivative financial instruments - energy	-	0.5	11.9	12.4
Derivative financial instruments - foreign exchange	-	1.2	-	1.2
Derivative financial instruments - interest rate	-	71.8	-	71.8
Total	-	73.5	11.9	85.4

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 2016 (30 September 2015: none, 31 March 2016: 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 2016 $Millions Unaudited	6 months ended 30 September 2015 $Millions Unaudited	Year ended 31 March 2016 $Millions Audited
Assets per the statement of financial position			
Opening balance	6.4	11.5	11.5
Acquired as part of business combination	-	-	0.6
Gains and (losses) recognised in profit or loss	0.1	1.4	1.2
Gains and (losses) recognised in other comprehensive income	0.5	(7.1)	(6.9)
Closing balance	7.0	5.8	6.4
Total gains/(losses) for the period included in profit or loss for assets held at the end of the reporting period	1.1	(1.0)	0.6
Liabilities per the statement of financial position			
Opening balance	11.9	4.3	4.3
Acquired as part of business combination	-	-	0.5
(Gains) and losses recognised in profit or loss	1.0	3.7	5.4
(Gains) and losses recognised in other comprehensive income	1.1	1.9	1.7
Sold as part of the disposal of a subsidiary	-	-	-
Closing balance	14.0	9.9	11.9
Total losses for the period included in profit or loss for liabilities held at the end of the reporting period	0.5	9.9	(11.5)
Settlements during the period	(7.3)	6.9	(1.8)

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 2016 $Millions Unaudited	6 months ended 30 September 2015 $Millions Unaudited	Year ended 31 March 2016 $Millions Audited
Profit and loss			
10% increase in energy forward prices	1.8	(0.5)	(0.5)
10% decrease in energy forward prices	(1.8)	0.5	0.5
Other comprehensive income			
10% increase in energy forward prices	7.3	5.8	4.9
10% decrease in energy forward prices	(7.3)	(5.8)	(4.9)

(15) Capital commitments

Capital commitments	6 months ended 30 September 2016 $Millions Unaudited	6 months ended 30 September 2015 $Millions Unaudited	Year ended 31 March 2016 $Millions Audited
Committed but not contracted for	-	-	-
Contracted but not provided for	42.6	38.4	71.9
	42.6	38.4	71.9

The commitments contracted but not provided for predominantly relate to terminal developments and the multi level car park at Wellington International Airport. See note 9 for Infratil's commitment to ASIP and Envision.

(16) 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.

(17) 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'). M Bogoievski is a director of Infratil and is also a director and Chief Executive Officer of MCO. D Saville (retired 24 August 2016) was a director of Infratil, and A Muh (stepped down from 24 August 2016) was an alternate director of Infratil. Mr Muh is an executive director of MCO, and Mr Saville is a non-executive director of MCO. Entities associated with Mr Bogoievski, 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 year were:	6 months ended 30 September 2016 $Millions Unaudited	6 months ended 30 September 2015 $Millions Unaudited	Year ended 31 March 2016 $Millions Audited
Management fees	11.2	10.7	21.5
Incentive fees on realisations of international assets	-	-	-
Executive secondment and consulting	0.5	0.1	0.1
Directors fees	0.6	0.7	1.6
Financial management, accounting, treasury, compliance and administrative services	0.8	0.6	1.3
Risk management reporting	-	-	-
Investment banking services	0.4	0.1	1.6
Total management and other fees	13.5	12.2	26.1

At 30 September 2016 amounts owing to MCIM of $2.6 million (excluding GST) are included in trade creditors (30 September 2015: $2.2 million, 31 March 2016: $2.3 million).

(18) Events after balance date

Trustpower Demerger

On 19 October 2016 the final court orders approving the demerger were granted. On 1 November 2016, each Trustpower shareholder (including Infratil) on the register as at 5pm on 28 October 2016 received one New Trustpower Share and one Tilt Renewables Share for each Trustpower Share previously held. Tilt Renewables Limited now holds Trustpower's Australian and New Zealand wind generation assets and its wind and solar development projects. Bay Energy Limited (New Trustpower) continues to operate Trustpower's New Zealand and Australian hydro generation assets and its multi-product New Zealand retail business. New Trustpower Shares and Tilt Renewables Shares began trading on the NZX and ASX on a conditional settlement basis on the 28th of October 2016.

Prior to the demerger Trustpower had $65 million of bonds maturing in December 2016 which were redeemed with funds available from a bridging loan on the 28th of October 2016. As part of the demerger process New Trustpower offered bondholders of Trustpower’s three other outstanding bond issues (totalling $320 million) the opportunity to transfer into new bonds with identical terms. $249 million of bonds were rolled over into these new bonds, while the remaining bonds were redeemed using the bridging loan on the 28th of October 2016. A new issue of bonds of $128 million which occurred on 4 November 2016 was used to repay the majority of the bridging loan, leaving $15 million as a current liability. All of New Trustpower’s remaining bank debt is now non-current. In addition to the above, as part of the demerger all Tilt’s bank debt was also refinanced with the majority now non-current.

Longroad Energy Holdings

On 5 October 2016 Infratil announced an initial (45%) investment in Longroad Energy Holdings, LLC (“Longroad”), a recently formed US renewable energy development and operating vehicle headquartered in Boston, Massachusetts. Infratil committed to invest in this renewable opportunity in conjunction with the NZ Superannuation Fund (45%) and the Longroad management team (10%). Infratil expects to invest up to US$50m (NZ$70m) over the next 12 to 18 months.

Dividend

On 10 November 2016, the Directors approved a fully imputed interim dividend of 5.75 cents per share to holders of fully paid ordinary shares to be paid on 15 December 2016.

Directors
M Tume (Chairman)
M Bogoievski
A Gerry
P Gough
H J D Rolleston
D P Saville (retired 24 August 2016)
P Springford (appointed 11 October 2016, with effect from 1 November 2016)
A Y Muh (alternate to D P Saville, and stepped down as an alternate from 24 August 2016)

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

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

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 5998
E-mail: enquiries@linkmarketservices.co.nz
Internet address: www.linkmarketservices.co.nz

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

Auditor
KPMG
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

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

The Hong Kong and Shanghai Banking Corporation Limited
Level 25
HSBC Tower
195 Lambton 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 interim financial statements of Infratil Limited and its subsidiaries ("the Group") on pages 1 to 26 which comprise the consolidated statement of financial position as at 30 September 2016, 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.

This report is made solely to the shareholders as a body. Our review work has been undertaken so that we might state to the Group's shareholders those matters we are required to state to them in the independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group's shareholders as a body, for our review work, this report or any of the conclusions we have formed.

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 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 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 auditors. 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 interim financial statements do not present fairly, in all material respects, the financial position of the Group as at 30 September 2016, 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*.

KPMG

10 November 2016
Wellington

INFRATIL LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2016

	Notes	6 months ended 30 September 2016 Unaudited $000	6 months ended 30 September 2015 Unaudited $000	Year Ended 31 March 2016 Audited $000
Subvention Income		-	22,000	22,000
Operating Revenue		18,702	12,841	31,396
Total revenue		**18,702**	**34,841**	**53,396**
Directors' fees		331	344	665
Other operating expenses		14,283	13,672	31,456
Total operating expenditure	4	**14,614**	**14,016**	**32,121**
Operating profit before derivatives, realisations and impairments		**4,088**	**20,825**	**21,275**
Net (loss)/gain on foreign exchange & financial derivatives		798	(2,388)	(3,444)
Net investment realisations and (impairments)		7	-	450
Results from operating activities		**4,893**	**18,437**	**18,281**
Financial income		30,084	35,037	60,108
Financial expenses		(35,245)	(37,867)	(75,220)
Net financing expense		**(5,161)**	**(2,830)**	**(15,112)**
Surplus/(loss) before taxation		**(268)**	**15,607**	**3,169**
Taxation (expense)/credit	6	(86)	1,715	(8,476)
Net surplus/(loss) for the period		**(354)**	**17,323**	**(5,307)**
Other comprehensive income after tax				
Fair value movements in relation to executive share scheme		-	-	(88)
Other comprehensive income for the period net of income tax		**-**	**-**	**(88)**
Total comprehensive income for the period		**(354)**	**17,323**	**(5,395)**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2016
Unaudited

6 months ended 30 September 2016		Capital $000	Other reserves $000	Retained earnings $000	Total $000
Balance as at 1 April 2016		363,433	533	80,160	444,126
Total comprehensive income for the period					
Net surplus for the period		-	-	(354)	(354)
Other comprehensive income after tax					
Fair value movements in relation to executive share scheme		-	-	-	-
Total other comprehensive income		-	-	-	-
Total comprehensive income for the period		**-**	**-**	**(354)**	**(354)**
Contributions by and distributions to owners					
Conversion of executive redeemable shares		-	-	-	-
Dividends to equity holders	3	-	-	(50,608)	(50,608)
Total contributions by and distributions to owners		-	-	(50,608)	(50,608)
		363,433	533	29,198	393,164
Balance at 30 September 2016		363,433	533	29,198	393,164

STATEMENT OF CHANGES IN EQUITY
FOR THE period ENDED 30 September 2015
Unaudited

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)
Balance at 30 September 2015		362,387	621	132,291	495,299

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016
Audited

Balance as at 1 April 2015		362,387	621	195,878	558,886
Total comprehensive income for the year					
Net surplus for the year		-	-	(5,307)	(5,307)
Other comprehensive income after tax					
Fair value movements in relation to executive share scheme		-	(88)	-	(88)
Total other comprehensive income		-	(88)	-	(88)
Total comprehensive income for the year		**-**	**(88)**	**(5,307)**	**(5,395)**
Contributions by and distributions to owners					
Conversion of executive redeemable shares		1,046	-	-	1,046
Dividends to equity holders	3	-	-	(110,411)	(110,411)
Total contributions by and distributions to owners		1,046	-	(110,411)	(109,365)
Balance at 31 March 2016		363,433	533	80,160	444,126

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016

	Notes	6 months ended 30 September 2016 Unaudited $000	6 months ended 30 September 2015 Unaudited $000	Year Ended 31 March 2016 Audited $000
Cash and cash equivalents		-	-	-
Prepayments and sundry receivables		932	1,248	787
Income tax receivable		521	3,789	521
Advances to subsidiary companies	12	971,117	1,300,282	1,225,004
Current assets		**972,570**	**1,305,319**	**1,226,312**
Deferred tax		18,606	22,244	16,589
Investments	12	585,529	337,528	337,528
Non current assets		**604,135**	**359,772**	**354,117**
Total assets		**1,576,705**	**1,665,091**	**1,580,429**
Bond interest payable		6,653	8,242	6,718
Accounts payable		73	2,402	2,475
Accrual and other liabilities		2,105	629	668
Infrastructure Bonds	7	66,146	152,836	100,000
Loans from group companies	12	153,897	153,897	153,897
Total current liabilities		**228,874**	**318,006**	**263,758**
Infrastructure Bonds	7	700,217	596,933	616,863
Perpetual Infratil Infrastructure bonds	7	232,473	233,136	232,908
Derivative financial instruments	8	21,977	21,718	22,774
Non current liabilities		**954,667**	**851,787**	**872,545**
Attributable to shareholders of the Company		393,164	495,299	444,126
Total equity		**393,164**	**495,299**	**444,126**
Total equity and liabilities		**1,576,705**	**1,665,091**	**1,580,429**

Approved on behalf of the Board on 10 November 2016

Director

Director

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2016

	Notes	6 months ended 30 September 2016 Unaudited $000	6 months ended 30 September 2015 Unaudited $000	Year Ended 31 March 2016 Audited $000
Cash flows from operating activities				
Cash was provided from:				
Dividends received from subsidiary companies		-	-	-
Subvention receipt		-	22,000	22,000
Interest received		30,084	35,037	60,108
Taxation received		-	5,438	5,570
Operating revenue receipts		18,703	12,842	31,717
		48,787	75,317	119,395
Cash was dispersed to:				
Interest paid		(33,786)	(37,669)	(74,430)
Payments to suppliers		(15,840)	(12,944)	(31,957)
Taxation (paid) / refunded		(2,268)	(3,741)	(5,003)
		(51,894)	(54,354)	(111,390)
Net cash flows from operating activities	9	**(3,107)**	**20,963**	**8,005**
Cash flows from investing activities				
Cash was provided from:				
Net movement in subsidiary company loan		253,887	59,950	135,149
		253,887	59,950	135,149
Cash was dispersed to:				
Acquisition of shares in subsidiary		(247,994)	-	-
Cash outflow for group company loan		-	-	-
		(247,994)	-	-
Net cash flows from investing activities		**5,893**	**59,950**	**135,149**
Cash flows from financing activities				
Cash was provided from:				
Proceeds from issue of shares		5	-	1,042
Issue of bonds		150,000	-	122,104
		150,005	-	123,146
Cash was dispersed to:				
Repayment of bonds		(100,000)	-	(153,837)
Infrastructure bond issue expenses		(2,183)	(7)	(2,056)
Dividends paid	3	(50,608)	(80,910)	(110,411)
		(152,791)	(80,917)	(266,304)
Net cash flows from financing activities		**(2,786)**	**(80,917)**	**(143,158)**
Net cash movement		-	(4)	(4)
Cash balances at beginning of period		-	4	4
Cash balances at period end		**-**	**-**	**-**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2016

(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 2016 have been prepared in accordance with the accounting policies stated in the published financial statements for the year ended 31 March 2016 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 Group'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 2016. None of these has had a material effect on the financial statements of the Company.

(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 2016 Unaudited	6 months ended 30 September 2015 Unaudited	Year Ended 31 March 2016 Audited
Total issued capital at the beginning of the period	562,325,645	561,875,237	561,875,237
Movements in issued and fully paid ordinary shares during the period:			
Share buyback (held as treasury stock)	-	-	-
Treasury Stock reissued under dividend reinvestment plan	-	-	-
Conversion of executive redeemable shares	-	-	450,408
Total issued capital at the end of the period	562,325,645	561,875,237	562,325,645

All fully paid ordinary shares have equal voting rights and share equally in dividends and equity. At 30 September 2016 the Company held 4,500,000 shares as Treasury Stock (30 September 2015: 4,500,000, 31 March 2016: 4,500,000).

Dividends paid on ordinary shares	6 months ended 30 September 2016	6 months ended 30 September 2015	Year Ended 31 March 2016	6 months ended 30 September 2016	6 months ended 30 September 2015	Year Ended 31 March 2016
Dividends declared and paid by the Company for the period were as follows:	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
	cps	cps	cps	$000	$000	$000
Final dividend prior year	9.00	8.00	8.00	50,608	44,950	44,954
Interim dividend paid	-	-	5.25	-	-	29,497
Special dividend paid	-	6.40	6.40	-	35,960	35,960
	9.00	14.40	19.65	50,608	80,910	110,411

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2016

(4) Other operating expenses

		6 months ended 30 September 2016	6 months ended 30 September 2015	Year Ended 31 March 2016 Audited
Fees paid to the Company auditor		95	106	174
Directors' fees	12	331	344	665
Administration and other corporate costs		3,439	3,542	11,175
Management fee (to related party Morrison & Co Infrastructure Management)	12	10,749	10,024	20,107
Total other operating expenses		14,614	14,016	32,121

Fees paid to the Company auditor	6 months ended 30 September 2016 Unaudited $000	6 months ended 30 September 2015 Unaudited $000	Year Ended 31 March 2016 Audited $000
Audit and review of financial statements	95	102	170
Taxation services	-	4	-
Total fees paid to the Company auditor	95	106	170

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 2016 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 2016 (September 2015: nil, March 2016: nil).

(6) Taxation	6 months ended 30 September 2016 Unaudited $000	6 months ended 30 September 2015 Unaudited $000	Year Ended 31 March 2016 Audited $000
(Loss)/surplus before taxation	(268)	15,607	3,169
Taxation on the (loss)/surplus for the period @ 28% tax rate	(75)	4,370	887
Plus/(less) taxation adjustments:			
Impairment of investments/realisations	-	-	(126)
Subvention payment	-	-	(6,160)
Loss offset to/(from) group company	-	(6,160)	-
(Under)/over provision in prior periods	-	1	12,966
Other permanent differences	161	73	909
Taxation expense/(credit)	**86**	**(1,715)**	**8,476**
Current taxation	-	(2,192)	5,004
Deferred taxation	86	477	3,472
	86	**(1,715)**	**8,476**

There was no income tax recognised in other comprehensive income during the period (30 September 2015: nil, 31 March 2016: nil)

(7) Infrastructure Bonds

	6 months ended 30 September 2016 Unaudited $000	6 months ended 30 September 2015 Unaudited $000	Year Ended 31 March 2016 Audited $000
Balance at the beginning of the period	949,771	981,897	981,897
Issued during the period	150,000	-	122,104
Exchanged during the period	(49,517)	-	(21,514)
Matured during the period	(50,483)	-	(131,322)
Purchased by Infratil during the period	-	-	(1,452)
Bond issue costs capitalised during the period	(2,182)	-	(2,056)
Bond issue costs amortised during the period	1,247	1,007	2,114
Balance at the end of the period	998,836	982,904	949,771
Current	66,146	152,836	100,000
Non current fixed coupon	700,217	596,932	616,863
Non current perpetual variable coupon	232,473	233,136	232,908
Balance at the end of the period	998,836	982,904	949,771
Repayment terms and interest rates:			
IFT070 Maturing in November 2015, 8.50% p.a. fixed coupon rate	-	152,836	-
IFT150 Maturing in June 2016, 8.50% p.a. fixed coupon rate	-	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
IFT 210 Maturing in September 2023, 5.25% p.a. fixed coupon rate	122,104	-	122,104
IFT 220 Maturing in June 2021, 4.90% per annum	93,883	-	-
IFT 230 Maturing in June 2024, 5.50% per annum fixed coupon rate	56,117	-	-
IFTHA Perpetual Infratil infrastructure bonds	233,406	234,857	233,406
less: Bond issue costs capitalised and amortised over term	(8,183)	(6,296)	(7,248)
Balance at the end of the period	998,836	982,904	949,771

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 IFT090 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 233,405,600 (30 September 2015: 234,857,200, 31 March 2016: 233,405,600) 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 2016 the coupon is fixed at 4.26% per annum (September 2015: 5.26%, March 2016: 4.26%). 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 2015: nil, March 2016: 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 2016 the Infrastructure bonds (including PIIBs) had a fair value of $968.9 million (30 September 2015: $967.1 million, 31 March 2016: $924.6 million).

(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.

• 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 Company has interest rate swap derivatives that are classified as Level 2 and have a fair value liability of $22.0 million at 30 September 2016 (30 September 2015: $21.7 million, 31 March 2016:$22.8m).

(9) Reconciliation of net surplus with cash flow from operating activities	6 months ended 30 September 2016 Unaudited $000	6 months ended 30 September 2015 Unaudited $000	Year Ended 31 March 2016 Audited $000
Net surplus	(354)	17,323	(5,307)
Less items classified as investing activity			
Loss/(profit) on investment realisations and impairments	(7)	-	(450)
Add items not involving cash flows			
Movement in financial derivatives taken to the profit or loss	(798)	2,388	3,444
Other	1,246	1,010	2,115
Movements in working capital			
Change in receivables	(144)	5,438	5,891
Change in trade payables	(2,402)	253	326
Change in accruals and other liabilities	1,379	(2)	(1,487)
Change in taxation and deferred tax	(2,027)	(5,447)	3,473
Net cash inflow from operating activities	**(3,107)**	**20,963**	**8,005**

(10) Commitments

There are no outstanding commitments (30 September 2015: nil, 31 March 2016: 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.

(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'). M Bogoievski is a director of Infratil and is also a director and Chief Executive Officer of MCO. D Saville (retired 24 August 2016) was a director of Infratil, and A Muh (stepped down from 24 August 2016) was an alternate director of Infratil. Mr Muh is an executive director of MCO, and Mr Saville is a non-executive director of MCO. Entities associated with Mr Bogoievski, 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:

	Interest income/(expense)			Intercompany (loan)/advance/investment at carrying value		
Related Party	6 months ended 30 September 2016 Unaudited $000	6 months ended 30 September 2015 Unaudited $000	Year Ended 31 March 2016 Audited $000	6 months ended 30 September 2016 Unaudited $000	6 months ended 30 September 2015 Unaudited $000	Year Ended 31 March 2016 Audited $000
Advances						
Infratil Finance	30,000	35,000	60,000	971,117	1,300,283	1,224,480
Aotea Energy Holdings Limited	-	-	-	(153,897)	(153,897)	(153,897)
Investments in						
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
Infratil No. 5 Limited				248,002	-	-

The significant investments of the Company and their activities are summarised below:

Subsidiaries	Holding 6 months ended 30 September 2016	Holding 6 months ended 30 September 2015	Holding Year Ended 31 March 2016	Principal activity	Country of incorporation
Infratil Finance Limited	100%	100%	100%	Finance	New Zealand
Swift Transport Limited	100%	100%	100%	Investment	New Zealand
Infratil Ventures Limited	100%	100%	100%	Investment	New Zealand
Infratil Infrastructure Property Limited	100%	100%	100%	Investment	New Zealand
NZ Airports Limited	100%	100%	100%	Investment	New Zealand
Infratil Energy Limited	100%	100%	100%	Investment	New Zealand
Infratil Investments Limited	100%	100%	100%	Investment	New Zealand
Infratil 1998 Limited	100%	100%	100%	Investment	New Zealand
Infratil Gas Limited	100%	100%	100%	Investment	New Zealand
Infratil RV Limited	100%	100%	100%	Investment	New Zealand
Infratil No 1 Limited	100%	100%	100%	Investment	New Zealand
Infratil Outdoor Media Limited	100%	100%	100%	Investment	New Zealand
Infratil No 5 Limited	100%	100%	100%	Investment	New Zealand
Infratil Australia Limited	100%	100%	100%	Investment	New Zealand
Infratil PPP Limited	100%	100%	100%	Investment	New Zealand
Infratil Ventures II Limited	100%	-	100%	Investment	New Zealand
Infratil 2016 Limited	100%	-	-	Investment	New Zealand

(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 2016, the Directors approved a fully imputed interim dividend of 5.75 cents per share to holders of fully paid ordinary shares to be paid on 15 December 2016.

Directory

Directors
M Tume (Chairman)
M Bogoievski
A Gerry
P Gough
H J D Rolleston
D P Saville (retired 24 August 2016)
P Springford (appointed 11 October 2016, with effect from 1 November 2016)
A Y Muh (alternate to D P Saville, and stepped down as an alternate from 24 August 2016)

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

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

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

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

Auditor
KPMG
Maritime Tower
10 Customhouse Quay
PO Box 996
Wellington

Bankers
Bank of New Zealand
Level 4
80 Queen Street
Auckland

Independent review report

To the shareholders of Infratil Limited

Report on the Interim Financial Statements

We have completed a review of the interim financial statements of Infratil Limited ("the Company") on pages 1 to 9 which comprise the statement of financial position as at 30 September 2016, 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.

This report is made solely to the shareholders as a body. Our review work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in the independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholders as a body, for our review work, this report or any of the conclusions we have formed.

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 the Company, 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 Company.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these interim financial statements do not present fairly, in all material respects, the financial position of the Company as at 30 September 2016, 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*.

KPMG

10 November 2016
Wellington

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 2016 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.

KPMG

KPMG

R J Buckley

Ross Buckley
Partner
Wellington,
New Zealand
10 November 2016

APPENDIX 7 – NZSX Listing Rules

EMAIL: announce@nzx.com

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 / 2016

Nature of event
Tick as appropriate

Bonus Issue	☐
If ticked, state whether: Taxable	☐
/ Non Taxable	☐
Conversion	☐
Interest	☐
Rights Issue Renouncable	☐
Rights Issue non-renouncable	☐
Capital change	☐
Call	☐
Dividend	X
If ticked, state whether: Interim	X
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 IFT

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

Ratio, e.g 1 for 2   *for*

Conversion, Maturity, Call Payable or Exercise Date

Enter N/A if not applicable

Treatment of Fractions

Tick if pari passu   *OR*   *provide an explanation of the ranking*

Strike price per security for any issue in lieu or date Strike Price available.

Monies Associated with Event

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

In dollars and cents

Amount per security (does not include any excluded income)	$0.0575
Source of Payment	Retained earnings
Excluded income per security (only applicable to listed PIEs)	
Currency	NZ Dollars
Total monies	$32,333,725

Supplementary dividend details - NZSX Listing Rule 7.12.7

Amount per security in dollars and cents	$0.010147
Date Payable	Thursday, 15 December 2016

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	$0.003993
Imputation Credits (Give details)	$0.022361
Foreign Withholding Tax	$
FDP Credits (Give details)	

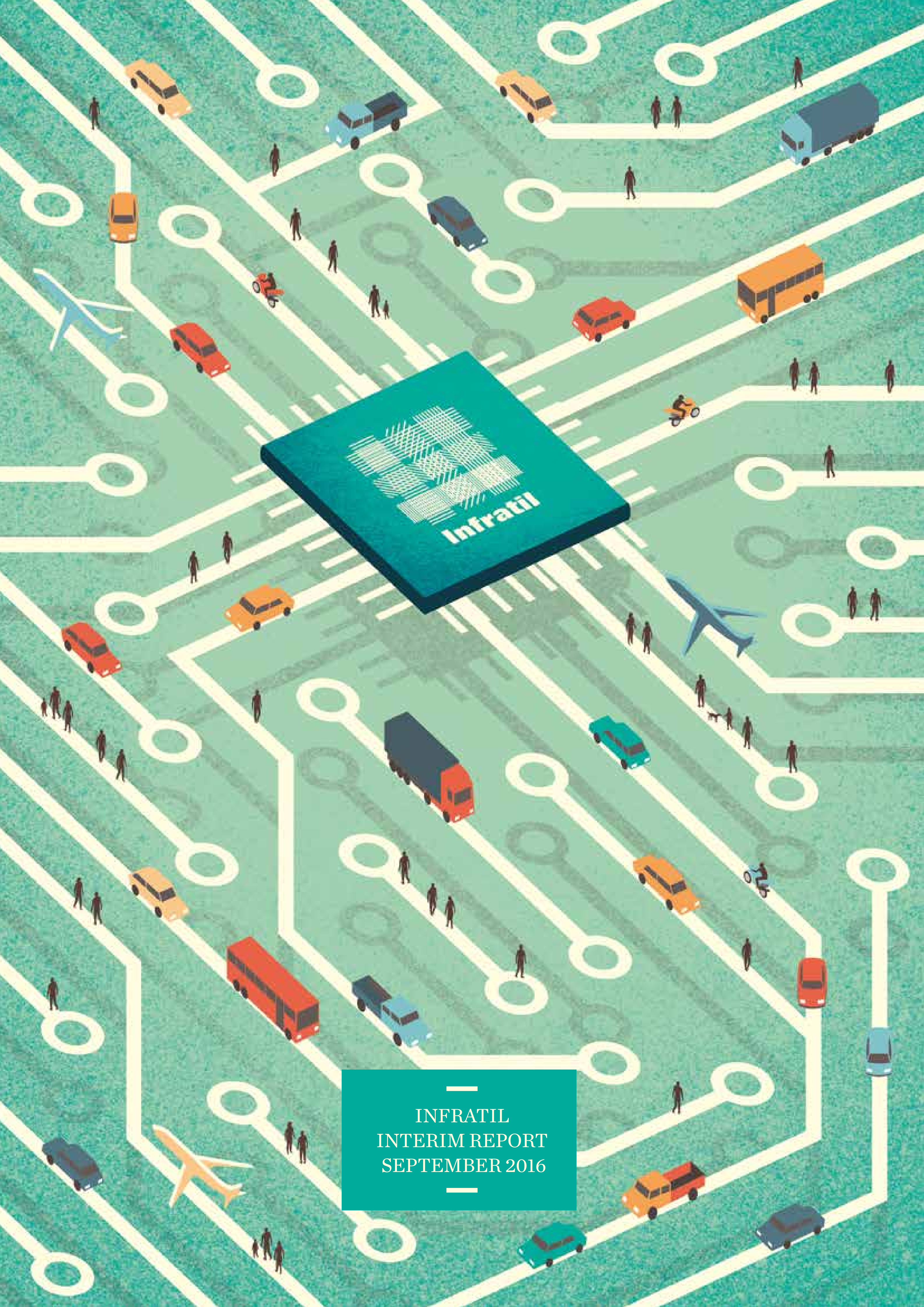
Timing (Refer Appendix 8 in the NZSX Listing Rules)

Record Date 5pm *For calculation of entitlements -*	Monday, 28 November 2016
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.*	Thursday, 15 December 2016
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
INTERIM REPORT
SEPTEMBER 2016

Infratil owns infrastructure businesses that provide essential services to individuals and communities

These businesses create opportunities for profitable growth if they are efficient and provide services and facilities that meet expectations and needs

All of our key businesses require continual refinement and improvement as the demands of individuals and communities evolve and business practices and technology change

Highlights

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

Infratil's businesses provide:

- Renewable electricity generation to 278,000 households.
- Telecommunications or internet to 69,000 households.
- Airport facilities to 115,000 people per week.
- Retirement accommodation for almost 12,000 people.
- Student accommodation for 5,000 people.
- Public transport trips for over 1 million per week.
- Critical data storage facilities for key Australian government agencies.

Net parent surplus from continuing operations for the period was $28.9 million compared with $28.3 million for the same period last year.

- The prior period also included gains of $407.1 million from assets sold at that time. There were no asset sales this year.

Consolidated underlying EBITDAF from continuing operations [1] was $246.0 million ($253.1 million for the same period last year and $462.1 million for the last full year).

Guidance for full year underlying EBITDAF is tracking at the bottom end of our previously announced guidance range of $485-$525 million (last year actual $462.1 million). [2]

$599.8 million of capital was invested over the period ($62.4 million the prior period).

- $44.0 million by Wellington Airport
- $42.9 million by NZ Bus, Trustpower, IIP and others
- $16.6 million by RetireAustralia
- $84.8 million to acquire an interest in student accommodation at the Australian National University
- $411.5 million to acquire an interest in Canberra Data Centres

Guidance for full year capital investment is in the range of $700-$750 million ($200.9 million last year).

Net debt of Infratil and wholly owned subsidiaries as at 30 September 2016 was $812.7 million from $295.9 million as at 31 March 2016 (31% of total capitalisation from 14%).

- Over the period $150 million of Infrastructure Bonds were issued refinancing $100 million of 8.5% per annum coupon bonds which matured. The average coupon of the new bonds was 5.1% per annum.
- As at 30 September 2016 a net $194.3 million was on deposit and $246.0 million of bank lines were undrawn. At the start of the period a net $661.1 million was on deposit and $276.0 million was undrawn.

The interim dividend of 5.75 cents per share will be paid on 15 December 2016 to shareholders of record on 28 November 2016. Last year the interim dividend was 5.25 cents.

1. Underlying EBITDAF is a non-GAAP measure of financial performance, presented to show management's view of the underlying business performance. Underlying EBITDAF represents consolidated net earnings before interest, tax, depreciation, amortisation, financial derivative movements, revaluations, gains or losses on the sales of investments, and includes Infratil's share of Metlifecare and RetireAustralia's underlying profits. Underlying profit for Metlifecare and RetireAustralia removes the impact of unrealised fair value movements on investment properties, impairment of property, plant and equipment, excludes one-off gains and deferred taxation, and includes realised resale gains and realised development margins.
2. 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 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.

Chairman and Chief Executive Report

The period since 31 March 2016 has seen Infratil establish new positions in a number of new platforms to substantially complete the asset allocation changes which have been underway over the last three years. Over those years approximately $1,500 million has been invested and $ 1,250 million raised from divestment as Infratil has positioned to lift its exposure to growth infrastructure which will drive future returns to shareholders.

Although the changes are material, perhaps surprisingly, businesses which three years ago made up 77% of Infratil continue to make up 75% today. Selling Z Energy and Lumo and buying into Canberra Data Centres, RetireAustralia, ANU student accommodation and Longroad are important events but haven't significantly changed Infratil's complexion in their establishment phase.

More importantly, even as some parts of Infratil have changed, goals and strategy have not. Infratil continues to provide its shareholders with exposure to growth infrastructure through businesses which aspire to deliver efficient services and facilities their communities and customers want. We continue to manage risk against any "worst case" event; should it come to pass.

The key growth characteristics of Infratil's core businesses are summarised below. It is important for shareholders to note that while Infratil now has a diverse set of investment platform options, individual investments continue to be at our discretion. Each of the following represents a significant growth opportunity:

Trustpower and Tilt Renewables: Separating Trustpower into two parts will create an improved platform for future investment. "New" Trustpower is a utilities retailer and hydro generator with stable and lower risk cash flows. Tilt on the other hand owns wind powered generation and has enormous renewable generation growth opportunity in Australia.

Longroad: While the total Australian renewable generation targets will require approximately $12 billion of investment over the next five years, the US market is over ten times larger, as are the opportunities. As is the case in Australia, the US renewable market is complicated and being able to understand and manage complex risks in the pursuit of opportunities will be critical and explains why Infratil has partnered with the highest calibre of expertise.

Wellington Airport: The $300 million construction programme now underway will accommodate recent growth and position the Airport for future demand. Its runway extension initiative is on track to create a major economic uplift for the region and New Zealand.

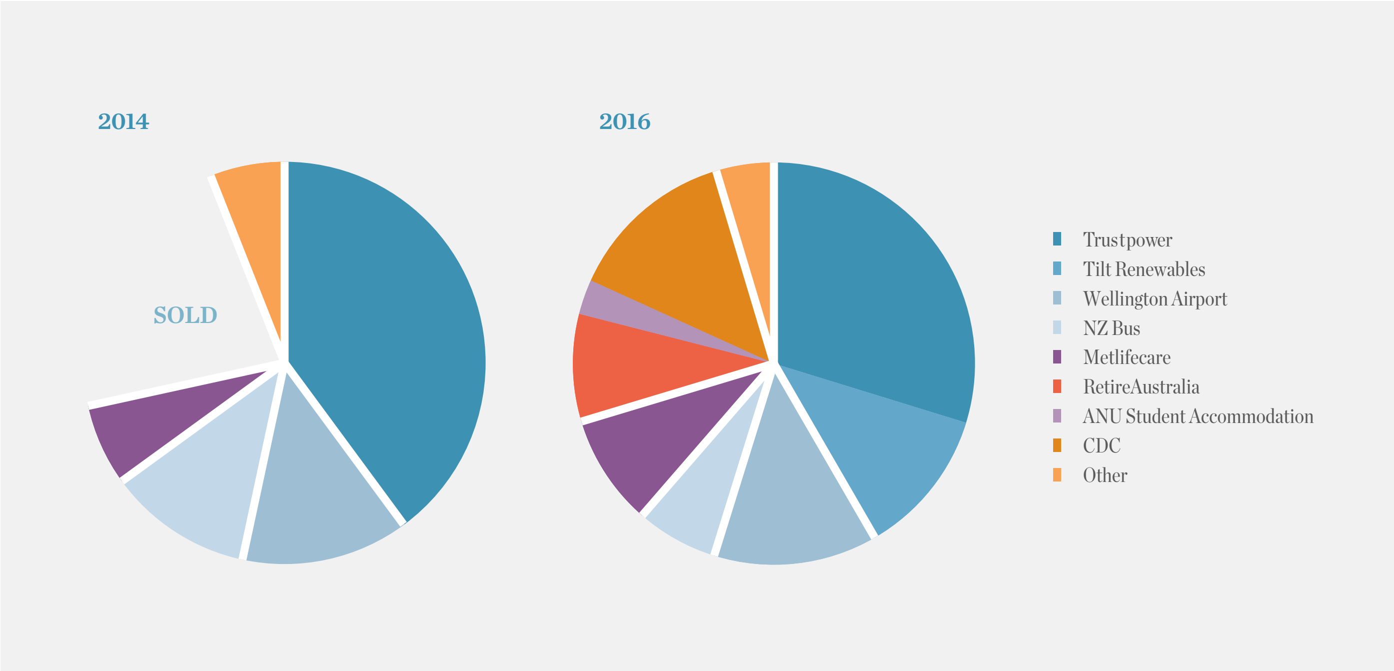
Canberra Data Centres: The astronomical expansion of electronic data and its transmission is giving rise to corresponding data infrastructure and security needs. CDC's proximity to Australian government agencies and unique capability is creating growing demand for its facilities.

NZ Bus: The rapid evolution of bus motive technology is propelling a change from diesel to electric. In New Zealand alone the CO_2 savings from the change will be approximately 100,000 tonnes a year and soon electric buses will also have whole-of-life cost benefits relative to diesels.

Metlifecare & RetireAustralia: New Zealand retirement accommodation is world leading in allowing the elderly to remain in their own homes for as long as possible, even if their care needs grow. Both New Zealand and Australia have growing elderly populations and the lessons learnt in New Zealand about how to better meet resident needs are applicable on the other side of the Tasman.

ANU Student Accommodation: The Australian National University concession creates an opportunity for Infratil and its partner, Commonwealth Superannuation Corporation, to build further accommodation within the Canberra campus.

These businesses create a tremendous exposure to a diverse range of investment opportunities. Establishing platforms with strong tailwinds and good management provides confidence around future capital deployment. Over the last five years with the acquisition of shareholdings in Metlifecare, RetireAustralia, Canberra Data Centres and ANU student accommodation, 65% of the $2,480 million Infratil invested was through subsidiaries (in generation, airport facilities, buses, etc.).



Each business, in its own way, has aspects of exclusivity with regards to its investment activities. Profitably developing renewable generation requires very specialist expertise. Wellington Airport, CDC and the ANU student accommodation provide facilities where substitutes have material additional costs. NZ Bus is New Zealand's largest provider of public transport and has the skills to effectively manage the transition to the new regulatory regime and vehicle electrification. Retirement accommodation and care is highly contested, but requires a diverse range of skills and commitment to service. Even Trustpower's retailing operation has found a way to offer something unique in what is the world's most competitive energy market.

FINANCIAL RESULTS FOR THE PERIOD AND GUIDANCE

Net parent surplus was $28.9 million relative to $28.3 million for the same period last year. This comparison excludes the $407.1 million of gains recorded last year from discontinued operations.

Net operating cash flow was $129.2 million, up from $121.6 million.

Underlying EBITDAF from continuing operations was $246.0 million from $253.1 million in the prior period. All businesses provided improved contributions except Perth Energy and RetireAustralia.

Guidance for full year underlying EBITDAF is tracking at the bottom end of our previously announced guidance range of $485-$525 million, representing a small uplift on the prior year. In the main Infratil's businesses are performing to budget and our current expectations are consistent with our original investment cases for recently acquired assets. Perth Energy's retail business performance has been the one disappointment in six months to 30 September 2016, and a great deal of effort is going into establishing a sustainable forward plan.

FUNDING AND CAPITAL STRUCTURE

Net debt of Infratil and 100% subsidiaries as at 30 September 2016 was $812.7 million (31% of capitalisation), from $295.9 million (14% of capitalisation) as at 31 March 2016. Net bank deposits and undrawn bank commitments were $440.3 million, from $937.1 million.

The low level of debt funding utilised at the start of the period reflected recent asset sales and was sub-optimal for a company with Infratil's risk profile.

Over the period, $100 million of 8.5% per annum coupon bonds matured. $150 million of bonds with coupons of 4.9% per annum and 5.5% per annum were issued. Signalling its commitment to bondholders, Infratil also established a bond buy back capability which may be exercised if the bond market ceases to provide fair pricing of Infratil's Infrastructure Bonds.

SHAREHOLDER RETURNS

An interim dividend of 5.75 cents per share fully imputed will be paid in December. This is the sixth year in a row Infratil has lifted the dividend and the annual dividend now provides an after tax return of approximately 5% per annum on the recent $3.00 share price.

The current share price in the market is a disappointing measure of what we believe to be Infratil's intrinsic value and credible growth prospects. It is never clear whether sharemarket prices reflect market supply/demand dynamics or some more potentially long-term circumstance. As our paramount goal is delivering good risk-adjusted returns to our shareholders, we are taking the underperformance relative to that aspiration seriously.

ANNUAL MEETING & GOVERNANCE

Infratil's 2016 annual meeting was held in Wellington on 24 August. All resolutions were passed, including to reappoint Mark Tume and Alison Gerry as directors. The meeting presentation is available on the website and minutes of the meeting are available on request.

At the annual meeting Duncan Saville stepped down as a director after 23 years. Duncan is an inspirational and constant supporter. Everyone who works with him enjoys and benefits from the experience and he leaves an indelible mark on Infratil and its people. Subsequently Peter Springford has been appointed to the board as an independent director. Peter brings considerable business experience to the role and we welcome him to Infratil.

Mark Tume
Chairman

Marko Bogoievski
Chief Executive

Infratil: A Decade of Financial Trends

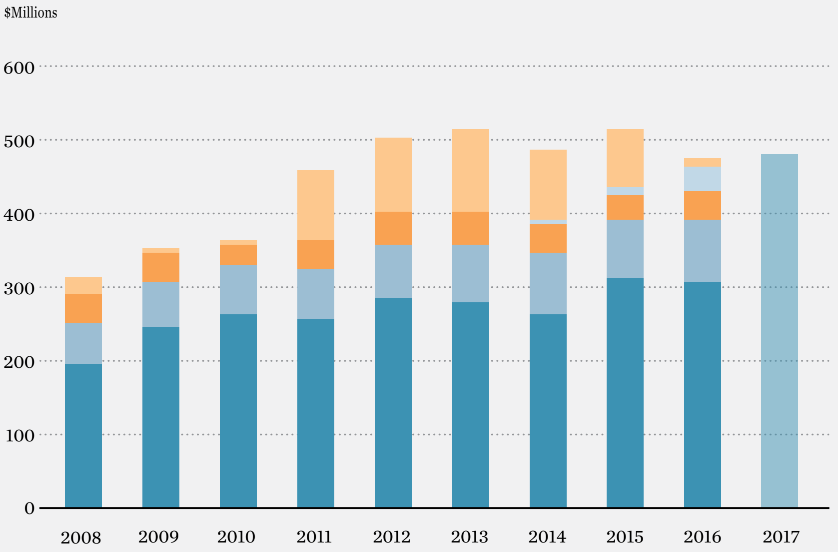
THE GRAPHS SHOW THE EVOLUTION OF INFRATIL'S PORTFOLIO OF BUSINESSES, UNDERLYING EBITDAF, CASH FLOW, DIVIDEND, ASSET AND CAPITAL STRUCTURE.

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

Since 2012 EBITDAF earnings have been reasonably stable as Infratil has sold a number of mature businesses and reinvested to rejuvenate its growth prospects.

The 2017 column in the graph shows the mid-point forecasts for the full year. Figures include discontinued operations.

- Discontinued operations & other
- Retirement (Metlifecare and RetireAustralia)
- NZ Bus
- Wellington Airport
- Trustpower

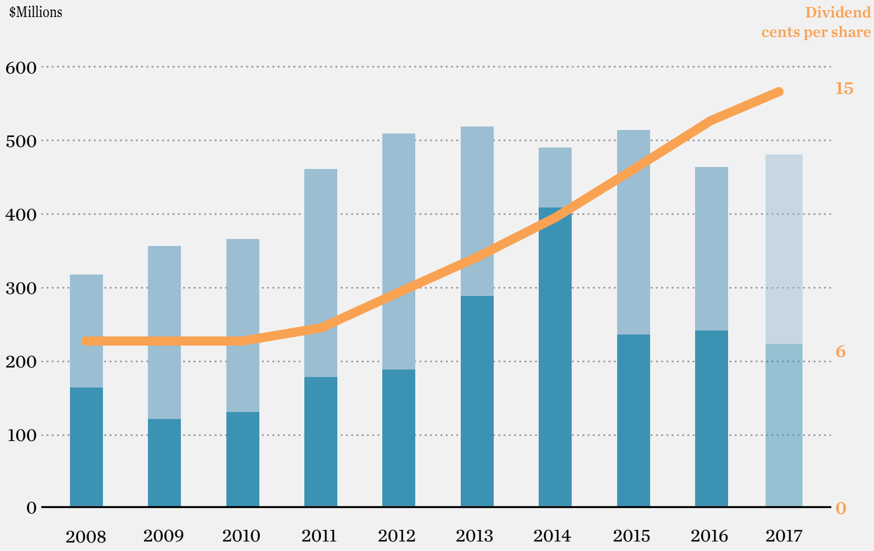


Operating Cash Flows and Dividends

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

The 2017 column in the graph shows the mid-point forecasts for the full year.

- Dividend (rhs)
- Interest, tax, working capital
- Operating cash flow

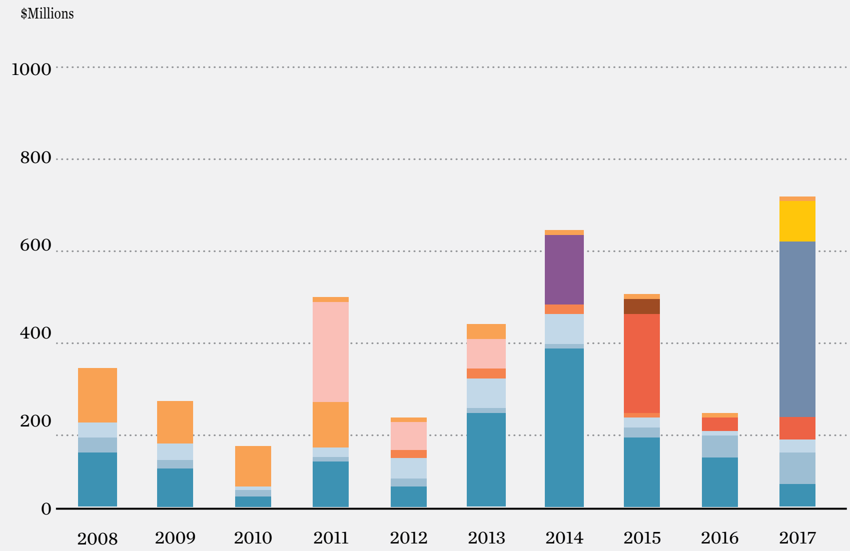


Investment Outlays

Over the decade Infratil has invested $4,068 million (the 2017 investment amounts include projections for the second half of the year).

The 2017 column in the graph shows the mid-point forecasts for the full year.

- Parent/Other
- ANU Student Accommodation
- CDC
- ASIP
- RetireAustralia
- Infratil Energy Australia
- Metlifecare
- Z Energy
- NZ Bus
- Wellington Airport
- Trustpower

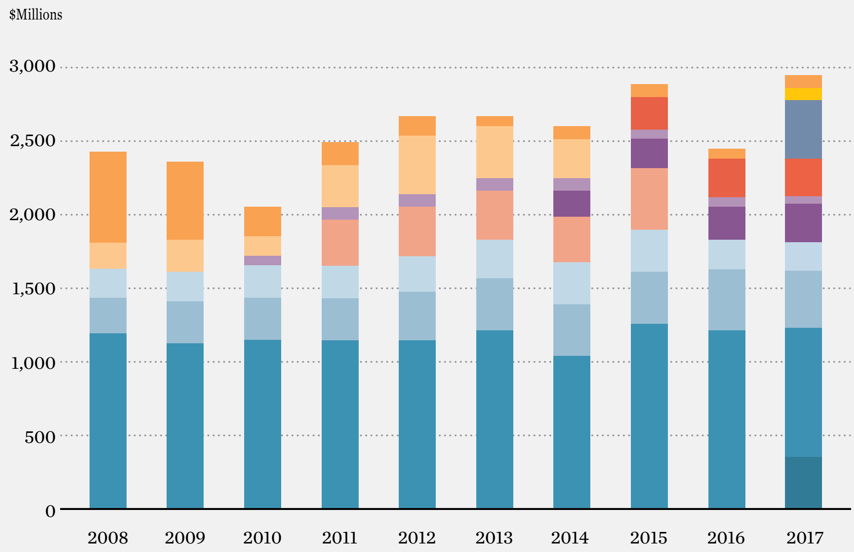


Infratil's Assets

Changes to Infratil's asset profile reflects the investments described above, the $2,060 million of divestments which have occurred, depreciation and changes to market values.

The 2017 column in the graph shows the position as per 30 September 2016.

- Parent/Other
- ANU Student Accommodation
- CDC
- ASIP
- RetireAustralia
- Infratil Energy Australia
- Perth Energy
- Metlifecare
- Z Energy
- NZ Bus
- Wellington Airport
- Trustpower
- Tilt Renewables

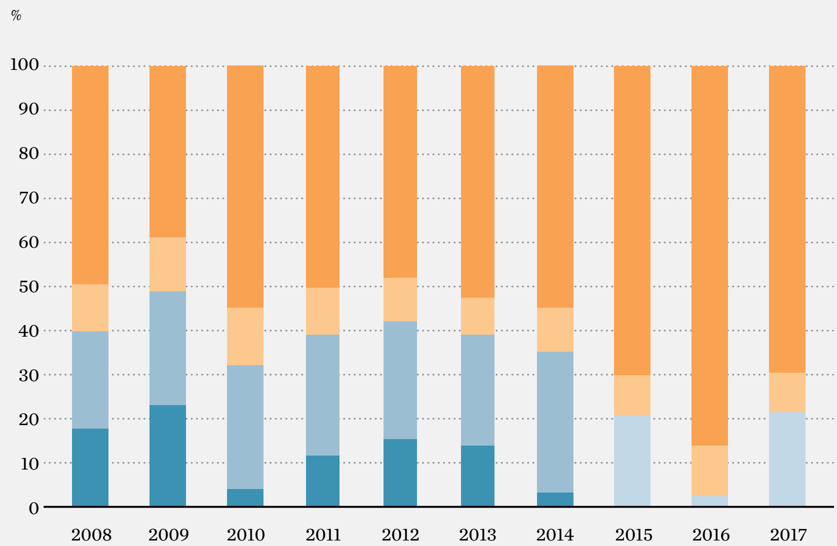


Infratil's Capital Structure

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

The 2017 column in the graph shows the position as per 30 September 2016.

- Equity (market value)
- Perpetual bonds
- Dated bonds
- Bank debt
- Net bank debt and dated bonds. (Dated bonds and net bank debt are combined for 2015 to2017)



Infratil's Financial Performance & Position

CONSOLIDATED RESULTS

$ Millions	6 months to 30 September 2016	6 months to 30 September 2015	12 months to 31 March 2016
Revenue	**$971.2**	**$892.5**	**$1,775.7**
Expenses	**($717.9)**	**($623.9)**	**($1,284.3)**
Depreciation & amortisation	($88.5)	($84.6)	($172.1)
Net interest	($79.6)	($91.6)	($169.9)
Tax expense	($22.4)	($20.9)	($24.8)
Revaluations	$0.1	($7.8)	($65.4)
Minority earnings	($34.0)	($35.4)	($57.2)
Net profit continuing operations	**$28.9**	**$28.3**	**$2.0**
Discontinued operations	-	$407.1	$436.3
Net parent surplus	**$28.9**	**$435.4**	**$438.3**

Revenues and **Expenses** increased due to the increasing energy retailing activities of Trustpower and Perth Energy.

Net interest fell due to lower interest rates and the amount of cash held following disposals. Last year also included a $5 million one-off cost reflecting a charge incurred by Trustpower due to an IRD ruling.

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

Discontinued operations – No businesses were sold during the period (Z Energy and iSite last year).

For the current period an average NZ$/A$ exchange rate of 0.9401 was used. The rate was 0.9176 for the same period last year and 0.9201 for FY16.

THE RECONCILIATION OF NET PARENT SURPLUS TO UNDERLYING EBITDAF

$ Millions	6 months to 30 September 2016	6 months to 30 September 2015	12 months to 31 March 2016
Net parent surplus	**$28.9**	**$435.4**	**$438.3**
Minority earnings	$34.0	$35.4	$57.2
MET & RA property revaluations	($35.1)	($29.6)	($58.4)
MET & RA realised resale gains	$7.9	$7.2	$14.2
MET & RA development margin	$3.5	$5.1	$ 7.9
MET & RA deferred tax and non-recurring	$2.1	$1.8	$ 2.7
NZ Bus depot lease provision	-	-	$4.2
Trustpower demerger costs	$8.7	-	-
CDC transaction costs	$5.6	-	-
Loss/(gain) foreign exchange /derivatives	$0.4	$8.5	$13.6
Realisation, revaluation and impairment	($0.5)	($0.7)	$51.8
Discontinued operations	-	($407.1)	($436.3)
Depreciation & amortisation	$88.5	$84.6	$172.1
Net interest	$79.6	$91.6	$169.9
Tax	$22.4	$20.9	$24.8
Underlying EBITDAF	**$246.0**	**$253.1**	**$462.2**

The shaded area reflects the adjustments to give an underlying figure for EBITDAF. They remove the effect of one-off events and in the case of the two retirement companies they remove the impact of unrealised fair value movements on investment properties and include realised gains and development margins.

BREAKDOWN OF CONSOLIDATED RESULTS BEFORE REVALUATIONS: SIX MONTHS ENDED 30 SEPTEMBER 2016

$ Millions	Underlying EBITDAF	D&A	Interest	Tax	Total	Ownership
Trustpower	$184.8	($59.4)	($35.2)	($18.9)	$71.3	51%
Wellington Airport	$43.7	($10.0)	($12.1)	($7.3)	$14.3	66%
NZ Bus	$25.0	($16.0)	($0.3)	($1.5)	$7.2	100%
Metlifecare	$7.4	-	-	-	$7.4	20%
RetireAustralia	$7.1	-	-	-	$7.1	50%
Parent/Other	($22.0)	($3.2)	($32.0)	$5.4	($51.8)	-
Total	**$246.0**	**($88.6)**	**($79.6)**	**($22.3)**	**$55.5**	

BREAKDOWN OF CONSOLIDATED RESULTS BEFORE REVALUATIONS: SIX MONTHS ENDED 30 SEPTEMBER 2015

$ Millions	Underlying EBITDAF	D&A	Interest	Tax	Total	Ownership
Trustpower	$184.2	($57.2)	($44.0)	($20.2)	$62.8	51%
Wellington Airport	$41.8	($8.2)	($8.5)	($6.5)	$18.6	66%
NZ Bus	$22.7	($15.4)	($0.4)	($0.5)	$6.4	100%
Metlifecare	$6.2	-	-	-	$6.2	20%
RetireAustralia	$10.4	-	-	-	$10.4	50%
Parent/Other	($12.3)	($3.7)	($38.7)	$6.3	($48.4)	-
Total	**$253.1**	**($84.5)**	**($91.6)**	**($20.9)**	**$56.0**	
Discontinued operations	$16.2	($0.7)	-	($0.7)	$14.8	-
Total	**$269.3**	**($85.2)**	**($91.6)**	**($21.6)**	**$70.9**	

UNDERLYING EBITDAF

$ Millions	6 months to 30 September 2016	6 months to 30 September 2015	12 months to 31 March 2016
Trustpower	$184.8	$184.2	$329.4
Wellington Airport	$43.7	$41.8	$86.1
NZ Bus	$25.0	$22.7	$42.0
Metlifecare	$7.4	$6.2	$12.4
RetireAustralia	$7.1	$10.4	$21.1
Parent/Other	($22.0)	($12.2)	($28.9)
Underling EBITDAF (continuing)	**$246.0**	**$253.1**	**$462.1**
Discontinued operations	-	$16.2	$18.4

"Other" includes Perth Energy which has fallen from a $1.1 million contribution in the comparable period last year to a $9.7 million cost this year.

CONSOLIDATED OPERATING CASH FLOW

$ Millions	6 months to 30 September 2016	6 months to 30 September 2015	12 months to 31 March 2016
Underlying EBITDAF (continuing)	$246.0	$253.1	$462.1
Net interest	($75.5)	($87.4)	($161.8)
Tax paid	($28.8)	($28.7)	($51.8)
Working capital /other	($12.5)	($31.6)	($16.4)
Discontinued operations	-	$16.2	$18.4
Operating cash flow	$129.2	$121.6	$250.5

INFRATIL'S ASSETS

$Millions	30 September 2016	31 March 2016
Trustpower	$1,230.0	$1,223.6
Wellington Airport	$389.7	$408.9
NZ Bus	$193.9	$201.5
Metlifecare	$265.1	$222.7
RetireAustralia	$255.3	$252.9
Canberra Data Centres	$401.3	-
Australian National University Student Accommodation	$82.7	-
Other	$137.1	$142.4
Total	**$2,955.1**	**$2,452.0**

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

Changes to the values of Trustpower and Metlifecare are due to changes in listed share prices. 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.

Canberra Data Centres and ANU student accommodation were acquired during the last half year.

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

For 30 September 2016 a NZ$/A$ exchange rate of 0.9490 was used. The rate was 0.9027 for 31 March 2016.

INFRATIL'S LIABILITIES AND RISK MANAGEMENT

$ Millions	30 September 2016	31 March 2016
Net bank debt, (cash), (receivables) of Infratil and 100% subsidiaries	($194.3)	($661.1)
Dated bonds	$773.6	$723.6
Perpetual bonds	$233.4	$233.4
Market value equity	$1,822.0	$1,844.4
Total capital	**$2,634.7**	**$2,140.3**
Dated debt / capital	22%	2.9%
Debt / capital	30.8%	13.8%

Over the period, $100 million of bonds matured and $150 million was raised with a new bond issue.

As at 30 September 2016 Infratil and 100% subsidiaries had $307.2 million of committed bank funding of which $246.0 million was undrawn ($343.5 million and $276.0 million respectively on 31 March 2016).

Trustpower

Trustpower's half year to 30 September 2016 was a period of operational and financial stability.

Excluding separation costs of $8.7 million, Trustpower's EBITDAF for the latest period was almost the same as last year.

Following the separation of Trustpower into two parts which occurred on 28 October 2016:

- "New" Trustpower will comprise hydro generation facilities in New Zealand producing about 1,725 GWh and Australia 244 GWh and utilities retail activities in New Zealand.
- Tilt will comprise wind generation in New Zealand (producing about 650 GWh 29% of the national total) and Australia (1,270 GWh or 11% of the national total). Tilt also has a substantial portfolio of development projects. All output will be sold via the wholesale market, largely on long-term contracts.

On a pro-forma basis and excluding separation costs, for the half year Trustpower's EBITDAF was $118.7 million and Tilt's $66.1 million. After the split one Trustpower share which had a $7.00 NZX value was replaced with one Tilt share worth about $2.00 and one Trustpower share worth about $5.00.

TILT RENEWABLES

The rationale for creating the separate entity Tilt is the immense demand for new renewable generation in Australia. To meet the Australian government 2020 target requires that approximately 5,000 MW of renewable capacity be built (to generate about 15,000 GWh a year). This will cost $10-15 billion.

Tilt has development plans of about 2,000 MW (1,199 MW is consented) of wind and solar capacity. Tilt was created because it is believed that it is better for this scale of investment to occur in a standalone corporate entity to provide focus and transparency.

"NEW" TRUSTPOWER

In New Zealand Trustpower owns a diverse portfolio of small to medium sized hydro generation stations in nine distinct regional catchments. In a year of average rainfall, they will generate approximately 1,725 GWh (sufficient for about 250,000 households). They range from Waipori in Otago, commissioned in 1911 to Patea in Taranaki, commissioned in 1984. Measured by generation output 43% of Trustpower's capacity was commissioned before 1940, a further 40% was commissioned 1940-1970 and the remaining 17% was built after 1970.

They are a stable and reliable asset base and in all probability will continue to generate indefinitely. Across New Zealand generation is in a period of stability. 80-85% is renewable and there is not a single large generation construction project underway anywhere. The future of Tiwai Point smelter and the Huntly power station are the main uncertainties, but in some ways they balance out.

Retailing on the other hand continues to be highly competitive and the challenge for all retailers is to lower costs while still providing satisfactory services. Trustpower's multi-utility offering remains unique in New Zealand and continues to be attractive to consumers. 84,000 of Trustpower's customers take at least two of electricity, gas, telephone or internet, up from 77,000 six months ago.

Trustpower also owns three hydro stations in Australia with a projected average output of 244 GWh.

Year ended 31 March Six months ended 30 September	30 September 2016	30 September 2015	31 March 2016
NZ output sold	2,116 GWh	2,147 GWh	4,032 GWh
Hydro generation	1,043 GWh	1,023 GWh	1,842 GWh
Wind generation	1,033 GWh	948 GWh	1,921 GWh
Electricity accounts	278,000	252,000	277,000
Telco & gas accounts	100,000	79,000	93,000
Av. NZ generation spot price	5.5c/kwh	5.4c/kwh	6.4c/kwh
EBITDAF[1]	**$184.8m**	**$184.2m**	**$329.4m**
Investment spend	$26.2m	$15.4m	$119.3m
Infratil cash income	$33.5m	$33.5m	$67.1m
Infratil's holding value[2]	$1,230m	$1,185m	$1,223.6m

1. For the latest period this excludes $8.7 million of separation costs
2. NZX market value at period end

Wellington Airport

The first stage of the expansion to Wellington Airport's domestic terminal was unveiled and officially opened by Prime Minister John Key.

The first stage of the expansion to Wellington Airport's domestic terminal was unveiled and officially opened by Prime Minister John Key on the 9th of November. The next major project to improve visitor convenience and comfort, the land-transport hub (including almost 1,000 car parks), is substantially progressed. The first stage of the international terminal expansion was also completed as were the final designs for the planned hotel, for which construction tenders are now being sought.

The most notable event of the period was the advent on the 21st of September, of Singapore Airlines' Wellington-Canberra-Singapore service. This is the culmination of many years work by the airline, Wellington and Canberra airports and regional economic development agencies. At present it operates each Monday, Wednesday, Friday and Sunday and all parties are working to ensure that it attracts sufficient demand to warrant an increase to daily operation.

The demand this service generates, and the evidence it provides of people coming to New Zealand who would not otherwise have come, will be taken into consideration when decisions are being made about extending the Airport's runway. Consents for this construction were lodged with the regional and city councils and after public submissions and consultation, with the Environment Court. The process and key issues are set out in Infratil's Update report released in September 2016.

Domestic passenger traffic grew 6% relative to the same period last year, reflecting a number of service enhancements. International passenger numbers were down 2%; a pause for breath after the 17% uplift last year with all the decline occurring on the Brisbane route.

Wellington Airport received the accolade of "New Zealand Airport of the Year" from the NZ Airports Association. This reflects well on all the people who work at, and for, the Airport.

Year ended 31 March Six months ended 30 September	30 September 2016	30 September 2015	31 March 2016
Passengers Domestic	2,520,872	2,388,201	4,899,326
Passengers International	411,587	419,139	897,316
Aeronautical income	$33.9m	$32.2m	$67.6m
Passenger services income	$18.5m	$17.7m	$35.7m
Property/other	$6.0m	$5.7m	$9.8m
Operating costs	($14.7m)	($13.8m)	($27.0m)
EBITDAF	**$43.7m**	**$41.8m**	**$86.1m**
Investment spending	$44.0m	$28.0m	$56.7m
Infratil cash income	$38.8m	$39.5m	$39.5m
Infratil's holding value [1]	$389.7m	$325m	$408.9m

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

NZ Bus

NZ Bus continues its programme to improve the reliability and quality of the rides it provides passengers, the depots used by its staff, and its cost and operational efficiency.

In the reporting period NZ Bus has seen relatively flat public transport use with Auckland passengers slightly down on the prior period and Wellington passengers slightly up. Contract revenue increased as NZ Bus has negotiated contract variations for some peak capacity services and is introducing new double decker buses to central Auckland routes.

Continued focus on operational efficiency has reduced maintenance costs and fuel costs were also lower; contributing to a strong earnings result.

NZ Bus continues to be very active in two major areas impacting the sector. One involves New Zealand regional transport agencies recontracting urban bus public transport and the other involves assessing the impact of technology on bus motive power.

While NZ Bus has been positioning for the new Public Transport Model for some time, tender and negotiations of routes and prices presents challenges and uncertainties. However, with around 50% of its Auckland contracts and 40% of its Wellington contracts being bi-lateral negotiations, NZ Bus is well positioned.

It is also apparent that major changes in technology will impact bus motive power. Internationally there is considerable investment in electric vehicles (EVs) and automated vehicles (AVs) and NZ Bus expects that these technologies will impact public transport in the near term. NZ Bus is planning to refurbish its Wellington trolley bus fleet with Wrightspeed electric power trains, and the trial of a refurbished bus will commence in late 2016. If the trial is successful NZ Bus will roll-out this technology across the trolleys, and will also look to adapt diesel buses and introduce it into new fleet (including double deckers). NZ Bus is working collaboratively with Wellington Regional Council to adopt this change in Wellington in 2017 and is seeking to distinguish itself as the leading electric bus operator in the markets in which it operates.

At the end of October NZ Bus ceased being the major operator of public transport services in South Auckland having not won those tenders. NZ Bus has supported its people through this change and successfully transferred those affected into other NZ Bus positions or other roles, minimising as far as possible the impact on staff. NZ Bus is grateful to all South Auckland staff and passengers for their support and contribution over its many years of operation in South Auckland.

The focus of the period ahead will be public transport tenders in Wellington and Auckland, the negotiation of NZ Bus' other services and the introduction of new technology initiatives in both markets.

Year ended 31 March Six months ended 30 September	30 September 2016	30 September 2015	31 March 2016
Patronage north	20,361,401	20,535,380	39,165,255
Patronage south	10,985,550	10,778,264	20,743,515
Bus distance (million kilometres)	23.1	23.7	46.5
Bus numbers	1,090	1,075	1,071
Passenger income	$69.5m	$70.3m	$133.9m
Contract income	$48.1m	$46.0m	$91.5m
EBITDAF	**$25.0m**	**$22.7m**	**$42.0m**
Capital spending	$12.3m	$4.8m	$11.2m
Infratil's holding value [1]	$193.9m	$275.6m	$201.5m

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

RetireAustralia

Under chief executive Alison Quinn, who took up her role at the start of the period, RetireAustralia continues to progress its goals of improved provision of in-home and specialist care, and increased scale through development.

37 new units were completed and sold in the six month period through to September 2016. They were all "brownfield development", that is within existing retirement villages and delivered an average 22% development margin. Over the second half of the year it is anticipated that a further 110 units will be completed of which 75 are likely to be sold in that period, again with development margins of about 22%.

The strategy of growing a greenfield development pipeline was also progressed with RetireAustralia acquiring four sites in south east Queensland and initiating town planning consent and development work. In due course these sites could accommodate the construction of approximately 575 units. RetireAustralia is also progressing the acquisition of additional land which could allow the construction of a further 250 units. Each of these projects will have a combination of independent living and care apartments so as to be able to deliver on the goal of providing consumers with a continuum of care.

To supplement this platform, an enhanced care offering to existing residents is also being progressed with pilot programmes underway in New South Wales and South Australia. In addition to working on in-house care provision, consideration is being given to acquisition options. These developments will position RetireAustralia for regulatory changes which will encourage more consumer directed care for the elderly from March 2017.

Modelling itself on what occurs in New Zealand, RetireAustralia is progressively rolling out a new standard contract for occupancy in independent living units. The simplified and clear terms have meet a positive response from the market place and offer enhanced financial returns to the business in both the short and long-term.

Year ended 31 March Six months ended 30 September	30 September 2016	30 September 2015	31 March 2016
Residents	5,369	5,252	5,245
Serviced apartments	484	484	484
Independent units	3,365	3,296	3,334
Unit resales	170	182	376
Resale cash gain per apartment/unit	A$102,800	A$105,900	A$106,000
New unit sales	30	59	102
New unit average price	A$560,00	A$531,000	A$535,300
Occupancy receivable / unit [1]	A$84,470	A$79,783	A$79,600
Embedded resale gain / unit [1]	A$32,702	A$29,197	$A28,300
Underlying profit	A$13.0m	A$19.2m	A$38.8m
Net profit after tax	A$29.9m	A$28.8m	A$38.8m
Infratil's holding value	NZ$255.3m	NZ$241.6m	NZ$252.9m

1. The values are point in time estimates of what RetireAustralia would receive in cash for deferred occupancy fees and capital gains if all residents left on that particular date

Metlifecare

Under new Chief Executive, Glen Sowry, Metlifecare has redefined its strategic goals: to increase its commercial intensity and maximise asset values, accelerate its development programme in high growth and strong yield locations, and to drive its competitive positioning and differentiate itself from the competition.

Metlifecare's 2016 results reported in August demonstrated the quality of its portfolio, the strength of its resales and its improving capacity to add new units. It has built an excellent foundation for future growth and has developed its capability to deliver future value.

Significant growth in resales has been driven by the strength of the property market, Metlifecare's concentration of activity in Auckland and the Bay of Plenty and increased focus on sales value optimisation. Capacity for further improvement includes building local market knowledge, better managing its customer mix, and a fit for purpose refurbishment programme.

Accelerating the development programme will be underpinned by increased capability, by bringing functions in-house, and by introducing new systems and processes for tighter development control. Metlifecare's land bank enables development of new units in the immediate three-year horizon and beyond, and the Company is looking at new opportunities to add to its land holdings. This also entails considering the evolving requirements of customers and the connectivity residents seek with their local communities.

Metlifecare historically has focused on independent living and not all villages have traditional care facilities. Continuum of care, from independent living through to hospital care, is increasingly becoming necessary and is being offered in all new Metlifecare villages.

A critical part of delivering to residents is highly engaged and qualified staff and Metlifecare is investing in development opportunities and career pathways for its people.

YE 30 June	2016	2015	2014	2013	2012
Units	4,025	4,033	3,900	3,836	3,512
Care beds	354	359	359	359	359
Unit resales	430	403	397	424	294
Resale cash gain	$177,000	$142,000	$124,000	$124,000	$110,000
New unit sales	138	87	61	113	36
New unit av. value	$576,000	$561,000	$563,000	$433,000	$567,000
Embedded val/unit	$208,000	$155,000	$130,000	$118,000	$113,0000
Underlying profit	$66.1m	$52.4m	$46.0m	$33.5m	$18.2m
Dividend cps	5.75	4.5	3.75	3.0	2.0
NTA per share	$5.32	$4.29	$3.75	$3.46	$3.04

Canberra Data Centres

Following the receipt of regulatory approval, Infratil completed its acquisition of 48% of Canberra Data Centres on 14 September 2016 for A$385.7 million (NZ$411.5 million).

48% was also acquired by Infratil's partner Commonwealth Superannuation Corporation, with the remaining 4% rolled over by existing CDC management shareholders. Taking into account its net debt, CDC's enterprise value at the time of purchase was approximately A$1,075 million.

In the year to 30 June 2016 CDC delivered earnings EBITDAF of A$46 million. Growth in the current year has been affected by the Federal Election temporarily delaying purchase decisions, but medium term targets have not changed

At the time of the acquisition CDC operated three data centres across two campuses (Hume 1, 2 and Fyshwick 1), providing 30 MW of capacity. In October 2016, CDC commissioned a fourth facility (Hume 3) which will add a further 9 MW of capacity when fully fitted out with pod infrastructure and customer equipment. Management are in the early stages of planning the development of a further 18 MW facility at the Fyshwick campus which will commence construction as existing capacity is contracted.

CDC is a beneficiary of significant growth in outsourced data storage and computing infrastructure demand. This growth is driven by the digitisation of existing processes and the development of new data intensive applications. CDC's state of the art facilities and modular approach to development are highly attractive to customers seeking to outsource their data centre requirements.

For those unfamiliar with data centres; on its website CDC provides an excellent video showing a walk-through of its Fyshwick 1 facility: http://canberradatacentres.com.au/content/news

In essence the Fyshwick 1 data centre is a highly secure warehouse which has its own generation (as back up to the grid), cooling capability (also with a backup), and multiple connections to data transmission fibre networks, including a dedicated Government network known as ICON. Users place their own computing equipment in racks within the facility and CDC provides physical security, electricity, cooling and connectivity. The Fyshwick 1 data centre has 5,000m^2 of space and 18 MW of available power capacity.

Canberra Data Centres offers Infratil exposure to growing demand for data storage and processing, an industry leading management team led by CEO Greg Boorer, a strong existing customer base, and a pipeline of future development opportunities.

Australian National University Student Accommodation

On 4 August 2016 Infratil completed the acquisition for A$82.5 million (NZ$84.6 million) of a 50% shareholding in a student accommodation concession granted by the Australian National University based in Canberra. The other 50% was acquired by Infratil's transaction partner Commonwealth Superannuation Corporation.

The concession is for 30 years and provides the partners with the net rental revenue from nine on-campus purpose built student residences comprising 3,760 beds, and a new 500 bed residence now under construction.

The long-term concession includes responsibility for the provision of facilities, building maintenance, management services and lifecycle replacement. The University retains responsibility for marketing and managing student applications, processing rental agreements, cleaning and providing pastoral care to residents.

The concession provides the investors with a stable, long-term inflation-linked cash flow along with rights and protections regarding the development of additional residences on campus.

The investment is attractive for its low-risk cash flows, upside, and as an excellent entry point to a growth sector.

- The concession will be immediately cash flow positive and the yield is expected to be stable and resilient. The risks associated with the cost of maintaining the residences have been contracted out to Spotless, the leading provider of such facility services in Australia and New Zealand. The main residual risk is if students cease to use the accommodation, but given the calibre of ANU it is regarded as highly unlikely that it will fail to draw students and the residences fail to maintain their near 100% historic occupancy rate.
- While the projected cash returns from the investment were attractive in their own right, there is an upside from providing further accommodation on the ANU campus as demand rises. As noted, the Infratil-CSC partnership has contractual rights in this regard.
- Globally, universities are taking a more active role in providing accommodation as student numbers rise.
- ANU is generally recognised as "best in class" with its residences and it is hoped that the concession transaction will be a template for similar opportunities elsewhere.

Longroad Energy Holdings

Recent data indicates that 2016 may be the first year in two centuries when growth in renewable energy production outstrips the growth in energy extracted from coal and oil.

Certainly for the first year ever, new production of electricity from wind, hydro, solar and geothermal sources is calculated to have increased by more than generation from coal, oil and gas fired power stations.

Not coincidentally, on the 4th of November 2016 the Paris Accord formally came into force and has now been ratified by 100 countries (including New Zealand, Australia, USA and China). After the 1992 Rio Earth Summit, the 1997 Kyoto Protocol and the 2009 Copenhagen Agreement it's easy to be blasé, but the Paris Accord is more likely to stick and to result in steps being taken to reduce greenhouse gas emissions, including from power generation.

The effect of the regulatory commitment and improving economics is captured in a report recently published by McKinsey. Over the next 35 years they are forecasting demand for electricity to grow twice as fast as demand for transport fuels. By 2050, they expect electricity to account for a quarter of all energy demand compared with 18% now, with 77% of the new capacity coming from wind and solar. By 2050, non-hydro renewables are expected to account for more than a third of global power generation up from 6% now.

New Zealand has pre-empted this transition with over 80% of its electricity generation coming from renewable sources. With the growth that is occurring elsewhere the Kiwi expertise can be exported as, say, individuals shifting to Australia, or by New Zealand owned companies such as Trustpower/Tilt investing in renewable generation in Australia. Clearly the latter approach produces much more benefit for New Zealand.

What Infratil has achieved in Australia through the success of Tilt Renewables, it is now attempting to replicate in the USA through Longroad; a joint venture between Infratil (45%), the New Zealand Superannuation Fund (45%) and the USA management team (10%).

The intention is to develop a portfolio of construction-ready renewable generation projects (wind and solar), with the following features and stages:

The management team have a strong track record of delivering renewable power stations. The getting together of two New Zealand partners and the team was serendipitous, but is a very good fit. They provide local knowledge, relationships and expertise, we provide, capital, discipline and, of course, expertise.

The USA electricity market is in fact 50 state markets, overlayed with a number of Federal initiatives to support renewables. It is complex, large, and offers a high level of value transparency.

The process for developing a power project entails: (a) Getting rights from a land owner over a propitious site. (b) Collecting the sun/wind data and information about factors that could influence the quantity or value of generation. (c) Defining the risk/value of output, for instance by negotiating a long-term power offtake agreement with a local energy retailer or corporate electricity consumer. (d) Negotiating grid access, terms for the provision of generation plant and construction.

With these ingredients in place the next stage is financing the construction and deciding on ownership. In the USA there is a highly developed funding market for renewable generation projects; including Federal tax subsidies which are offered to incentivise the construction of this form of generation. Once the financing is in place, Longroad will decide whether to sell the project, or to retain ownership; i.e. Whether to extract an upfront development fee or to retain an income generating asset.

The three Longroad partners have indicated an initial willingness to invest US$100 million (Infratil's share NZ$65 million). It is expected that this will be sufficient to enable the development of a material portfolio of projects. However, the funding for construction and ownership will be provided on a case by case basis and will be controlled by Infratil and the New Zealand Superannuation Fund.

Other Investments

PERTH ENERGY

Perth Energy's retail business has experienced a significant deterioration in trading conditions during the period. The primary causes include high fixed price product purchase arrangements relative to the current market and the limited availability of wholesale hedging products as a result of changes to the wholesale electricity market structure in Western Australia, where Perth Energy is one of the few private participants. A substantially new management team is seeking to establish a sustainable forward plan for the retail business, which should show improvement in the 6 months to 31 March 2017.

Perth Energy's generation continues to perform well and provides valuable peak capacity to the market, and will further benefit from an announced removal of excess capacity.

SNAPPER

Snapper continues to develop in both local and international markets. Subject to final contract negotiations Snapper is to be appointed by the Wellington Regional Council to provide bus ticketing service for the network that is to be deployed in Wellington from 2018. This would see Snapper being used for all bus journeys in the Wellington region.

Snapper is also enhancing the experience of users, for instance through a partnership with Activata to provide a wider retail reload network and greater flexibility around refunds and balance transfers. A new self-service kiosk has also been developed and is being deployed. The website has also been refreshed to better meet the requirements of those who prefer to access the internet via smartphones and tablets.

Internationally, the National Transport Authority in Ireland has successfully deployed Snapper's mobile reload solution for their Leap cardholders. There are over a million active Leap cards and the objective was to enable users to be able to reload cards while waiting for a bus or tram.

The application was launched in January 2016 and quickly overtook other ways of reloading, processing over €1 million per month. This development was undertaken in partnership with Vix Technologies.

As a result of this success, Snapper was invited to provide ticketing services in Riga, Latvia and it is now working with local smartcard system, RigasKarte, to implement improvements to its mobile and PC reload services. It is also working on the early stages of similar projects in Northern Ireland (with Parkeon) and Melbourne (with NTT Data).

To participate in these developments Snapper has been experimenting with an intern and graduate programme to help it attract and develop necessary skills. This has proven to be highly successful and the majority of Snapper's development work is now undertaken by teams made up of interns and graduates overseen by experienced senior staff. Recent recruitment through the competitive Summer of Tech internship programme saw Snapper sign up eight interns in the face of competition from Powershop, Xero and TradeMe.

INFRATIL INFRASTRUCTURE PROPERTY

IIP continues to work with NZ Bus to enhance its depots, in particular at Kilbirnie and Halsey Street and at two new sites in Auckland which are under due diligence.

The master plan resource consent for the Halsey Street land would allow a total of 87,000m² of commercial development which in stage one includes a 120 room hotel, carpark, and tourism venture. Final negotiations are underway with tenants and discussions are underway with tenants for stage two.

The earlier development in New Lynn is now 90% leased and IIP is working with Auckland Council to develop the rest of the site.

ENVISION VENTURES FUND

Last year Infratil committed US$25 million to an Envision "infra-tech" fund to get exposure to technology businesses which could have a material impact on Infratil's activities.

So far Infratil has made contributions of US$4.8 million (NZ$7.0 million) to the Fund, which currently has five small investments.

The investment in Envision continues to augment our direct infra-tech activities in Australasia and help Infratil prepare for change before it is forced to.

AUSTRALIAN SOCIAL INFRASTRUCTURE PARTNERS (ASIP)

To access Public-Private Partnership investment opportunities Infratil invested into ASIP with an A$100 million capital commitment of which it has invested A$28.7 million to date.

The two projects in which ASIP holds an interest are the Queensland Aspire Schools (Aspire Schools) and the New Royal Adelaide Hospital (NRAH). The Aspire Schools project continues to perform well for the fund while NRAH currently is working through the commissioning phase of the project. Commissioning challenges have impacted the planned completion date with technical completion of the hospital expected early 2017.

Directory

DIRECTORS

M Tume (Chairman)

M Bogoievski

A Gerry

P Gough

H J D Rolleston

P Springford

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

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

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 11, Deloitte Centre
80 Queen Street
PO Box 91976
Auckland
Telephone: +64 9 375 5998
Email:
enquiries@linkmarketservices.co.nz
Internet address:
www.linkmarketservices.co.nz

SHARE REGISTRAR - AUSTRALIA

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

AUDITOR

KPMG
Maritime Tower
10 Customhouse Quay
PO Box 996
Wellington

BANKERS

ANZ New Zealand Bank Limited
171 Featherston Street
Wellington

Bank of New Zealand
Level 4
80 Queen Street
Auckland

Commonwealth Bank of Australia
Level 6
ASB North Wharf
12 Jellicoe Street
Auckland

The Hong Kong and Shanghai Banking Corporation Limited
Level 25
HSBC Tower
195 Lambton Quay
Wellington

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

Infratil