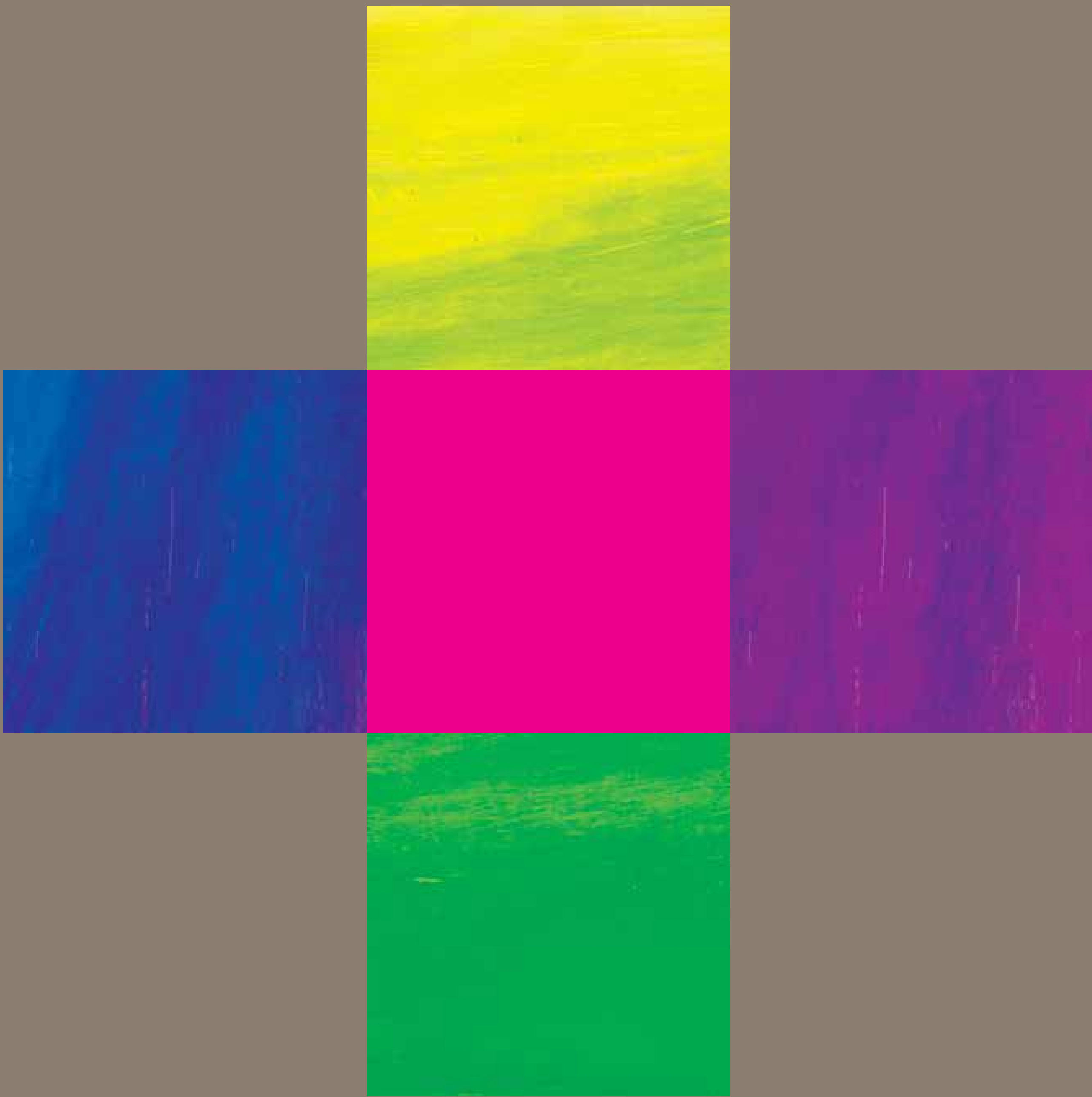
Infratil

Annual
Report
2013



+ Infratil owns energy and transport infrastructure and service providers. Meeting the expectations of users and the communities who rely on the facilities requires that our people are motivated, well directed and have the right skills and equipment.

+ By meeting user and community needs, by providing good value, and by being in sectors which are growing, Infratil's businesses create opportunities to invest to lift earnings and value.

+ Over the last year the Infratil group invested $414 million to expand and improve facilities and services. In the year ahead investment spending is projected to be at least $580 million. Testament to the success of Infratil's approach.

Highlights

Year ended 31 March	2013	2012	
Adjusted EBITDAF [1]	$538m	$510m	The earnings increase was largely attributable to Infratil Energy Australia (IEA)
Net operating cash flow	$288m	$188m	Increased earnings and reduced working capital especially at IEA
Net parent surplus	$3m	$52m	$62m of costs and write downs from the UK Airports and $21m non-cash revaluations
Capital expenditure [2]	$414m	$246m	Power generation in Australia, the Z retail network and new buses
Dividend declared per share	9.25 cents	8.0 cents	Improved operating returns, cash flows and a positive outlook
Annual shareholder return [3]	30%	3%	

1. Adjusted EBITDAF is earnings before interest, tax, depreciation, amortisation, fair value movements of financial instruments, realisations and impairments, with Z Energy's contribution measured on a current cost basis adjusted for revaluations, impairments and realisations. A reconciliation to reported EBITDAF is provided on the Earnings page of this report.
2. Capital investment includes 100% of that undertaken by Z Energy.
3. After tax for a tax payer at the corporate tax rate. The NZX50 returns for the two years were 2% and 25% respectively.

Report of the Chairman and Chief Executive

The objective of Infratil's management is to deliver above average returns to shareholders over the long-term. The first part of achieving this goal is to position Infratil in sectors where there will be opportunities to invest capital from meeting customer and community needs. The second part is to make sure that our businesses meet those needs with value-for-money services and facilities.

Over recent years there has also been recognition that the long-term objective of investment and growth needs to be balanced with a reasonable short-term return to shareholders in the form of dividends. Our approach to risk management and access to capital ultimately determines the final balance.

Looking forward we consider that Infratil is on track to continue to provide above average returns by providing quality services, investing in growth, and by managing our major operational and financial risks.

Last year the group committed $414 million of capital to the construction and acquisition of power generation capacity in Australia, back office systems and customer growth also in Australia, a renewal of the bus fleets in Auckland and Wellington, upgrades to car parking at Wellington Airport and renewal and expansion of Z's service stations and infrastructure.

The group's capital spending over the last five years was $1,632 million and next year we anticipate at least $580 million more will be invested. As a result, adjusted EBITDAF has risen from $316 million five years ago to $538 million last year and over the same period operating cash flows have risen from $164 million to $288 million and the dividend from 6.25 cents per share to 9.25 cents per share.

We note the investment programme at the outset of our report because investing in our existing assets is at the heart of our model and illustrates the group's strategy and capability. The amounts are very large and clearly Infratil can only make such commitments from a position of financial strength. The investment also signals where we expect Infratil to be in a couple of years' time.

That the group has managed to create these opportunities during a period of little economic growth is testament to how well our people have prioritised the needs of their customers and community, and also to the calibre of our people.

Not everything, however, goes to plan. A year ago Infratil announced its intention to sell our two UK airports. This hasn't happened and Infratil has incurred both ongoing losses and a further write down of their value; in aggregate a cost of $62 million. Of course this is very disappointing, but we acknowledge that we are in the business of taking risk. Mostly successfully, but not always.

The lessons of risk and return are especially relevant today. We now have the lowest ever government bond rates, otherwise known as the risk-free rate. This has consequences as investors who previously bought government bonds are now seeking higher yielding investments. Recently businesses similar to those owned by Infratil have been purchased by sovereign wealth and pension funds at prices so high they indicate a willingness by the acquirers to accept very modest long-term returns.

Infratil has not responded by changing its goals or investment criteria. Target returns on new investment continues to reflect recognition of risk and our view of a fair return over the medium term. At present this has not been a major problem, as evidenced by Infratil's robust investment programme. Infratil has also examined several early-stage investment opportunities where the returns are potentially higher and the risks can be adequately managed. These opportunities will continue to be progressed. A number of potential acquisitions were also reviewed over the year, but these did not succeed in competition against those with lower return goals.

It had been anticipated that Central and Local government finances and the Christchurch earthquake rebuild programme would result in more private provision of infrastructure. It is not fair to say this hasn't happened at all, but progress has been slow and consequently Infratil is now more actively investigating opportunities for wind in Australia, irrigation and early stage investments where risks appear acceptable.

Marko Bogoievski
Chief Executive

David Newman
Chairman

Later this year the issue of capital deployment may become more pressing if cash can be realised through the sale or partial sale of some of our assets. If the listing of Z Energy occurs it will mean that Infratil has the financial capability to make a substantial acquisition, retire debt, or return capital. Having this flexibility is attractive, but our choices will be subject to ongoing internal discipline and strict prioritisation of our capital management opportunities. Debt retirement and share buybacks become more likely in the medium-term if suitable acquisitions that offer good returns are not available.

Regulation is another challenge to the deployment of capital. It is an important feature of the sectors we operate in given the critical nature of the services involved. However, changes in the regulatory environment can often have significant economic consequences and can be difficult to predict and manage. At present, the airport, electricity, and public transport sectors are all subject to some form of regulatory, judicial, or political review.

At Wellington Airport differences in opinion over land valuation and rates of return mean that over $50 million of shareholder capital is at risk. Perhaps the biggest potential harm from such disputes is not the direct financial cost, but the uncertainty and reputational consequences.

Good regulation is always about achieving a balance between short and long-term goals. Almost inevitably when regulation is either too lax or oppressive it results in service failure of some sort and a period of over or under investment.

The year under review was a good one for Infratil; investment programmes were maintained as was EBITDAF growth. We consider that the value of our businesses have risen and our liabilities and risks have been well managed. The increased dividend reflects these factors.

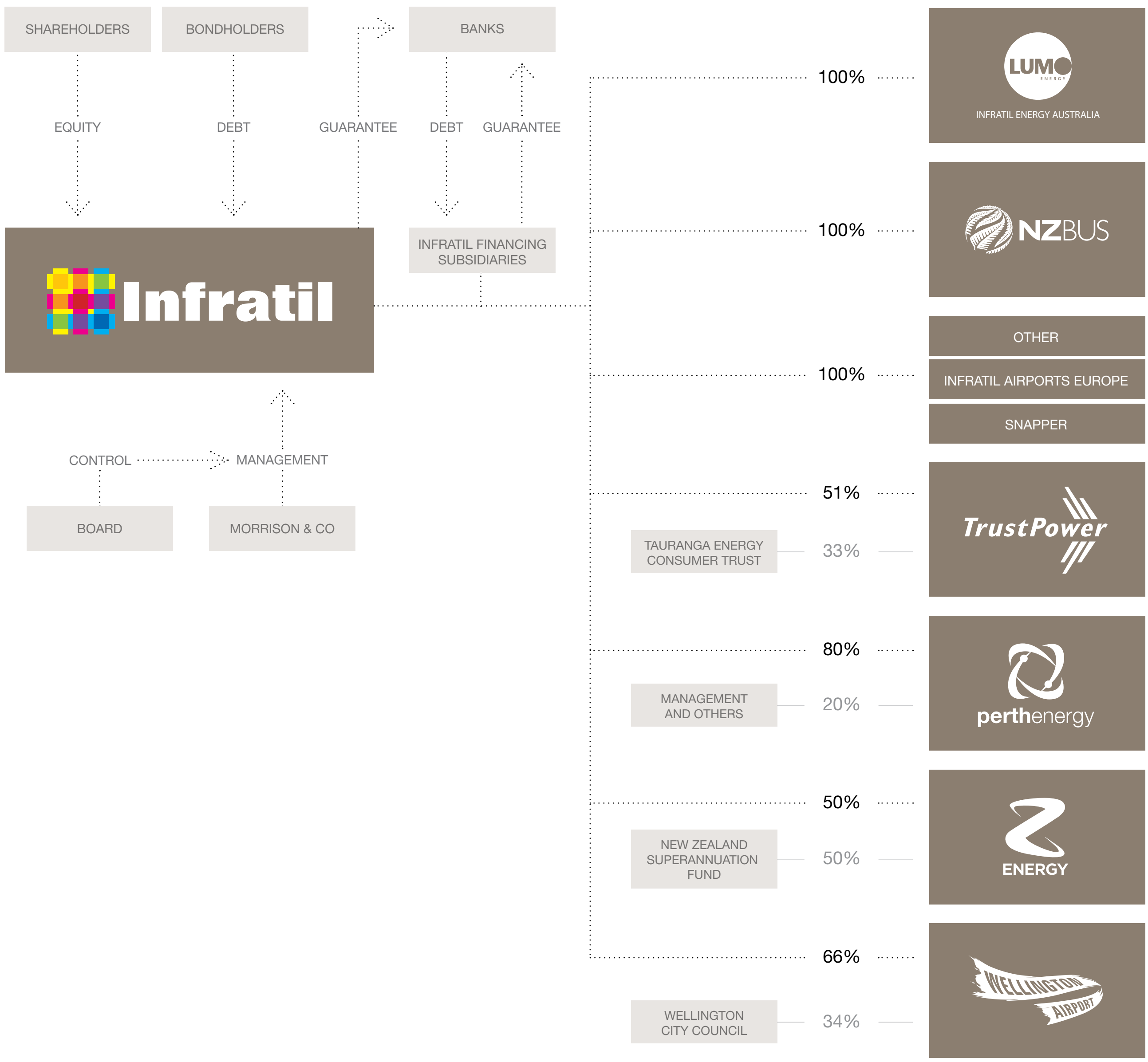
While we are surrounded by economic, financial market and regulatory uncertainties, the challenge is how to position Infratil so that it will continue to deliver through potentially different environmental outcomes. Our approach is to invest for growth and to aggressively monitor and manage risk.

The 2014 financial year is forecast to provide relatively flat EBITDAF and operating cash flows, but investments that are now occurring are intended to provide future earnings momentum.

David Newman
Chairman

Marko Bogoievski
Chief Executive

Corporate Structure



Directors

Humphry Rolleston
Director, Independent

Humphry Rolleston has been a director of Infratil since 2006. He is also a director of Property for Industry, Mercer Group, SKY Network Television, Murray & Co and Asset Management. He owns a number of private companies involved in tourism, security, manufacturing and finance. He is a Fellow of the New Zealand Institute of Directors and the Institute of Management.

Mark Tume
Director, Independent

Mark Tume has been a director of Infratil since 2007 and is the chair of the board's Audit and Risk Committee. He is also a director of the New Zealand Refining Company, New Zealand Oil and Gas, Infratil Energy Australia and is a member of the board of the Guardians of The New Zealand Superannuation Fund. His professional experience has been in New Zealand banking and funds management.

Marko Bogoievski
Director, Chief Executive

Marko Bogoievski is Chief Executive of Infratil and its manager, Morrison & Co. He joined the Infratil board in 2009. He is Chairman of Z Energy and a director of TrustPower and Morrison & Co. He was previously Chief Financial Officer of Telecom NZ responsible for corporate finance, M&A and group strategy. He is a member of the New Zealand Institute of Chartered Accountants.

David Newman
Chairman, Independent

David Newman has been a director since 1994 and Chairman since 2004. He is Chairman of Wellington Airport and a director of Infratil Airports Europe. He was previously Managing Director of BP New Zealand and Chief Executive of the Institute of Directors, of which he is a Fellow.

Paul Gough
Director, Independent

Paul Gough joined the Infratil board as an independent director in 2012. His professional career has been in investment banking and private equity in New Zealand and the United Kingdom, where he is a partner in the private equity fund STAR Capital Partners with responsibility for the acquisition and management of investments especially in the transport and energy sectors.

Duncan Saville
Director

Duncan Saville has been a director of Infratil since its establishment and is also a director of Morrison & Co, Infratil's manager. He is a chartered accountant and an experienced non-executive director in the utility sector having been on the boards of a number of water, airport and utility investment companies. He is a Fellow of the Institute of Chartered Accountants in Australia and of the Australian Institute of Directors.

Anthony Muh
Alternate Director (for Duncan Saville)

Anthony Muh was an independent director at Infratil from 2007 until 2010 and is now an alternate for Duncan Saville. He joined Morrison & Co in 2010 to head its asset management businesses. Anthony has extensive experience in investment management and had senior roles at Alliance Trust Plc, Citigroup Global Asset Management and Solomon Brothers Asset Management Asia Pacific.

Senior Management Team

Marko Bogoievski - Director, Chief Executive

Lib Petagna - Executive Director and Chief Investment Officer

Lib Petagna has extensive transactional experience in the airport, energy and transport sectors in Australasia and Europe. He has overseen Morrison & Co's entry into wholesale, retail and agricultural sector funds management and is a director of NZ Bus, Z Energy and Infratil Property.

Kevin Baker - Chief Financial Officer

Kevin Baker is responsible for financial and management accounting, and reporting. He is Chairman of NZ Bus and a director of Infratil Energy Australia.

Mike Bennetts – CEO, Z Energy

Mike Bennetts joined Z Energy in 2010 after a 25 year career with BP in New Zealand, China, South Africa, the UK and Singapore.

Jason Boyes - Head of Legal

Jason Boyes is responsible for group legal risk and compliance, and transaction structuring and execution.

Tim Brown - Capital Markets and Economic Regulation

Tim Brown is involved in financing, capital markets, and economic regulation. He is a director of Wellington Airport and NZ Bus.

Fiona Cameron - Group Treasurer/Morrison & Co Financial Controller

Fiona Cameron is responsible for Infratil Group Treasury operations, having joined Morrison & Co in 2006 and has previous experience in the energy and banking sectors.

Dean Carroll – CEO, Lumo / Infratil Energy Australia

Dean Carroll joined IEA in 2012 from Genesis Energy where he was GM Retail and oversaw the development of what became the largest energy retailing operation in New Zealand.

Peter Coman - Property and Social Infrastructure

Peter Coman is accountable for the development and performance of infrastructure property opportunities. Peter is a director of Wellington Airport and iSite.

Roger Crawford - Energy Group

Roger Crawford is focused on Morrison & Co's Australian energy sector investments and development opportunities. He is Chairman of Infratil Energy Australia.

Steven Fitzgerald - Executive Director Airports Group

Steven Fitzgerald joined Morrison & Co in 2011 having previously been CEO of Wellington Airport and Infratil's UK Airports. He is a Director of Wellington Airport and Chairman of Infratil Airports Europe.

Mark Flesher - Corporate Development and International Investor Relations

Mark Flesher has been involved in the New Zealand and offshore capital markets for over twenty years, including senior positions in funds management, broking, investment banking and corporate finance.

Zane Fulljames – CEO, NZ Bus

Zane Fulljames joined NZ Bus in 2008 having previously had roles in logistics, oil and gas, construction, manufacturing and finance.

Phillippa Harford - Deputy Chief Financial Officer and Tax Manager

Phillippa Harford has been Group Tax Manager since 2009, responsible for the tax affairs of the Infratil Group including tax strategy & planning, compliance and reporting and was appointed to her new role in 2013.

Bruce Harker - Executive Director Energy Group

Dr Bruce Harker heads Morrison & Co's energy team and has over 30 years of experience in the electricity industry. Dr Harker is Chairman of TrustPower.

Vince Hawksworth – CEO, TrustPower

Vince Hawksworth joined TrustPower in 2011 with over 25 years of energy sector experience, including with thermal and hydro generation and energy retailing.

Paul Newfield - Investment Director

Paul Newfield leads the Morrison & Co team responsible for analysing the attractiveness of infrastructure sectors, and assessing and executing private market transactions.

Rhoda Phillippo - Technology and People

Rhoda Phillippo worked with Morrison & Co prior to the purchase of Z Energy, developing the transition and operations plan. Rhoda is Chairperson of Snapper and a director of Infratil Energy Australia.

Steve Sanderson – CEO, Wellington Airport

Steve Sanderson joined Wellington Airport in 2011 having previously had senior management roles in a number of manufacturing and infrastructure businesses.

Miki Szikszai - CEO, Snapper

Miki Szikszai is CEO of Infratil's smartcard based payment and ticketing business – Snapper. Previously Miki was with Telecom NZ where he had management roles with new media products for Mobile and Broadband.

Liam Tohill - Financial Controller

Liam Tohill is responsible for corporate accounting, company and group financial reporting and budgeting and forecasting for Infratil. Liam joined Morrison & Co in 2010 following roles in the finance and banking sectors.

Phil Walker - Airports Group

Phil Walker has been involved in over 40 airport sales processes and is a director of Infratil Airports Europe. His previous experience includes six years as Executive Director, Brisbane International Airport and 20 years with Qantas.

Financial Results

The following presentation of Infratil's financial results for the period ended 31 March 2013 is set out under five headings; Earnings, Assets, Funding, Guidance and Shareholders. The Financial Statements are also available in the second half of this Report.

Judging Infratil's financial results and position requires an assessment of earnings and cash flows, access to capital, and asset values and prospects.

It was on the basis of these factors that the directors declared a 16% higher dividend for the 2013 financial year relative to what was declared for FY12: 9.25 cents per share as against 8.0 cents.

Earnings

Consolidated Results

The results were in line with guidance and continue the trend for rising EBITDAF driven by the group's investment programme and good management. Infratil's net surplus was impacted by a number of non-cash adjustments; in particular the write down of Infratil's UK Airports ($53 million) and changes in the value of some equipment and hedges ($21 million). Hedge revaluations are a snapshot of the market pricing of energy, interest rate and currency hedges which fluctuate daily.

Year ended 31 March $millions	2013	2012	Comment
Total income	$2,400	$2,219	
Operating expenditure	($1,872)	($1,699)	
EBITDAF [1]	**$528**	**$520**	
Net Interest	($195)	($187)	Higher interest and depreciation costs reflect investment in plant and equipment. Reduced tax expense reflected recognition of deferred tax assets
Depreciation/Amortisation	($149)	($134)	
Tax	($24)	($58)	
Net surplus before revaluations	**$160**	**$141**	
Revaluation of hedges	($14)	$19	
Investment impairments	($7)	$4	– Write–offs from taking Snapper equipment off Auckland buses
Discontinued operations	($62)	($37)	– UK Airport operating losses and impairments
Minority interests	($74)	($75)	
Net parent surplus	**$3**	**$52**	

1. Consolidated group EBITDAF is reported in accordance with accounting standards which excludes discontinued operations; that is the two UK airports subject to a sale process, and reflects Infratil's share of Z Energy's net shareholder surplus rather than its EBITDAF because Z is accounted for as an Associate and is not consolidated.

EBITDAF is a useful non–GAAP financial measure as it shows the contribution to earnings prior to non–cash items such as depreciation and amortisation, fair value adjustments and the cost of financing and taxation.

Adjusted EBITDAF is provided in the highlights section of this document to reflect the Z Energy contribution on a current cost basis and before revaluations and realisations. Current cost earnings better reflect the underlying business financial performance and do not include fluctuations in the value of fuel stocks. The $11 million Current Cost adjustment shown for 2013 is calculated by revaluing the opening and closing inventory to the average replacement cost for that month. Guidance is also provided on an adjusted basis. The adjusted EDITDAF is reconciled to the reported EDITDAF as shown below.

	2013	2012
Reported EBITDAF	$528m	$520m
Z Energy Current Cost adjustment (after tax)	$11m	($12m)
Z Energy derivative revaluations (after tax)	($2m)	$3m
Z Energy net investment revaluations, realisations and impairments	$1m	($2m)
Infratil Adjusted EBITDAF	$538m	$510m

Net Surplus before Revaluations and Discontinued Operations

Over the year Infratil's consolidated net surplus after interest, tax, depreciation and amortisations, but before revaluations and discontinued operations, was $160 million, up from $141 million the prior year. The breakdown of the 2013 financial year outcome is given in the following table.

Year ended 31 March 2013 $millions	EBITDAF	D&A	Interest	Tax	Total	Ownership
Parent & other	($23)	($6)	($103)	$37	**($95)**	100%
NZ Bus	$44	($26)	-	($2)	**$16**	100%
IEA/Lumo	$80	($25)	($2)	($13)	**$40**	100%
TrustPower	$295	($66)	($63)	($37)	**$129**	51%
Perth Energy	$18	($10)	($8)	-	**-**	80%
Wellington Airport	$83	($16)	($19)	($9)	**$39**	66%
Z Energy [1]	$31				**$31**	50%
Total	**$528**	**($149)**	**($195)**	**($24)**	**$160**	
Assets held for sale	($10)	($4)	-	$4	**($10)**	100%

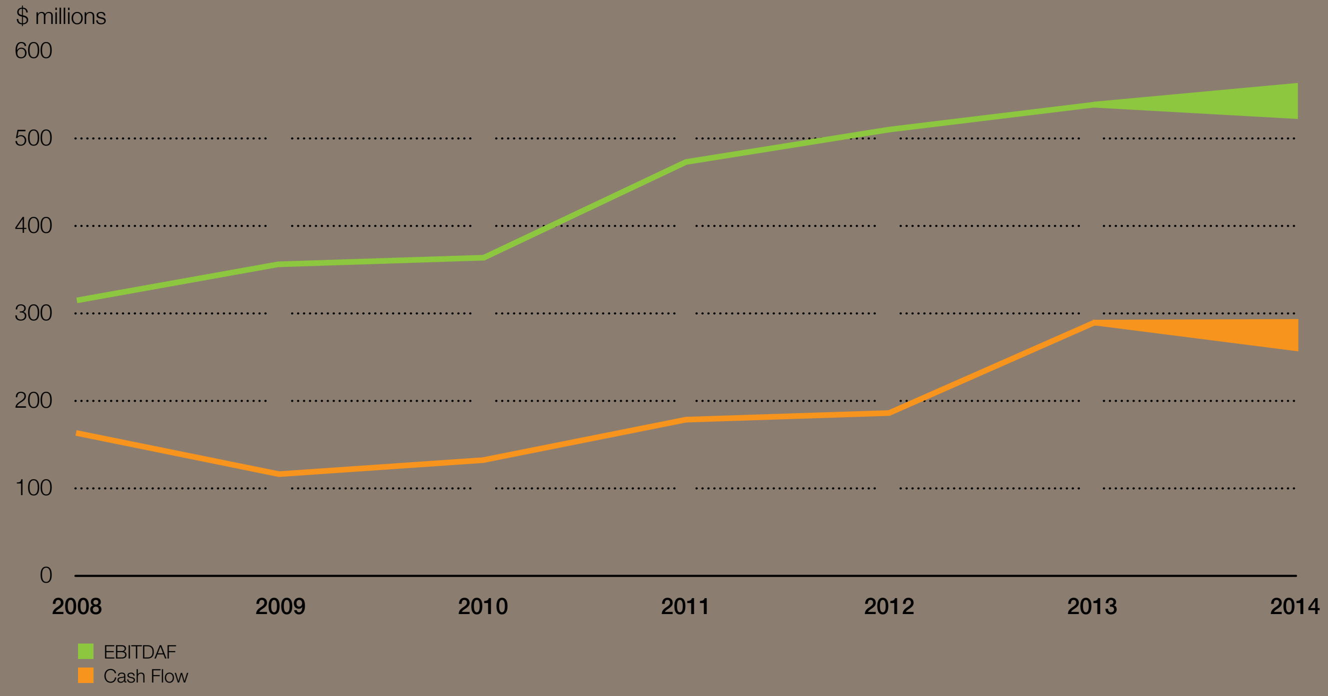
1. The table shows Infratil's 50% share of Z Energy's net shareholder surplus. Z Energy is an Associate and is not consolidated.

Consolidated Operating Cash Flow

Year ended 31 March $millions	2013	2012	Comment
EBITDAF	**$528**	**$520**	
Discontinued operations	($10)	($12)	
Net interest	($181)	($176)	The main source of improvement relative to the prior year was increased cash flow from Infratil Energy Australia.
Tax paid	($53)	($47)	
Working capital/other	$4	($97)	
Operating cash flow	**$288**	**$188**	

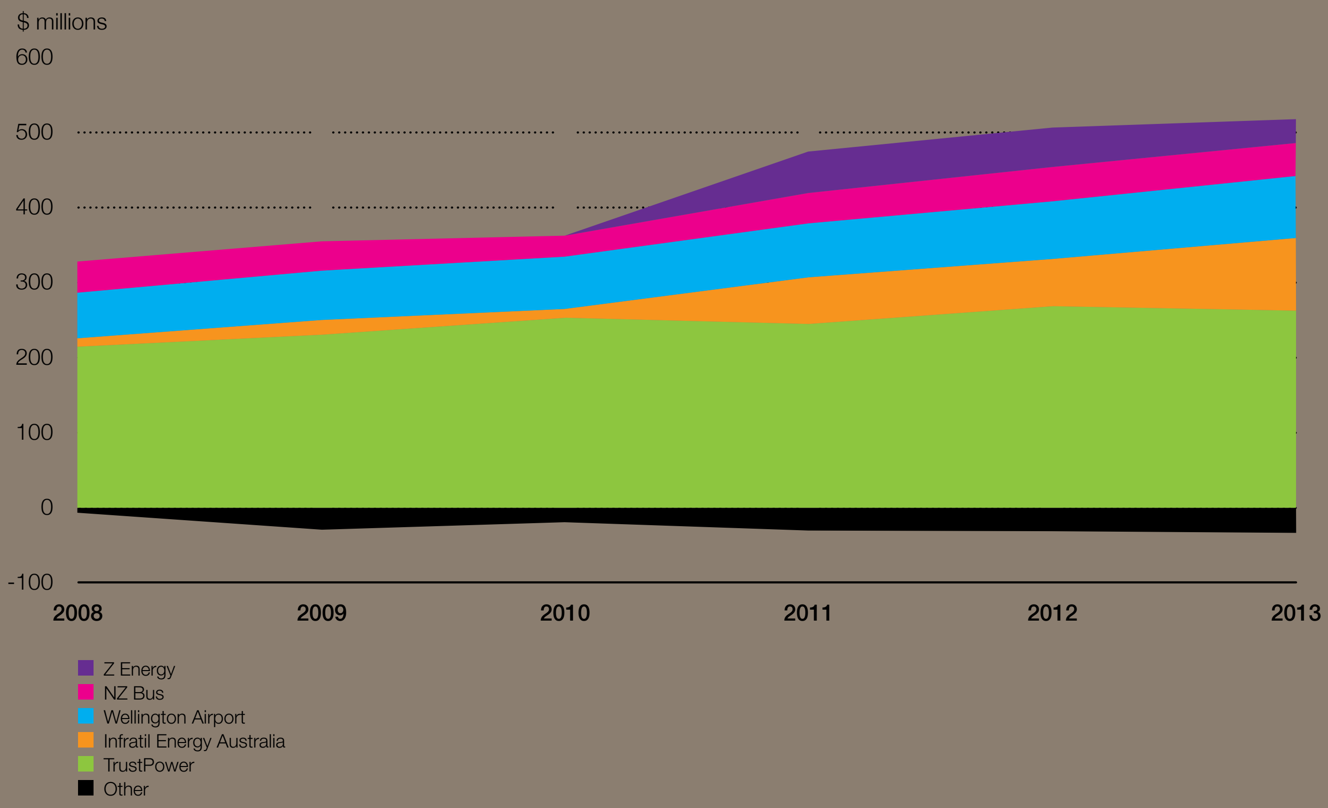
EBITDAF and Cash Flow Trends

The following graph shows Infratil's consolidated EBITDAF and operating cash flows for the period since 2008.
It also shows the consolidated guidance range for the year to 31 March 2014.



Sources of Infratil's Consolidated EBITDAF

The following graph shows the sources of Infratil's consolidated EBITDAF over the last five years.



Assets

The table gives the book values of Infratil's assets except for TrustPower which is shown at its listed market valuation. The value of Z Energy is the original $210 million acquisition cost plus subsequent undistributed net income and fair value adjustments.

As at 31 March $millions	2013	2012	Comment
TrustPower	$1,226	$1,154	– TrustPower's share price rose to $7.70 from $7.25
Infratil Energy Australia	$435	$477	– Less working capital. Generation plant value decline
Wellington Airport	$342	$326	
NZ Bus	$270	$246	
Z Energy	$324	$331	
Infratil Airports Europe	$21	$70	– The businesses were written down by $53 million
Other	$65	$65	
Total	**$2,683**	**$2,669**	

Except where capital gains tax pertains, deferred tax is not reflected in the values. With 100% subsidiaries debt/cash is excluded as it is included in the net debt amounts disclosed for Infratil and 100% subsidiaries on the following page.

Capital Spend

Over the last five years the Infratil group has invested $1,632 million, all but $210 million of which was invested in existing businesses. Capital investment is expected to rise further in the 2014 financial year, before taking into account any acquisitions which may occur over the period.

Year ended 31 March $millions	2013	2012	Comment
TrustPower	$214	$49	– Commencement of Snowtown II construction
Infratil Energy Australia	$28	$22	
Z Energy	$71	$74	– Service station and infrastructure upgrade
Wellington Airport	$12	$22	
NZ Bus	$57	$64	– Fleet renewal
Other	$32	$15	– Construction of New Lynn property
Total	**$414**	**$246**	

Funding

Capital & Debt

Infratil and its wholly owned subsidiaries had $804 million of bank and vendor funding facilities as at 31 March 2013 with $408 million of unutilised capacity. In both cases small increases on a year prior.

As at 31 March $millions	2013	2012	Comment
Net debt 100% subsidiaries [1]	$364	$363	
Fixed maturity bonds	$677	$623	There were few notable changes to the amount or terms of Infratil's debt over the year. $57 million of bonds fell due and were repaid and $111 million of bonds were issued to mature in 2018.
Perpetual bonds	$235	$236	
Equity market value	$1,382	$1,109	
Total capital	$2,658	$2,331	
Dated debt/total capital	**39%**	**42%**	
Total debt/total capital	**48%**	**52%**	

1. Includes all net debt of Infratil and Infratil's 100% subsidiaries except Infratil's Bonds

As at 31 March 2013 Infratil and its wholly owned subsidiaries had the following debt maturity profile. This shows bank facilities amounts as opposed to actual borrowing.

Year ended 31 March $millions	2014	2015	2016	2017	5 to 10 years	Over 10 years
Bonds	$85	-	$153	$100	$339	$235
Infratil bank facilities	$208	$113	$118	$37	$140	-
100% subsidiary facilities	$118	$11	$10	$10	$39	-

This profile only shows the borrowing of Infratil and its wholly owned subsidiaries. It excludes the borrowing of Z Energy, TrustPower, Wellington Airport and Perth Energy because they are not 100% owned. Lenders to those companies have no recourse to Infratil or its 100% subsidiaries.

Guidance

The EBITDAF contribution from TrustPower is expected to be flat to slightly negative in 2014. In the following 2015 year this is expected to lift with the commissioning of the Snowtown II wind farm. Infratil Energy Australia's contribution is also expected to be slightly down on the FY13 result due to higher electricity wholesale costs and the cost of gaining new customers.

The expectation of gains across other businesses reflects returns on recent capital spending and improved operating margins.

The following outlook does not include the impact of a partial sale of Infratil's interest in Z Energy or the receipt of any special dividends from Z Energy.

Year ended 31 March $millions	**2014 Guidance**	**2013 Actual**	**2013 Guidance**
Adjusted EBITDAF	$520-$560	$538	$530-$560
Net interest	($200-$210)	($195)	($190-$200)
Operating cash flow	$250-$280	$288	$260-$290
Depreciation and amortisation	($150-170)	($149)	($144-$155)
Capital spending [1]	$580-$645	$414	$240-$280

1. Capital investment includes 100% of that undertaken by Z Energy.

The higher capital spending forecast for the 2014 financial year is mainly due to TrustPower's continuing construction of the Snowtown II wind farm in South Australia. Other material contributions are the NZ Bus fleet upgrade, Wellington Airport's expansion of the domestic terminal, further service station and infrastructure investment by Z Energy and on-going growth at Lumo (part of Infratil Energy Australia).

Shareholder Returns & Ownership

Shareholders

As at 31 March	2013		2012	
	Million Shares	%	Million Shares	%
Utilico	73	13%	83	14%
Management [1]	64	11%	74	13%
NZ retail	249	43%	244	42%
NZ institutions	142	24%	126	21%
Australian	13	2%	15	3%
Other	43	7%	45	7%
Total	**584**	**100%**	**587**	**100%**

1. Including shares held by the Morrison Family Trust

Approximately 10% of Infratil's shares changed hands over the year. The New Zealand domiciled shareholding increased to approximately 78% with both institutional and individual shareholders being net buyers. On an average week 2.9 million of Infratil's shares traded on the NZX.

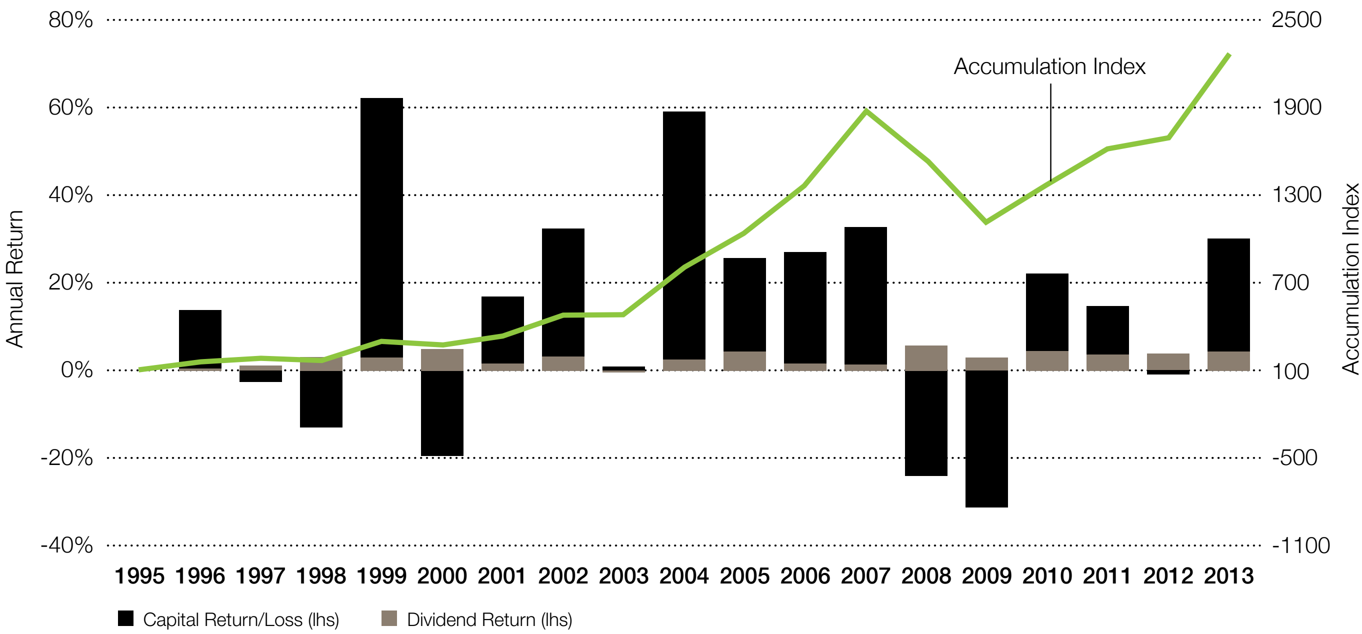
As at 31 March 2013 Infratil had approximately 23,000 shareholders and 16,000 bondholders.

Over the year 6.4 million Infratil shares were repurchased by the company and 2.7 million shares were issued under the dividend reinvestment plan. 27% of shareholders participated in the dividend reinvestment plan. A shareholder with 100 shares at the start of the year and who participated in the DRP would have ended the year with 104 shares at the end of the period.

Over the year Infratil's share price rose from $1.89 to $2.37 and fully imputed dividends of 8.25 cents per share were paid. The after tax return to shareholders for the period was 30%. The NZX50 returned 25% over the same period.

Since listing on 1 April 1994 Infratil's shares have provided a compound return of 17.8% per annum after tax. Someone who invested $1,000 in the initial float and had reinvested all distributions would have a holding worth $22,400 as at 31 March 2013.

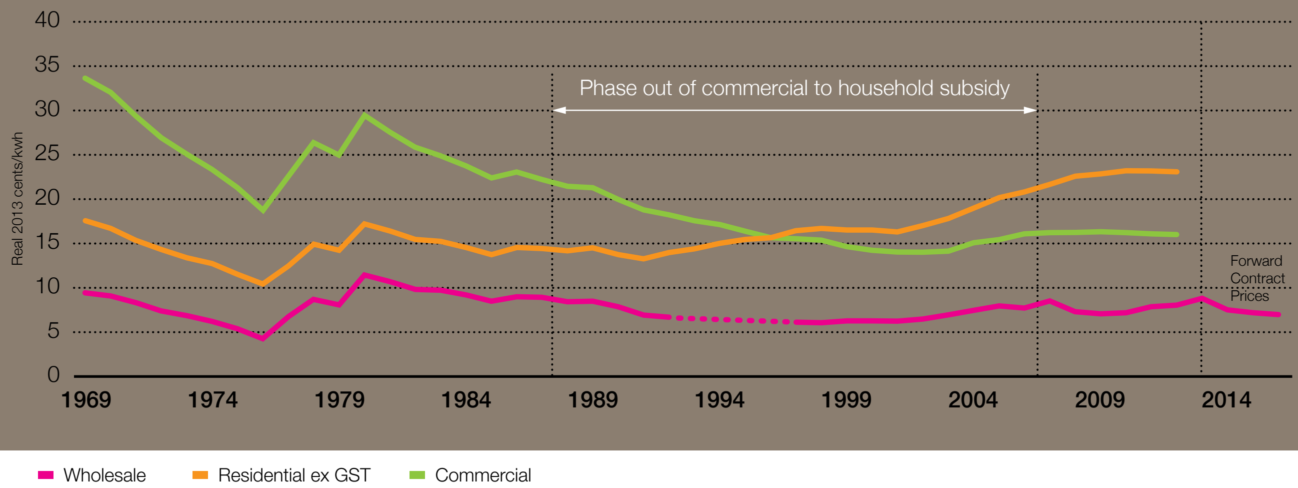
Infratil Shareholder Returns



New Zealand's Electricity Industry: Regulation & Structure

Real New Zealand Electricity Prices

Year ended 31 March



Infratil invests to take advantage of long term trends; "to be a fast swimmer find a fast flowing river". An important precondition to investing is that the relevant market allows well managed companies to benefit from being innovative, efficient and competitive.

On both the criteria of energy trends and market structure TrustPower has been, and should continue to be, a good investment. If it generates and retails electricity to customers at relatively low cost, and manages wholesale price volatility, it should do well.

However recent opposition political party policy announcements have raised questions about the industry's future structure. They propose the formation of a government agency to buy all generation output for on-sale to retailers with the objective of reducing household electricity prices.

Before commenting on the proposed policy it is worth noting the character of economic regulation in New Zealand and why this should provide investors with some confidence about economically rational outcomes from any review of the structure of the electricity market. In New Zealand economic regulation aims to structure markets so they are competitive or if that isn't possible then to regulate companies to have them mimic how they would operate in a competitive market. Generally the objectives are for companies to have:

(a) Limited ability to earn excessive profits.

(b) Incentives to improve efficiency and provide services of a quality that reflect consumer demand and to share efficiency gains with consumers, including through lower prices.

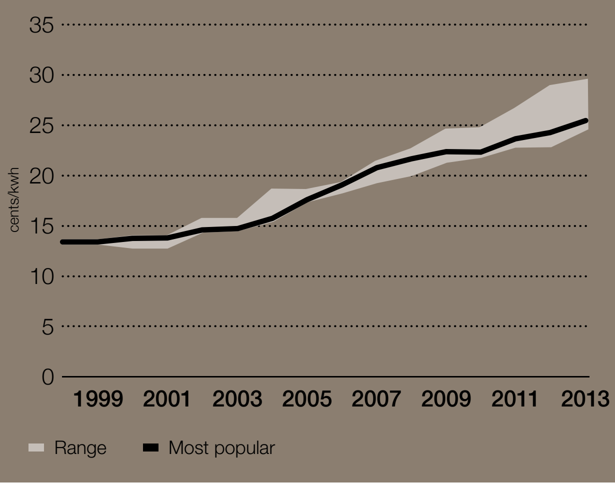
(c) Incentives to innovate and to invest.

Economic regulation in New Zealand promotes these outcomes consistently, with thoroughness and with accountability. An incoming Government could pass laws to "move the goal posts", but if history is a guide, major changes require persuasive evidence which in this case would mean testing three questions: Are households paying too much? Is electricity generation unsuited to a market? Are generators extracting excessive profits which need controlling?

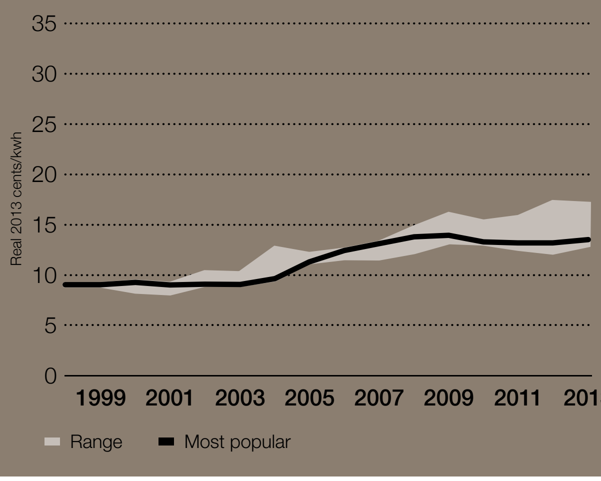
Household Electricity Prices

Thirty years ago the New Zealand electricity industry was still operating the model set up in the 1920s. A government department owned generation and grid and local government distributed and retailed. In real terms the cost of generation and the price of electricity for businesses was significantly higher than today. In the mid 1980s commercial and small industry consumers were paying 50% more than households despite better energy profiles and lower use of the distribution system. Households had lower bills because power boards under–charged the electorate consumers who were subsidised by commercial users and small industrial users. Cost reflective pricing now sees business and household consumers paying fair prices.

Wellington Household: Line + Electricity Tariff



Real Wellington Household: Just Electricity Tariff ex GST



Since the industry restructuring commenced in the 1980s there have been some obvious changes to the price of electricity. But over the last 20 years it is apparent from the graph on the previous page that wholesale electricity prices have not been the principal driver of household energy costs, the main culprits have been the removal of subsidies and higher line charges.

A policy initiative to lower household energy costs (which is not merely about reintroducing subsidies or inequitable controls) needs to break the monthly bill into its components and address each part. Ministry of Innovation, Business and Employment figures show that generation costs comprised 34% of the average household bill, transmission 38%, retail 15% and tax and levies the remainder.

The Ministry's regular survey data shows how some of those components have changed over time. To simplify the picture the above graphs show the survey results for just a single region, in this case Wellington which has about 160,000 households.

The graph on the left shows the price range for an average household over the last fifteen years. The "most popular" line on the graph was the price of the region's most popular electricity retailer, which made up about 50% of the total.

The graph on the right shows the same tariffs, but this time in 2013 dollars after deducting GST and the cost of transmission and distribution. It shows that since 2007 Wellington's households have not experienced rising charges attributable to generation or retailing. If an individual household's cost has risen faster than general inflation they have usually had the choice of a lower price by switching retailer.

The Wholesale Electricity Market

The second question which would have to be addressed as a precursor to a further restructure of the electricity industry is "are there problems with the wholesale energy and generation market which warrant intervention?" That is to say, are sufficient power stations being built? Is there a reliable source of electricity? Are the new power stations the most efficient that could have been built? Does the wholesale price of electricity fairly reflect the cost of generation?

There can be little doubt that the New Zealand market is delivering capacity. Since 2000 there have been 22 reasonably material generation construction projects, in aggregate amounting to about 30% of national generation capacity. Total investment has been over $4,000 million.

Power Generation Projects since 2000

Ngawha	Geothermal	28MW
Otahuhu	Gas	380MW
Pan Pac	Biomass	13MW
Huntly	Gas	385MW
Huntly	Gas	50MW
Whirinaki	Diesel	155MW
Mokai	Geothermal	112MW
Nga Awa	Geothermal	138MW
Poihipi	Geothermal	50MW
Tauhara	Geothermal	24MW
Kawerau	Geothermal	93MW

Stratford	Gas	200MW
Taranaki	Gas	370MW
Te Rapa	Gas	48MW
Tararua	Wind	161MW
Te Uku	Wind	64MW
Te Rere	Wind	33MW
Te Apiti	Wind	91MW
White Hill	Wind	58MW
Makara	Wind	159MW
Mahinerangi	Wind	36MW
Manapouri	Hydro	260MW

As the table shows, the stations are located all around New Zealand and use a range of fuels. Eight companies or iwi groups were involved. Effectively there has been too much investment as demand has not grown over the last six years, but that is the station owners', and not the consumers', problem.

It is difficult to briefly describe how to test the relative merits of a wholesale electricity market verus a central purchaser. One key difference is that a central buyer transfers risk from generators to taxpayers or consumers. How this could work can be shown with an example. If the Tiwai Point smelter closes under the current industry structure the wholesale and consumer price of electricity would fall and generators would suffer lower income. Under the central-purchaser model the buyer would have long-term purchase contracts with generators that would guarantee the generators' returns. If a major consumer stopped consuming, and paying, the central buyer would have to continue to pay for capacity and would have to either get a subsidy from tax payers or increase the prices charged to the remaining consumers.

An alternative argument to justify the imposition of a central buyer asserts that if a hydro power station was built many years ago it will have paid for itself by now so the power from that station should be available free (or at least at a very low price). The central buyer would be a mechanism for lowering the price paid to hydro generators.

The allure of free electricity from hydro power stations forced to sell output at 1950s prices may seem attractive at first, but if the price paid to hydro power stations were to be set back a decade or two why not do the same for house rents or rates?

There is no economic case for arbitrarily turning back the clock and nor is there a case that the owners of hydro power have reaped windfall gains at consumers' expense and hence deserve retribution.

Cobb Power Station was purchased in 2003 by TrustPower from Australian Gas Light's subsidiary NGC for $93 million. NGC had acquired the station when it purchased TranzAlta in 2002. TranzAlta had purchased the station in 1999 from Meridian for $84 million. Meridian had received the station when the Electricity Corporation was broken up. Cobb was originally commissioned in 1956 for the Electricity Department having been built by the Public Works Department.

Since 2003 TrustPower has upgraded the station and improved its operating efficiency. If the price of the output of Cobb Power Station were set to reflect its 2003, 1999, or even 1956 value the controls would simply be expropriation; in economic terms a kWh from Cobb Power Station delivered to, say, Nelson is worth the same as a kWh from Clyde Power Station delivered to Nelson. It is not economics, it is arbitrary expropriation, or theft of value, to force these kWh to be sold for different prices.

Social welfare, equity and efficiency

Not everyone has directly benefited from the industry changes initiated in the 1980s. Household energy costs have increased and Government has not been oblivious. The last Budget included $100 million for home insulation, increasing to 276,000 the number of homes that will have received assistance. An alternative, which is used in Australia and the UK, is to subsidise the cost of energy for those who struggle to afford the expense.

Both approaches are a better way to help consumers in need of help than the alternative of a disruptive restructure of the industry. Electricity generation and distribution involves approximately $40 billion of assets, making it one of New Zealand's largest industries. Its efficient operation and direction is crucial if it is to accommodate changes to fuel mix (hydro to gas to wind and geothermal) and ensure the lights stay on.

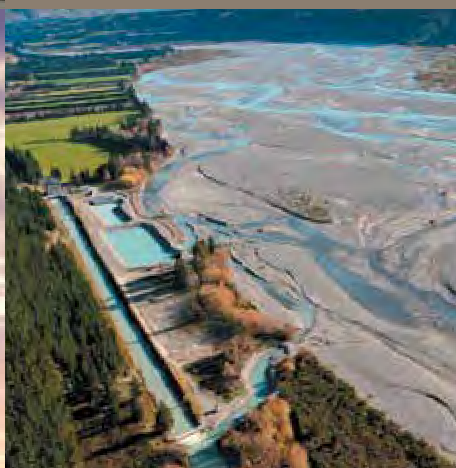
The electricity industry will always be subject to intense regulatory and political scrutiny and Infratil strongly supports the long term programme to enhance the market. If regulatory decisions are economically rational TrustPower will continue to have opportunities to provide good returns for its shareholders.

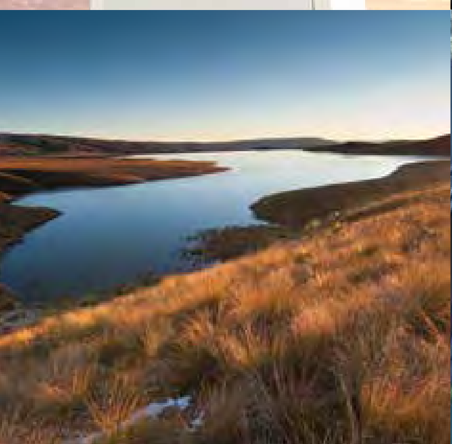




seafuels





GO WELLINGTON







Expertise + long-term perspectives mean Infratil will continue to make capital investments which will provide good shareholder returns







TrustPower

TrustPower's EBITDAF slipped slightly on the prior year. In New Zealand generation volumes were down, it was a difficult year for hydrology and wholesale electricity prices, retail competition was intense and average per customer consumption declined.

On their own all these factors are normal, but it was unusual that they should all occur together.

Earnings are not expected to improve in the 2014 financial year, but in the 2015 year a large uplift should result as capital investments now underway come to fruition. One project that will come on stream in FY2014 is the $13 million, 3.8MW Esk Valley Hydro project which is expected to provide annual output of 15GWh (sufficient electricity for about 1,800 homes worth about $1.2 million per annum at current prices). Although relatively small, the Esk Valley project exemplifies TrustPower's willingness to seek incremental gains. Another local initiative which is progressing is the use of Lake Coleridge storage as back up to local irrigation schemes. This has now received regulatory consent and the first agreement for this new use has been concluded with Barrhill Chertsey Irrigation.

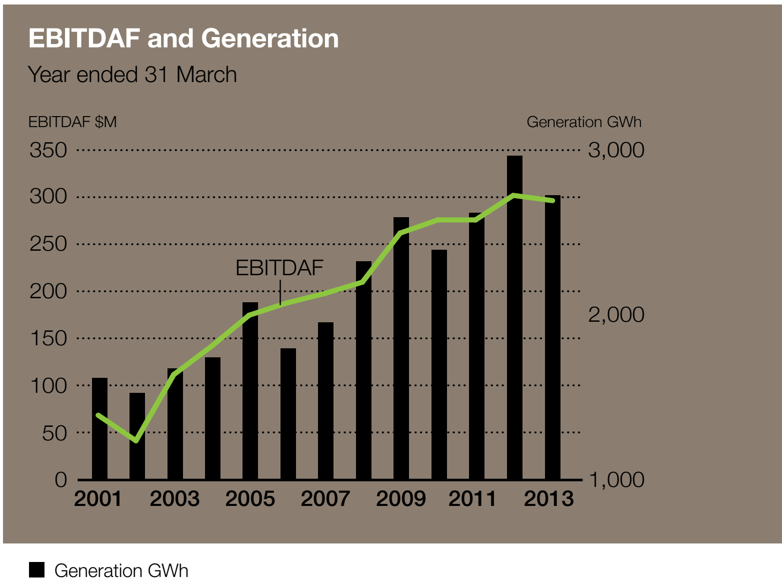
In Australia construction is progressing on the second stage of the Snowtown wind farm near Adelaide. Once this is fully commissioned in 2014 TrustPower will have invested about $770 million in Snowtown I and II and will have over 30% of its total generation capacity in Australia. Development applications have also been lodged for two other wind sites amounting to 570MW and a further 1,000MW is under review. The wind farms are being developed in response to Australian Government policies which aim to lift renewable generation to 20% of the national total by 2020. Most of the output of TrustPower's Australian wind farms is sold on long-term contracts to retailers who need renewable energy or "green credits". Once constructed TrustPower's income risk on the schemes relates to wind volume and costs rather than prices, which are mainly fixed under the off-take contracts.

TrustPower has also initiated plans to address the decline in its customer numbers and the positive results were coming through by the end of the financial year. Over the first half gains were 9,000 and losses13,000 and in the second half the losses were the same but gains were 14,000.

In the context of the opposition political parties' electricity sector policy statement, TrustPower's operational and financial results make an interesting counterpoint. Electricity retailing is intensely competitive. In 2012 a dry winter, which in "the old days" under central planning would have sent prices rocketing, was hardly noticed thanks to good market structures and behaviour. Excess generation has been built in New Zealand over the last few years because load growth was lower than anticipated. The cost of this over-build is being carried by generators.

Operations & Results

Year ended 31 March	2013	2012
NZ output sold	3,684GWh	3,960GWh
NZ generation	2,330GWh	2,582GWh
Australian generation	386GWh	376GWh
Electricity customers	206,000	209,000
Av. NZ generation spot price	8.3c/kwh	7.2c/kwh
EBITDAF	**$295m**	**$300m**
Investment spend	$214m	$49m
Infratil cash income	$64m	$64m
Infratil's holding value	**$1,226m**	**$1,154m**



TrustPower is on track to have over 30% of its generation in Australia and to expand its irrigation services.

Infratil Energy Australia Group

IEA's EBITDAF was lifted by the performance of its retail company Lumo which increased earnings by 25% and customer numbers by 11%.

Lumo's growth in customers tends to reflect the state-by-state progress (and occasional reversal) of deregulation. Over the last year good growth was recorded in Victoria and New South Wales. Deregulation in South Australia is expected to occur in 2014 which is likely to be positive for growth in that state, unfortunately the regulatory situation in Queensland has resulted in Lumo ceasing marketing there.

Towards the end of the year Lumo started accepting a higher proportion of customer connections from its sister company, Direct Connect. This company is Australia's largest utility connector allowing people who are moving residence to sign-up a range of services, including electricity and gas. Last year over 130,000 energy connections were provided by Direct Connect, but most were transferred to other retailers due to Lumo's system constraints and previous contract commitments.

Lumo's strong earnings were due to higher customer numbers and margins which benefitted from lower wholesale energy costs. Operating costs per customer were flat as efficiency gains were matched by improved customer services. Next year's earnings are forecast to be slightly lower due to higher electricity purchase costs and customer acquisition costs.

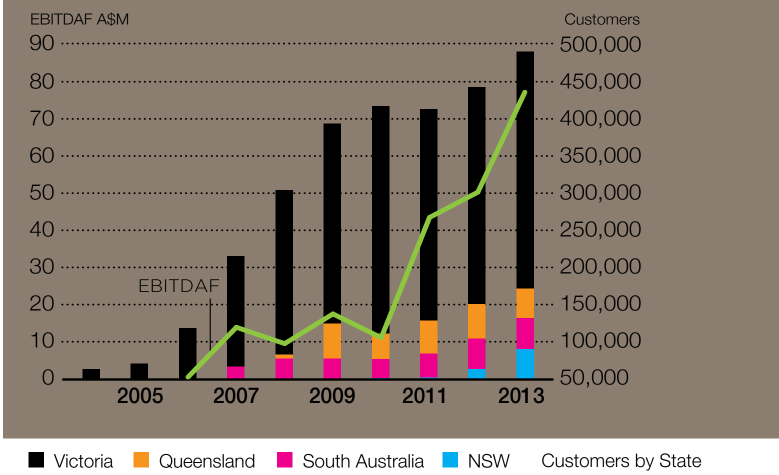
As previously signalled IEA's gas wholesale position was balanced in 2012 and this also contributed to earnings. The availability and price of gas in the eastern states is coming under intense scrutiny with the impending opening of the Queensland gas liquification and export facilities and IEA has recently extended its gas acquisition agreements out to 2017.

IEA's generation earnings were lower than the previous year due to lower prices for wholesale electricity price-caps and it is expected that over supply in this market will continue for some time. Consequently IEA reduced the carrying value of its generation plant by A$13 million to A$124 million.

Perth Energy's earnings rose slightly notwithstanding a number of challenges with the Kwinana power station and very low retail margins. An expectation of excess generation supply in the Western Australian market and soft wholesale prices has led to an A$8 million reduction in the value of the Kwinana station to A$122 million.

EBITDAF and Customers

Year ended 31 March



Operations & Results

Year ended 31 March A$ millions	2013	2012
Lumo Customers	490,770	441,788
Generation capacity	285MW	285MW
Earnings contribution		
Lumo	$58	$44
Generation	$9	$11
Perth Energy	$14	$12
Excess gas	-	($12)
Overheads/other	($4)	($5)
EBITDAF	**$77**	**$50**
Hedge revaluations	$4	$31
Depreciation/amortisation	($29)	($24)
External interest	($9)	($9)
Net current assets	$122	$148
Fixed assets	$260	$292
IEA/Lumo external debt	($15)	($51)
Perth Energy external debt	($70)	($76)
Book value of IEA/Lumo	**NZ$350**	**NZ$391**
Book value of Perth Energy	**NZ$85**	**NZ$85**

The IEA/Lumo value Infratil reports is net of debt and cash as the net debt of 100% subsidiaries is shown in the Group's debt. The exchange rate used for balance sheet conversion was .8014 (last year .7874) and for earnings .7896 (last year .7720).

IEA/Lumo is approaching its 10th birthday and 500,000 customers.

Z Energy

Z Energy delivered a good current cost EBITDAF outcome comfortably within its guidance range. The result was based on a rebalancing of the sales portfolio away from very low margin customers and was achieved despite a 5% fall in sales volume. The change in sales mix, and reluctance to pursue market share reflects Z management gaining a better understanding of which sales are adding, or not adding, to long–term value.

Improvements also came from better procurement terms for crude oil and refined products. In both cases significant cost savings have been locked in and are expected to be maintained in the future.

The most visible project over the year was completion of the upgrading of Z's retail sites. The success of this work is shown by refurbished and rebranded service stations achieving significant, almost 10%, increases in revenues relative to prior performance. Z Energy has New Zealand's third highest number of national retail transactions for any business and surveys indicate that it has already achieved a strong brand preference.

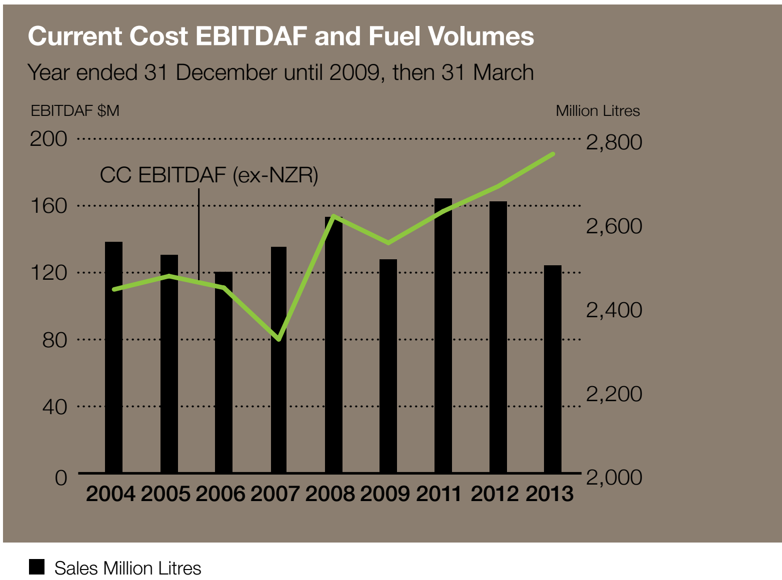
Reported operating costs were up on the prior year, but a significant proportion of this increase reflects reclassification of costs which were previously included in cost of product, or one-offs related to earthquake remediation work in Christchurch.

Z's two equal shareholders, Infratil and the NZ Superannuation Fund, have instigated a process to test the market for a possible float of the company later in the year which would entail the current shareholders each selling about half of their holdings.

Operations & Results

Year ended 31 March	2013	2012
Average crude price	NZ$132/bbl	NZ$137/bbl
Sales (litres)	2,524m	2,647m
Sourced from refinery	80%	71%
Distributed to retail	46%	47%
Inventory (litres)	470m	605m
Inventory value	$481m	$671m
Revenue (ex tax)	$2,989m	$3,179m
Gross margin	$476m	$435m
Operating costs	($280m)	($263m)
Current cost EBITDAF	**$195m**	**$172m**
Stock value adjustment	($32m)	$30m
Associates contribution	$6m	$4m
Historic cost EBITDAF	**$170m**	**$206m**
External interest	($41m)	($38m)
Depreciation & Amortisation	($41m)	($37m)
Derivatives/revaluations/other	$3m	$5m
Tax	($29m)	($31m)
Shareholder surplus	$62m	$105m
Capital spending	$71m	$74m
Margin after interest, tax & depreciation [1]	3.4c/litre	2.5c/litre
Infratil cash income	$38m	$30m
Infratil holding value	**$324m**	**$331m**

1. Current Cost Earnings. Excluding Associate contributions



Z Energy is New Zealand's preferred fuel retailer.

Wellington Airport

Wellington had good traffic growth, especially on the strongly competed domestic trunk where Jetstar has been a major source of stimulation on the links with Auckland and Queenstown.

The increasing traffic, and forecasts of further growth, are making expansion of the terminal urgent and this has been a major planning and consultation project for Airport management. It seems likely that work will start later in 2013. By 2018 Wellington's domestic passengers are forecast to increase to 5.3 million and international passengers to 0.9 million.

In its current five year pricing period to 31 March 2017 Wellington Airport has forecast aeronautical capital spending of $70 million. The $40 million terminal expansion will be a major part of this total. In addition to expanding its aeronautical facilities, the Airport is also undertaking a number of passenger services and property developments. The main development underway over the last year has been the reconfiguration of the car park and roadway leading up to the terminal. Other projects under consideration include adding decks to the car park and the possible construction of an airport hotel.

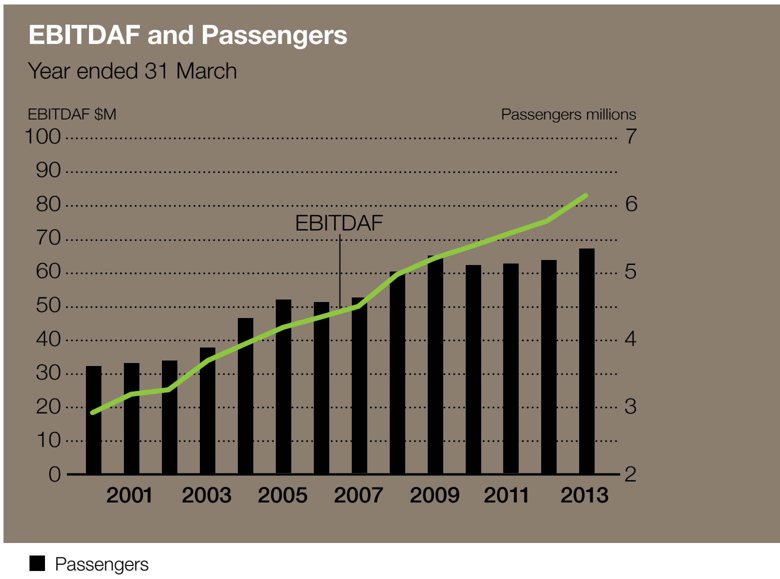
The airline industry has been dynamic over the year as many of the region's airlines took steps to join one of two blocks which are held together by a mixture of cross shareholdings and alliance agreements. The challenge for Wellington will be how to encourage dynamic airline behaviour as the industry consolidates.

The Airport is increasing marketing spend and is working with the Wellington City Council (which is a 34% shareholder) to raise the region's profile offshore. Attracting direct Asia services remains a primary goal. Today well over a plane-load of people a day fly each way between Asia and Wellington, but they all travel via Christchurch, Auckland or Australia. The effect on demand and on the region's ability to establish links with Asia is well recognised.

The Commerce Commission reported on whether it considered that the new airport disclosure regime was working to promote the objectives of the Commerce Act. This report identified that while mainly satisfactory, Wellington was projected to start earning returns in excess of Commerce Commission benchmarks from the year ended 31 March 2015. The differences of opinion between Airport and Commission are outlined in the April 2013 Infratil Update. The Commission's findings are part of a much wider regulatory process and the goal now is to ensure that the Airport does not become embroiled in a multi-year dispute.

Operations & Results

Year ended 31 March	2013	2012
Passengers Domestic	4,646,724	4,473,544
Passengers International	726,895	718,185
Aeronautical income	$64m	$61m
Passenger services income	$33m	$32m
Property/other	$9m	$8m
Operating costs	($23m)	($24m)
EBITDAF	**$83m**	**$76m**
Investment spending	$12m	$22m
Infratil cash income	$30m	$57m
Infratil's holding value	**$342m**	**$326m**



The region's gateway hosts the best of Wellington.

NZ Bus

The stable patronage and financial performance of NZ Bus belied the excellent work going on to prepare for the new regulatory and contracting regime which is expected to commence later in 2013.

One aspect of the preparation for the new regime is the fleet renewal programme. By 31 March 2013 201 new buses had been received from Tauranga's Kiwi Bus Builders and ADL. Over a 100 more of these buses are on order to be delivered over the 2014 financial year. This is only a part of the fleet upgrade and in addition to new buses, telematic measurement of each bus's performance is being installed to assist driver training and improve both safety and fuel efficiency.

A pleasing indication of NZ Bus' improved operations was the constructive process followed with the unions to reach agreement over staff terms and conditions for the next period. This involved very little disruption to services and customers.

After balance date NZ Bus sold its 41 bus Whangarei operations for $6 million, slightly ahead of book value. While NorthBus was providing satisfactory financial returns and it was well run and well regarded by its community, over the next couple of years the focus will be on the metropolitan areas of Auckland and Wellington.

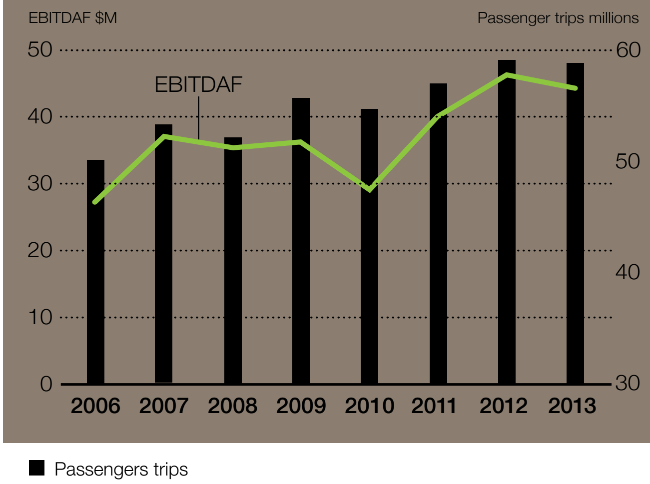
Both markets will provide significant opportunities as the new contracting regime and network changes are rolled out.

5 Year Trend	2013	2009	Change
Patronage	58.7m	55.6m	5%
Passenger income/ passenger	$2.17	$1.92	13%
Contract income/ passenger	$1.49	$1.60	-8%
EBITDAF/passenger	$0.75	$0.63	19%

The efficiency of NZ Bus, and the attraction which bus public transport should represent for transport agencies seeking to improve urban mobility in Auckland and Wellington, is illustrated by the five year trend figures in the above table. The public cost per trip is in the order of a tenth of that associated with rail or roads.

EBITDAF and Patronage

Year ended 31 March



Operations & Results

Year ended 31 March	2013	2012
Patronage north	38,320,948	38,713,136
Patronage south	20,331,222	20,341,102
Bus distance (million kilometres)	48.4	46.4
Bus numbers	1,092	1,102
Passenger income	$127m	$127m
Contract income	$87m	$84m
EBITDAF	**$44m**	**$46m**
Capital spending	$57m	$64m
Infratil holding value	**$270m**	**$246m**

New Zealand's leading provider of public transport trips.

Other Investments

Snapper

Over the year Snapper processed over 60 million transactions on behalf of over 440,000 Snapper and HOP cards issued. In Wellington over 80% of the passengers on NZ Bus services use Snapper. In Auckland 50% of passengers use Snapper although regrettably NZ Bus has been obliged to terminate the use of Snapper on these buses.

Snapper mobile, which can be installed on mobile phones, is proving to be popular with over 10,000 apps now downloaded and phones being used to pay for several thousand bus trips per month. The success of the 2degrees Mobile partnership has led to discussions with other major cellular phone providers.

Snapper is also being installed on Wellington's street car park ticket kiosks and work is underway to prepare for the Greater Wellington Regional Council tender for a new rail ticketing system.

iSite

The out-of-home or billboard market remains subject to the generally difficult consumer economy. EBITDAF of $3.3 million was steady on the prior year. The iSite team do a good job in difficult times.

Infratil Infrastructure Property

IIP was established to own and develop property peripheral to Infratil's core activities, which to date has mainly involved bus depots on behalf of NZ Bus.

Over the year IIP achieved a major milestone with completion of the New Lynn Merchant Quarter in partnership with Auckland City Council. The project cost $30 million and involves car parks, a range of office and retail space, and the sale of "air space" to developers of residential apartments. Work is underway to conclude leasing and when this is done the development's long-term ownership will be reviewed. The project has been a success for IIP and Auckland Council. It is a high quality commercial development and community asset that will create a precinct which meets the Council's goals for the area.

IIP is now working to undertake a second joint venture with Auckland Council, this time for the redevelopment of the Papatoetoe town centre. A number of other projects are also under discussion with central and local government. IIP is also working with NZ Bus over upgrades to the Kilbirnie and Auckland Central bus depots.

Infratil Airports Europe

Infratil's two UK airports in Kent and Ayrshire have continued to struggle although EBITDAF losses improved slightly to ($10 million) from ($12 million) in the prior year. Discussions with possible acquirers continue.

CROODS

P
PAY
HERE
W01

THE DELL
LG optimus NET
THE FIRST PHONE
WITH SNAPPER.
LG
Life's Good


ARRIVALS
All International Arrivals on Ground Floor

Financial Statements


ENERGY
JVL421
JET A-1

Statement of Comprehensive Income

For the year ended 31 March 2013

	Notes	Consolidated 2013 $Millions	Consolidated 2012 $Millions	Parent 2013 $Millions	Parent 2012 $Millions
Operating revenue		2,368.7	2,166.4	15.9	18.7
Dividends		0.3	0.2	136.9	400.0
Total revenue		**2,369.0**	**2,166.6**	**152.8**	**418.7**
Share of earnings and income of associate companies (net of tax)	11	31.0	52.3	-	-
Total income		**2,400.0**	**2,218.9**	**152.8**	**418.7**
Depreciation		117.1	106.4	-	-
Amortisation of intangibles		31.6	27.3	-	-
Employee benefits		218.0	210.6	-	-
Other operating expenses	5	1,654.4	1,488.1	26.4	21.0
Total operating expenditure		**2,021.1**	**1,832.4**	**26.4**	**21.0**
Operating surplus before financing, derivatives, realisations and impairments		378.9	386.5	126.4	397.7
Net gain/(loss) on energy, foreign exchange and interest rate derivatives		(14.4)	19.2	(3.0)	(13.6)
Net realisations, revaluations and (impairments)		(5.9)	4.3	(76.2)	(398.9)
Results from operating activities		358.6	410.0	47.2	(14.8)
Interest income		4.8	4.8	70.1	132.5
Interest expense		200.2	192.0	68.5	63.7
Net financing expense / (income)		195.4	187.2	(1.6)	(68.8)
Net surplus before taxation		163.2	222.8	48.8	54.0
Taxation expense / (credit)	6	24.1	58.4	(11.2)	3.2
Net surplus for the year from continuing operations	3	139.1	164.4	60.0	50.8
Net (loss) from discontinued operation after tax	4	(62.1)	(37.4)	-	-
Net surplus for the year		**77.0**	**127.0**	**60.0**	**50.8**
Net surplus attributable to owners of the Company		3.4	51.6	60.0	50.8
Net surplus attributable to non-controlling interest		73.6	75.4	-	-
Other comprehensive income, after tax					
Differences arising on translation of foreign operations		(6.6)	(39.1)	-	-
Ineffective portion of hedges taken to profit and loss		0.5	3.2	-	-
Effective portion of changes in fair value of cash flow hedges		(15.1)	10.7	-	-
Recognition of previously unrecognised deferred tax losses		5.1	-	-	-
Fair value movements in relation to the executive share scheme		0.1	0.1	0.1	0.1
Net change in fair value of property, plant & equipment recognised in equity		(8.0)	227.8	-	-
Share of associates other comprehensive income		(0.1)	(3.4)	-	-
Other comprehensive income for the year, net of income tax		(24.1)	199.3	0.1	0.1
Total comprehensive income for the year		**52.9**	**326.3**	**60.1**	**50.9**
Total comprehensive income for the year - owners of the Company		(14.6)	148.5	60.1	50.9
Total comprehensive income for the year - non controlling interest		67.5	177.8		
Earnings per share					
Basic (cents per share)	21	0.6	8.6		
Diluted (cents per share)	21	0.6	8.6		

The accompanying notes form part of these financial statements

Statement of Financial Position

As at 31 March 2013

		Consolidated		Parent	
	Notes	2013 $Millions	2012 $Millions	2013 $Millions	2012 $Millions
Cash and cash equivalents	8	144.3	107.0	-	-
Trade and other accounts receivable and prepayments	15	422.8	371.0	1.6	0.6
Derivative financial instruments	15	21.1	18.0	-	-
Inventories		12.4	31.4	-	-
Income tax receivable		6.4	6.8	3.8	-
Investment properties held for sale		27.7	-	-	-
Disposal group assets classified as held for sale	4	35.3	89.5	-	-
Current assets		**670.0**	**623.7**	**5.4**	**0.6**
Trade and other accounts receivable and prepayments		21.8	30.5	-	-
Property, plant and equipment	9	4,025.1	3,914.2	-	-
Investment properties		54.6	49.9	-	-
Derivative financial instruments	15	5.7	6.1	-	-
Intangible assets	10	86.0	85.9	-	-
Deferred tax asset	6	-	-	9.4	-
Goodwill	10	242.0	242.0	-	-
Investments in associates	11	326.2	333.4	-	-
Other investments		8.0	7.7	-	-
Investments in and advances to subsidiaries	16	-	-	1,565.9	1,530.5
Non current assets		**4,769.4**	**4,669.7**	**1,575.3**	**1,530.5**
Total assets		**5,439.4**	**5,293.4**	**1,580.7**	**1,531.1**
Accounts payable		232.4	192.9	2.7	2.5
Accruals and other liabilities		118.8	122.4	8.2	15.9
Interest bearing loans and borrowings - current	12	139.8	73.4	-	-
Derivative financial instruments	15	11.1	8.2	-	-
Income tax payable		7.7	16.0	-	3.2
Infrastructure bonds	13	85.3	57.4	85.3	57.4
Wellington International Airport bonds	14	99.8	-	-	-
TrustPower bonds	14	54.7	108.6	-	-
Disposal group liabilities classified as held for sale	4	15.3	26.0	-	-
Total current liabilities		**764.9**	**604.9**	**96.2**	**79.0**
Interest bearing loans and borrowings - non-current	12	822.2	762.3	-	-
Other liabilities		7.7	1.6	-	-
Deferred tax liability	6	385.7	424.2	-	-
Derivative financial instruments	15	104.5	85.0	26.2	23.2
Infrastructure bonds	13	586.8	561.5	586.8	561.5
Perpetual Infratil Infrastructure bonds	13	232.2	232.7	232.2	232.7
Wellington International Airport bonds	14	149.4	248.7	-	-
TrustPower bonds	14	450.5	365.9	-	-
Non current liabilities		**2,739.0**	**2,681.9**	**845.2**	**817.4**
Attributable to owners of the Company		1,004.4	1,074.6	639.3	634.7
Non controlling interest in subsidiaries		931.1	932.0	-	-
Total equity		**1,935.5**	**2,006.6**	**639.3**	**634.7**
Total equity and liabilities		**5,439.4**	**5,293.4**	**1,580.7**	**1,531.1**
Net tangible assets per share ($ per share)		**1.16**	**1.27**		

Approved on behalf of the Board on 13 May 2013

David Newman
Director

Mark Tume
Director

Statement of Cash Flows

For the year ended 31 March 2013

	Notes	Consolidated 2013 $Millions	Consolidated 2012 $Millions	Parent 2013 $Millions	Parent 2012 $Millions
Cash flows from operating activities					
Cash was provided from:					
Receipts from customers		2,327.9	2,124.8	0.3	-
Distributions received from associates		38.1	29.5	-	-
Other dividends		0.3	0.1	136.9	400.0
Interest received		4.8	4.8	0.1	-
		2,371.1	2,159.2	137.3	400.0
Cash was disbursed to:					
Payments to suppliers and employees		(1,844.2)	(1,743.3)	(25.1)	(19.4)
Interest paid		(186.1)	(180.6)	(68.5)	(63.7)
Taxation paid		(52.8)	(47.4)	(5.2)	-
		(2,083.1)	(1,971.3)	(98.8)	(83.1)
Net cash inflow from operating activities	**18**	**288.0**	**187.9**	**38.5**	**316.9**
Cash flows from investing activities					
Cash was provided from:					
Proceeds from sale of property, plant and equipment		1.0	11.8	-	-
Return of security deposits		9.7	5.9	-	-
		10.7	17.7	-	-
Cash was disbursed to:					
Lodgement of security deposits		(9.8)	(9.2)	-	-
Purchase of intangible assets		(19.1)	(35.1)	-	-
Interest capitalised on construction of fixed assets		(4.9)	-	-	-
Capitalisation of customer acquisition costs		(14.1)	(11.9)	-	-
Purchase of property, plant and equipment		(296.7)	(131.7)	-	-
Advanced to subsidiaries		-	-	(25.8)	(251.8)
		(344.6)	(187.9)	(25.8)	(251.8)
Net cash (outflow) / inflow from investing activities		**(333.9)**	**(170.2)**	**(25.8)**	**(251.8)**
Cash flows from financing activities					
Cash was provided from:					
Proceeds from issue of shares		5.8	5.3	5.8	5.3
Proceeds from issue of shares to non-controlling shareholders		2.3	-	-	-
Bank borrowings		635.6	304.2	-	-
Issue of bonds		251.3	103.1	111.4	103.1
		895.0	412.6	117.2	108.4
Cash was disbursed to:					
Repayment of bank debt		(493.8)	(208.9)	-	-
Loan establishment costs		(5.2)	(8.8)	-	-
Repayment of bonds/PIIB buyback		(166.4)	(100.8)	(57.9)	(100.8)
Infrastructure bond issue expenses		(3.9)	(2.5)	(2.0)	(2.6)
Share buyback		(21.8)	(26.0)	(21.8)	(26.0)
Share buyback of non-wholly owned subsidiary		(0.1)	(4.7)	-	-
Dividends paid to non-controlling shareholders in subsidiary companies		(70.6)	(84.7)	-	-
Dividends paid to owners of the Company		(48.2)	(44.1)	(48.2)	(44.1)
		(810.0)	(480.5)	(129.9)	(173.5)
Net cash inflow / (outflow) from financing activities		**85.0**	**(67.9)**	**(12.7)**	**(65.1)**
Net increase / (decrease) in cash and cash equivalents		39.1	(50.2)	-	-
Exchange gains / (losses) on cash and cash equivalents		0.6	(4.7)	-	-
Cash and cash equivalents at beginning of year		107.0	159.5	-	-
Adjustment for cash reclassified to disposal group assets held for sale		(2.4)	2.4	-	-
Cash and cash equivalents at end of year		**144.3**	**107.0**	**-**	**-**

The accompanying notes form part of these financial statements

Statement of Changes in Equity

For the year ended 31 March 2013

Attributable to equity holders of the Company

Consolidated	Capital $Millions	Revaluation reserve $Millions	Foreign currency translation reserve $Millions	Hedge/ other reserve $Millions	Retained earnings $Millions	Total $Millions	Non-controlling $Millions	Total equity $Millions
Balance as at 1 April 2012	428.6	561.9	(61.4)	4.1	141.4	1,074.6	932.0	2,006.6
Total comprehensive income for the year								
Net surplus for the year	-	-	-	-	3.4	3.4	73.6	77.0
Other comprehensive income, after tax								
Differences arising on translation of foreign operations	-	-	(5.8)	-	-	(5.8)	(0.8)	(6.6)
Ineffective portion of hedges taken to profit and loss	-	-	-	0.3	-	0.3	0.2	0.5
Effective portion of changes in fair value of cash flow hedges	-	-	-	(7.8)	-	(7.8)	(7.3)	(15.1)
Recognition of previously unrecognised deferred tax losses	-	-	5.1	-	-	5.1	-	5.1
Fair value movements in relation to executive share scheme	-	-	-	0.1	-	0.1	-	0.1
Net change in fair value of property, plant & equipment recognised in equity	-	(9.8)	-	-	-	(9.8)	1.8	(8.0)
Share of associates other comprehensive income	-	-	-	-	(0.1)	(0.1)	-	(0.1)
Total other comprehensive income	-	(9.8)	(0.7)	(7.4)	(0.1)	(18.0)	(6.1)	(24.1)
Total comprehensive income for the year	**-**	**(9.8)**	**(0.7)**	**(7.4)**	**3.3**	**(14.6)**	**67.5**	**52.9**
Contributions by and distributions to non-controlling interest								
Issue of shares to outside equity interest	-	-	-	-	-	-	2.2	2.2
Repurchase of shares held by outside equity interest	-	-	-	-	-	-	-	-
Total contributions by and distributions to non-controlling interest	-	-	-	-	-	-	2.2	2.2
Contributions by and distributions to owners								
Partly paid shares fully paid (IFTWBs)	-	-	-	-	-	-	-	-
Share buyback	(13.3)	-	-	-	-	(13.3)	-	(13.3)
Treasury Stock reissued under dividend reinvestment plan	5.7	-	-	-	-	5.7	-	5.7
Conversion of executive redeemable shares	0.2	-	-	-	-	0.2	-	0.2
Dividends to equity holders	-	-	-	-	(48.2)	(48.2)	(70.6)	(118.8)
Total contributions by and distributions to owners	(7.4)	-	-	-	(48.2)	(55.6)	(70.6)	(126.2)
Balance at 31 March 2013	**421.2**	**552.1**	**(62.1)**	**(3.3)**	**96.5**	**1,004.4**	**931.1**	**1,935.5**

Statement of Changes in Equity

For the year ended 31 March 2012

Attributable to equity holders of the Company

Consolidated	Capital $Millions	Revaluation reserve $Millions	Foreign currency translation reserve $Millions	Hedge/ other reserve $Millions	Retained earnings $Millions	Total $Millions	Non-controlling $Millions	Total equity $Millions
Balance as at 1 April 2011	457.8	433.2	(26.1)	(2.8)	137.3	999.4	843.5	1,842.9
Total comprehensive income for the year								
Net surplus for the year	-	-	-	-	51.6	51.6	75.4	127.0
Other comprehensive income, after tax								
Differences arising on translation of foreign operations	-	-	(35.3)	-	-	(35.3)	(3.8)	(39.1)
Ineffective portion of hedges taken to profit and loss	-	-	-	2.1	-	2.1	1.1	3.2
Effective portion of changes in fair value of cash flow hedges	-	-	-	4.7	-	4.7	6.0	10.7
Fair value movements in relation to executive share scheme	-	-	-	0.1	-	0.1	-	0.1
Net change in fair value of property, plant & equipment recognised in equity	-	128.7	-	-	-	128.7	99.1	227.8
Share of associates other comprehensive income	-	-	-	-	(3.4)	(3.4)	-	(3.4)
Total other comprehensive income	-	128.7	(35.3)	6.9	(3.4)	96.9	102.4	199.3
Total comprehensive income for the year	**-**	**128.7**	**(35.3)**	**6.9**	**48.2**	**148.5**	**177.8**	**326.3**
Contributions by and distributions to non-controlling interest								
Issue of shares to outside equity interest	-	-	-	-	-	-	-	-
Repurchase of shares held by outside equity interest	-	-	-	-	-	-	(4.7)	(4.7)
Total contributions by and distributions to non-controlling interest	-	-	-	-	-	-	(4.7)	(4.7)
Contributions by and distributions to owners								
Share buyback	(34.5)	-	-	-	-	(34.5)	-	(34.5)
Treasury Stock reissued under dividend reinvestment plan	5.3	-	-	-	-	5.3	-	5.3
Conversion of executive redeemable shares	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	(44.1)	(44.1)	(84.6)	(128.7)
Total contributions by and distributions to owners	(29.2)	-	-	-	(44.1)	(73.3)	(84.6)	(157.9)
Balance at 31 March 2012	**428.6**	**561.9**	**(61.4)**	**4.1**	**141.4**	**1,074.6**	**932.0**	**2,006.6**

The accompanying notes form part of these financial statements

Statement of Changes in Equity

For the year ended 31 March 2013

Attributable to equity holders of the Company

Parent	Capital $Millions	Revaluation reserve $Millions	Foreign currency translation reserve $Millions	Hedge/ other reserve $Millions	Retained earnings $Millions	Total $Millions	Non-controlling $Millions	Total equity $Millions
Balance as at 1 April 2012	421.4	-	-	0.3	213.0	634.7	-	634.7
Total comprehensive income for the year								
Net surplus for the year	-	-	-	-	60.0	60.0	-	60.0
Other comprehensive income, after tax								
Fair value movements in relation to executive share scheme	-	-	-	0.1	-	0.1	-	0.1
Total comprehensive income for the year	**-**	**-**	**-**	**0.1**	**60.0**	**60.1**	**-**	**60.1**
Contributions by and distributions to owners								
Share buyback	(13.3)	-	-	-	-	(13.3)	-	(13.3)
Treasury Stock reissued under dividend reinvestment plan	5.7	-	-	-	-	5.7	-	5.7
Conversion of executive redeemable shares	0.3	-	-	-	-	0.3	-	0.3
Dividends to equity holders	-	-	-	-	(48.2)	(48.2)	-	(48.2)
Total contributions by and distributions to owners	(7.3)	-	-	-	(48.2)	(55.5)	-	(55.5)
Balance at 31 March 2013	**414.1**	**-**	**-**	**0.4**	**224.8**	**639.3**	**-**	**639.3**
Balance as at 1 April 2011	450.6	-	-	0.2	206.3	657.1	-	657.1
Total comprehensive income for the year								
Net surplus for the year	-	-	-	-	50.8	50.8	-	50.8
Other comprehensive income, after tax								
Fair value movements in relation to executive share scheme	-	-	-	0.1	-	0.1	-	0.1
Total comprehensive income for the year	**-**	**-**	**-**	**0.1**	**50.8**	**50.9**	**-**	**50.9**
Contributions by and distributions to owners								
Share buyback	(34.5)	-	-	-	-	(34.5)	-	(34.5)
Treasury Stock reissued under dividend reinvestment plan	5.3	-	-	-	-	5.3	-	5.3
Conversion of executive redeemable shares	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	(44.1)	(44.1)	-	(44.1)
Total contributions by and distributions to owners	(29.2)	-	-	-	(44.1)	(73.3)	-	(73.3)
Balance at 31 March 2012	**421.4**	**-**	**-**	**0.3**	**213.0**	**634.7**	**-**	**634.7**

Notes to the Financial Statements

For the year ended 31 March 2013

1) Accounting policies

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 and ASX, and is an issuer in terms of the Financial Reporting Act 1993. The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") and comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable financial reporting standards as appropriate for profit-oriented entities. The consolidated financial statements comprise the Company, its subsidiaries and associates ("the Group"). The presentation currency used in the preparation of these financial statements is New Zealand dollars, which is also the Group's functional currency presented in $millions unless otherwise stated. The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. Comparative figures have been restated where appropriate to ensure consistency with the current period.

The financial statements comprise statements of the following: comprehensive income; financial position; changes in equity; cash flows; significant accounting policies; and the notes to those statements are contained on pages 40 to 83 of this report. The financial statements are prepared on the basis of historical cost, except certain property, plant and equipment which is valued in accordance with accounting policy (C), investment properties, (D) investments valued in accordance with accounting policy (F), and financial derivatives valued in accordance with accounting policy (J).

A) Basis of preparation

Accounting estimates and judgements

The preparation of financial statements in conformity with NZ IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Future outcomes could differ from those estimates. The principal areas of judgement in preparing these financial statements are set out below.

Valuation of property, plant and equipment and investment properties

The basis of valuation for the Group's property, plant and equipment and investment properties is fair value by independent valuers, or cost. The basis of the valuations include assessment of the net present value of the future earnings of the assets, the depreciated replacement cost, and other market based information, in accordance with asset valuation standards. The major inputs and assumptions that are used in the valuations that require judgement include projections of future revenues, sales volumes, operational and capital expenditure profiles, capacity, life assumptions, terminal values for each asset, the application of discount rates and replacement values. The key inputs and assumptions are reassessed at each balance date between valuations to ensure there has been no significant change that may impact the valuation.

In respect to assets held at cost, judgements must be made about whether costs incurred relate to bringing an asset to its working condition for its intended use, and therefore are appropriate for capitalisation as part of the cost of the asset. The determination of the appropriate life for a particular asset requires judgements about, among other factors, the expected future economic benefits of the asset and the likelihood of obsolescence. Assessing whether an asset is impaired involves estimating the future cash flows that the asset is expected to generate. This will, in turn, involve a number of assumptions, including rates of expected revenue growth or decline, expected future margins, terminal values and the selection of an appropriate discount rate for valuing future cash flows.

Valuation of investments

Infratil completes an assessment of the carrying value of investments at least annually and considers objective evidence for impairment on each investment taking into account observable data on the investment, the fair value, the status or context of capital markets, its own view of investment value, and its long term intentions. Infratil notes the following matters which are specifically considered in terms of objective evidence of impairment of its investments, and whether there is a significant or prolonged decline from cost, which should be recorded as an impairment, and taken to profit and loss: any known loss events that have occurred since the initial recognition date of the investments, including its long term investment horizon, specific initiatives which reflect the strategic or influential nature of its existing investment position and internal valuations; and the state of financial markets. The assessment also requires judgements about the expected future performance and cash flows of the investment.

Accounting for income taxes

Preparation of the financial statements requires estimates of the amount of tax that will ultimately be payable, the availability of losses to be carried forward and the amount of foreign tax credits that will be received.

Goodwill

The carrying value of goodwill is subject to an annual impairment test to ensure the carrying value does not exceed the recoverable amount at balance date. For the purpose of impairment testing, goodwill is allocated to the individual cash-generating units to which it relates. Any impairment losses are recognised in the statement of comprehensive income. In determining the recoverable amount of goodwill, fair value is assessed, including the use of valuation models to calculate the present value of expected future cash flows of the cash-generating units. The major inputs and assumptions that are used in the models requiring judgement, include forecasts of sales volumes and revenues, future prices and costs, terminal values and discount rates.

Derivatives

Certain derivatives are classified as financial assets or financial liabilities at fair value through profit or loss. The key assumptions and risk factors for these derivatives relate to energy price hedges and their valuation. Energy price hedges are valued with reference to financial models of future energy prices or market values for the relevant derivative. Accounting judgements have been made in determining hedge designation for the different types of derivatives employed by the Group to hedge risk exposures. Other derivatives including interest rate instruments and foreign exchange contracts are based on market information and prices.

Revenue

Judgement is required to be exercised when determining estimated sales for unbilled revenues at balance date. Specifically, this involves estimates of consumption or sales to customers, turnover for turnover based rents and customer/passenger volumes.

Provision for doubtful debts

Provisions are maintained for estimated losses incurred from customers, being unable to make required payments. These provisions take into account known commercial factors impacting specific customer accounts, as well as the overall profile of the debtor portfolio. In assessing the provision, factors such as past collection history, the age of receivable balances, the level of activity in customer accounts, as well as general macro-economic trends, are taken into account.

B) Basis of preparing consolidated financial statements

Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity. A list of subsidiaries and associates is shown in note 16. Consistent accounting policies are employed in the preparation and presentation of the Group financial statements.

C) Property, plant and equipment

Property, plant and equipment (PPE) is recorded at cost less accumulated depreciation and accumulated impairment losses (or fair value on acquisition), or at valuations with valuations undertaken on a systematic basis with no individual asset included at a valuation undertaken more than five years previously. PPE that is revalued, is revalued to its fair value determined by an independent valuation or by the Directors with reference to independent experts, in accordance with NZ IAS 16 Property, Plant and Equipment. Where the assets are of a specialised nature and do not have observable market values in their existing use, depreciated replacement cost is used as the basis of the valuation. Depreciated replacement cost measures net current value as the most efficient, lowest cost which would replace existing assets and offer the same amount of utility in their present use. For non-specialised assets where there is no observable market an income based approach is used.

Land, buildings, leasehold improvements and civil works are measured at fair value.

Renewable and Non-renewable Generation assets are shown at fair value, based on periodic valuations by independent external valuers or by Directors with reference to independent experts, less subsequent depreciation.

Depreciation is provided on a straight line basis and the major depreciation periods (in years) are:

Buildings and civil works	5-80
Vehicles, plant and equipment	3-20
Renewable generation	12-200
Non-renewable generation assets	30-40
Metering equipment	20
Land	not depreciated
Capital work in progress	not depreciated until asset in use

D) Investment property

Investment property is property held to earn rental income. Investment property is measured at fair value with any change therein recognised in profit or loss. Property that is being constructed for future use as investment property is measured at fair value and classified as investment property.

E) Receivables

Receivables, classified as loans and receivables, are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect the amount due.

F) Investments

Share investments held by the Group classified as available-for-sale are stated at fair value, with any resulting gain or loss recognised directly in equity, except for impairment losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. The fair value of shares are quoted bid price where there is a quoted market bid price, or cost if fair value cannot be reliably measured. Investments classified as available-for-sale are recognised/ derecognised by the Group on the trade date. Equity instruments are deemed to be impaired when there is a significant or prolonged decline in fair value below the original purchase price or there is other objective evidence that the investment is impaired. Shares in and advances to subsidiaries are recorded at cost less any impairment losses. Investments classified as financial assets at fair value through profit or loss, are stated at fair value, with any resulting gain or loss recognised in profit or loss.

G) Other intangible assets

Intangible customer base assets

Costs incurred in acquiring customers are recorded based on the directly attributable costs of obtaining the customer contract and are amortised on a straight line basis over the period of the expected benefit. This period has been assessed as between two years and 20 years depending on the nature of the customer and term of the contract. The carrying value is reviewed for any indication of impairment on an annual basis and adjusted where it is considered necessary.

Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over three years on a straight line basis except for major pieces of billing system software which are amortised over no more than seven years on a straight line basis.

H) Non-current assets and disposal groups held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount or fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition and the sale of the asset (or disposal group) is expected to be completed within one year from the date of classification.

I) Taxation

Income tax comprises both current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognised in respect of the differences between the carrying amounts of assets and liabilities for financial reporting purposes and the carrying amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

J) Derivative financial instruments

When appropriate, the Group enters into agreements to manage its interest rate, foreign exchange, operating and investment risks.

In accordance with the Group's risk management policies, the Group does not hold or issue derivative financial instruments for speculative purposes. However, certain derivatives do not qualify for hedge accounting and are required to be accounted for at fair value through profit or loss. Derivative financial instruments are recognised initially at fair value at the date they are entered into. Subsequent to initial recognition, derivative financial instruments are stated at fair value at each balance sheet date. The resulting gain or loss is recognised in the profit or loss immediately unless the derivative is designated effective as a hedging instrument, in which event, recognition of any resultant gain or loss depends on the nature of the hedging relationship. The Group identifies certain derivatives as hedges of highly probable forecast transactions to the extent the hedge meets the hedge designation tests.

Hedge accounting

The Group designates certain hedging instruments, as either, cash flow hedges, or hedges of net investments in equity. At the inception of the hedge relationship the Group documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an on-going basis, the Group documents whether the hedging instrument that is used in the hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and presented in equity. The gain or loss relating to the ineffective portion is recognised in profit or loss. Amounts presented in equity are recognised in profit or loss in the periods when the hedged item is recognised in profit or loss.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss recognised in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is recognised in profit or loss.

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation is recognised directly in equity, in the foreign currency translation reserve, to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognised in profit or loss.

When the hedged net investment is disposed of, the cumulative amount in equity is transferred to profit or loss as an adjustment to the profit or loss on disposal.

K) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on the translation of the net investment in a foreign subsidiary.

Foreign subsidiaries

The assets and liabilities of foreign subsidiaries including goodwill and fair value adjustments arising on acquisition, are translated to New Zealand dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to New Zealand dollars at the average rate for the reporting period.

L) Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

M) Revenue recognition

Revenue comprises the fair value of consideration received or receivable for the sale of goods or services in the ordinary course of the Group's activities.

Interest revenues are recognised as accrued, taking into account the effective yield of the financial asset. Revenue from services is recognised in the profit or loss over the period of service. Dividend income is recognised when the right to receive the payment is established.

N) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit or loss over the period of the borrowing using the effective interest rate. Bond and bank debt issue expenses, fees and other costs incurred in arranging finance are capitalised and amortised over the term of the relevant debt instrument or debt facility.

O) Discontinued operations

Classification as a discontinued operation occurs on disposal, or when the operation meets the criteria to be classified as a non-current asset or disposal group held for sale (see note (H)), if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

P) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

As at 31 March 2013, the Group is organised into six main business segments:

TrustPower, Wellington Airport, NZ Bus, Infratil Energy Australia, Infratil Airports Europe and Other. Other comprises investment activity not included in the specific categories.

Transactions undertaken between Group companies are entered into on an arm's length commercial basis.

Q) Adoption status of relevant new financial reporting standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 April 2013 and have not been applied in preparing these financial statements. None of these is expected to have a material effect on the financial statements of the Group.

2) Nature of business

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

3) Reconciliation of earnings before interest, tax, depreciation, amortisation, fair value movements of financial instruments, realisations and impairments (EBITDAF)

EBITDAF is presented to provide further information on the operating performance of the Group. It is calculated by adjusting net surplus for the year from continuing operations for items that are non-operating such as interest, taxation, depreciation, revaluations and impairments.

		Consolidated		Parent	
	Note	2013 $Millions	2012 $Millions	2013 $Millions	2012 $Millions
Net surplus for the year from continuing operations		139.1	164.4	60.0	50.8
Net financing expense / (income)		195.4	187.2	(1.6)	(68.8)
Taxation expense	6	24.1	58.4	(11.2)	3.2
Depreciation		117.1	106.4	-	-
Amortisation of intangibles		31.6	27.3	-	-
Net loss/(gain) on derivatives		14.4	(19.2)	3.0	13.6
Net realisations, revaluations and impairments		5.9	(4.3)	76.2	398.9
Earnings before interest, tax, depreciation, amortisation, fair value movements of financial instruments, realisations and impairments (EBITDAF)		527.6	520.2	126.4	397.7

4) Disposal group held for sale

The Infratil Airports Europe segment comprising Glasgow Prestwick and Manston Airports is presented as a disposal group held for sale following the decision of the Group to sell these businesses and the subsequent sales programme. The Group remains committed to the sale process, and it is the expectation of the Group that a sale will be completed within the next financial year.

	2013 $Millions	2012 $Millions
Results of discontinued operation		
Revenue	36.1	44.4
Employee benefits	(21.4)	(22.7)
Other operating expenses	(24.7)	(33.6)
Results from operating activities	(10.0)	(11.9)
Depreciation	(3.6)	(4.4)
Net realisations, revaluations and (impairments)	(52.6)	(26.0)
Interest expense	(0.1)	(0.2)
Loss before tax of discontinued operation	(66.3)	(42.5)
Taxation credit	4.2	5.1
Net (loss) from discontinued operation after tax	(62.1)	(37.4)
Basic earnings per share (cents per share)	(10.6)	(6.3)
Diluted earnings per share (cents per share)	(10.6)	(6.3)

The loss from discontinued operation of $62.1m (2012: $37.4m) is attributable entirely to the owners of the Company.

	2013 $Millions	2012 $Millions
Cash flows from (used in) discontinued operation		
Net cash used in operating activities	(12.7)	(11.7)
Net cash from investing activities	(5.8)	(7.1)
Net cash from financing activities	-	-
Net cash flows for the year	**(18.5)**	**(18.8)**
Effect of reclassification of the disposal group on the financial position of the Group		
Bank overdraft	1.2	2.4
Trade, accounts receivable and prepayments	(4.0)	(5.9)
Inventory	(0.6)	(1.0)
Property, plant and equipment	(14.4)	(63.8)
Investment properties	(17.5)	(21.2)
Accounts payable, accruals and other liabilities	7.0	12.4
Other liabilities	8.3	9.4
Deferred tax	-	4.2
Net reclassification of (assets) and liabilities	**(20.0)**	**(63.5)**

The cumulative income recognised in other comprehensive income relating to the disposal group at 31 March 2013 is $2.9 million (2012: $3.1 million).

5) Other operating expenses

	Consolidated 2013 $Millions	Consolidated 2012 $Millions	Parent 2013 $Millions	Parent 2012 $Millions
Fees paid to group auditors				
Audit fees	0.8	0.8	0.2	0.2
Other assurance services	0.1	0.1	-	-
Taxation and other services	0.9	0.1	0.7	-
Audit fees paid to other auditors	0.4	0.4	-	-
Bad debts written off	17.1	14.9	-	-
Increase in provision for doubtful debts	4.6	(0.8)	-	-
Directors' fees	2.5	2.4	0.5	0.6
Administration and other corporate costs	9.2	5.5	9.1	5.5
Management fee (to related party "MCIM")	19.7	17.9	15.9	14.7
Trading operations				
Energy and wholesale costs	724.8	638.2	-	-
Line, distribution and network costs	565.9	506.4	-	-
Other energy business costs	203.5	191.8	-	-
Other transportation business costs	74.2	73.5	-	-
Other airport business costs	13.6	14.6	-	-
Other operating business costs	17.1	22.3	-	-
Total other operating expenses	**1,654.4**	**1,488.1**	**26.4**	**21.0**

Other assurance services include services for the audit or review of financial information other than financial statements. Taxation and other services mainly include investment due diligence work performed during the year.

Donations of $1.3 million (2012: $0.8m) were made during the year by the Group.

6) Taxation

	Consolidated 2013 $Millions	Consolidated 2012 $Millions	Parent 2013 $Millions	Parent 2012 $Millions
Net surplus before taxation	163.2	222.8	48.8	54.0
Taxation on the surplus for the year @ 28%	45.7	62.4	13.7	15.1
Plus/(less) taxation adjustments:				
Effect of tax rates in foreign jurisdictions	0.6	0.7	-	-
Net benefit of imputation credits	(7.6)	(6.5)	-	-
Removal of tax depreciation on buildings	-	(2.1)	-	-
Exempt dividends	-	-	(38.3)	(112.0)
Tax losses not recognised/utilised	-	10.0	-	(16.0)
Recognition of previously unrecognised deferred tax	(11.0)	-	(6.5)	-
Equity accounted earnings of associates	1.2	(6.4)	-	-
Temporary differences not recognised	0.1	2.9	-	3.9
(Over)/Under provision in prior years	(5.5)	(2.1)	(1.8)	-
Net investments impairment/(realisations)	-	1.8	21.4	112.0
Other permanent differences	0.6	(2.3)	0.3	0.2
Taxation expense on continuing operations	**24.1**	**58.4**	**(11.2)**	**3.2**
Current taxation	44.7	53.8	(1.8)	3.2
Deferred taxation	(20.6)	4.6	(9.4)	-
Tax on discontinued operations	(4.2)	(5.1)	-	-

Income tax recognised in other comprehensive income

	Consolidated 2013 Before tax $Millions	Tax (expense) / benefit $Millions	Net of tax $Millions
Differences arising on translation of foreign operations	(9.4)	2.8	(6.6)
Ineffective portion of hedges taken to profit and loss	0.7	(0.2)	0.5
Effective portion of changes in fair value of cash flow hedges	(21.0)	5.9	(15.1)
Recognition of previously unrecognised deferred tax losses	-	5.1	5.1
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	(12.0)	4.0	(8.0)
Share of associates other comprehensive income	(0.1)	-	(0.1)
Balance at the end of the year	**(41.7)**	**17.6**	**(24.1)**

Income tax recognised in other comprehensive income

	Consolidated 2012 Before tax $Millions	Tax (expense) / benefit $Millions	Net of tax $Millions
Differences arising on translation of foreign operations	(35.5)	(3.6)	(39.1)
Ineffective portion of hedges taken to profit and loss	4.4	(1.2)	3.2
Effective portion of changes in fair value of cash flow hedges	14.6	(3.9)	10.7
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	271.7	(43.9)	227.8
Share of associates other comprehensive income	(3.5)	0.1	(3.4)
Balance at the end of the year	**251.8**	**(52.5)**	**199.3**

Deferred Tax

Deferred tax assets and liabilities are offset in the Statement of Financial Position where they relate to entities with a legally enforceable right to offset tax.

	Consolidated		Parent	
	2013 $Millions	**2012 $Millions**	**2013 $Millions**	**2012 $Millions**
Balance at the beginning of the year	(424.2)	(377.7)	-	-
Charge for the year	20.6	(4.6)	9.4	-
Charge relating to discontinued operations	4.2	5.1	-	-
Deferred tax recognised in equity	17.6	(9.7)	-	-
Effect of change in corporate income tax rate on comprehensive income	-	0.1	-	-
Revaluation of assets	-	(45.2)	-	-
Effect of movements in exchange rates	0.3	3.6	-	-
Transferred to liabilities held for sale	(4.2)	4.2	-	-
Balance at the end of the year	**(385.7)**	**(424.2)**	**9.4**	**-**

The Infratil New Zealand Group is forecasting to derive taxable profits in future periods, sufficent to utilise the tax losses carried forward and deductible temporary differences. As a result deferred tax assets and liabilities have been recognised where they arise, including deferred tax on tax losses carried forward.

Recognised deferred tax assets and liabilities

	Consolidated Assets		Parent Assets	
	2013 $Millions	2012 $Millions	2013 $Millions	2012 $Millions
Property, plant and equipment	1.9	0.7	-	-
Investment property	-	-	-	-
Derivatives	31.4	19.9	7.4	-
Employee benefits	4.0	4.8	-	-
Customer base assets	-	-	-	-
Provisions	5.4	3.1	-	-
Tax losses carried forward	7.8	-	2.0	-
Other items	31.7	18.9	-	-
Deferred tax assets	**82.2**	**47.4**	**9.4**	**-**
	Liabilities		Liabilities	
Property, plant and equipment	(437.9)	(441.6)	-	-
Investment property	(7.6)	(5.0)	-	-
Derivatives	(4.8)	(11.0)	-	-
Employee benefits	-	-	-	-
Customer base assets	(8.9)	(9.2)	-	-
Provisions	-	-	-	-
Tax losses carried forward	-	-	-	-
Other items	(8.7)	(4.8)	-	-
Deferred tax liabilities	**(467.9)**	**(471.6)**	**-**	**-**
	Net		Net	
Property, plant and equipment	(436.0)	(440.9)	-	-
Investment property	(7.6)	(5.0)	-	-
Derivatives	26.6	8.9	7.4	-
Employee benefits	4.0	4.8	-	-
Customer base assets	(8.9)	(9.2)	-	-
Provisions	5.4	3.1	-	-
Tax losses carried forward	7.8	-	2.0	-
Other items	23.0	14.1	-	-
Net deferred tax assets/(liabilities)	**(385.7)**	**(424.2)**	**9.4**	**-**

Changes in temporary differences affecting tax expense

	Consolidated Tax expense		Consolidated Other comprehensive income	
	2013 $Millions	2012 $Millions	2013 $Millions	2012 $Millions
Property, plant and equipment	0.6	(0.3)	4.0	(43.9)
Investment property	(2.6)	(0.5)	-	0.1
Derivatives	12.0	(6.3)	5.7	(5.1)
Employee benefits	(0.8)	-	-	-
Customer base assets	0.3	0.8	-	-
Provisions	2.3	(0.1)	-	-
Tax losses carried forward	7.8	-	-	-
Other items	1.0	1.8	7.9	(3.6)
	20.6	**(4.6)**	**17.6**	**(52.5)**

Changes in temporary differences affecting tax expense	Parent Tax expense 2013 $Millions	Parent Tax expense 2012 $Millions	Parent Other comprehensive income 2013 $Millions	Parent Other comprehensive income 2012 $Millions
Derivatives	7.4	-	-	-
Tax losses carried forward	2.0	-	-	-
	9.4	**-**	**-**	**-**

Imputation credits	Parent 2013 Millions	Parent 2012 Millions
Balance at the end of the year	25.2	8.9
Imputation credits that will arise on the payment/(refund) of tax provided for	(2.7)	3.2
Imputation credits that will arise on the (payment)/receipt of dividends accrued at year end	-	-
Imputation credits available for use	**22.5**	**12.1**

7) Infratil shares and warrants

Ordinary shares (fully paid)	Consolidated & Parent 2013	Consolidated & Parent 2012
Total issued capital at the beginning of the year	586,930,830	602,806,392
Movements in issued and fully paid ordinary shares during the year		
Share buyback held as Treasury Stock	(6,425,000)	(18,743,410)
Treasury Stock reissued under Dividend Reinvestment Plan	2,688,534	2,867,848
Conversion of Executive Redeemable Shares	126,985	-
Total issued capital at the end of the year	**583,321,349**	**586,930,830**

All fully paid ordinary shares have equal voting rights and share equally in dividends and equity. All authorised shares are issued and have no par value.

Infratil Warrants	Consolidated & Parent IFTWCs 2013	Consolidated & Parent IFTWCs 2012
Total warrants at the beginning of the year	52,825,458	52,825,458
Warrants lapsed	(52,825,458)	-
Total warrants at the end of the year	**-**	**52,825,458**

Dividends paid on ordinary shares	Consolidated & Parent 2013 cents per share	Consolidated & Parent 2012 cents per share	Consolidated & Parent 2013 $Millions	Consolidated & Parent 2012 $Millions
Dividends declared and paid by the Company for the year were as follows:				
Final dividend prior year	5.00	4.25	29.2	25.9
Interim dividend paid current year	3.25	3.00	19.0	18.2
	8.25	**7.25**	**48.2**	**44.1**

Executive redeemable shares

	Consolidated & Parent 2013	2012
Balance at the beginning of the year	1,455,000	1,167,500
Shares issued	410,000	287,500
Shares converted to ordinary shares	(126,985)	-
Balance at end of year	**1,738,015**	**1,455,000**

During the year, certain executives left the Group, forfeiting their right to 55,000 shares (2012: 232,500) under the Scheme, which are held by the Trustee. 1,007,500 shares remain outstanding and available to Executives (2012: 924,000).

8) Cash and cash equivalents

	Consolidated 2013 $Millions	2012 $Millions
Call deposits	117.9	73.6
Cash deposits held as security for retail energy market contracts & bank financing agreements	26.4	33.4
Total	**144.3**	**107.0**

The Group conducts some of its electricity wholesale price hedging via the Sydney Futures Exchange and is required to maintain cash accounts with its brokers, for initial and variation margins. These accounts represent the Group's cash transactions with its brokers, and therefore the balance of these accounts is included in cash and cash equivalents as cash deposits. At 31 March 2013, $26.4 million (2012: $33.4 million) of cash deposits are "restricted" and not immediately available for use by the Group.

9) Property, plant and equipment

Consolidated

2013	Land and civil works $Millions	Buildings $Millions	Vehicles, plant and equipment $Millions	Capital work in progress $Millions	Metering $Millions	Generation Plant (renewable) $Millions	Generation Plant (non renewable) $Millions	Total $Millions
Cost or valuation								
Balance at beginning of year	489.3	313.9	335.2	30.4	76.6	2,488.4	352.2	4,086.0
Additions	2.0	28.6	49.0	205.4	3.1	-	2.5	290.6
Disposals	(0.1)	(4.4)	(19.2)	-	-	(0.1)	-	(23.8)
Impairment	-	-	(4.8)	-	-	-	-	(4.8)
Revaluation	-	16.1	-	-	-	-	(41.7)	(25.6)
Transfers between categories	0.5	0.4	0.8	(1.7)	-	-	-	-
Transfer to assets held for sale	(1.9)	(25.8)	-	-	-	-	-	(27.7)
Transfers to intangible assets	-	-	-	-	-	-	-	-
Transfers from/(to) investment properties	-	(0.1)	-	-	-	-	-	(0.1)
Effect of movements in exchange rates	(0.2)	-	(0.4)	-	-	(8.0)	(5.6)	(14.2)
Balance at end of year	**489.6**	**328.7**	**360.6**	**234.1**	**79.7**	**2,480.3**	**307.4**	**4,280.4**
Accumulated depreciation								
Balance at beginning of year	6.4	11.8	111.3	-	42.3	-	-	171.8
Depreciation for the year	5.8	8.2	32.0	-	5.5	50.3	15.3	117.1
Transfer to investment properties	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	(15.3)	(15.3)
Disposals	(0.1)	(1.2)	(16.3)	-	-	-	-	(17.6)
Transfer to assets held for sale	-	-	-	-	-	-	-	-
Effect of movements in exchange rates	-	-	(0.2)	-	-	(0.5)	-	(0.7)
Balance at end of year	**12.1**	**18.8**	**126.8**	**-**	**47.8**	**49.8**	**-**	**255.3**
Carrying value at 31 March 2013	**477.5**	**309.9**	**233.8**	**234.1**	**31.9**	**2,430.5**	**307.4**	**4,025.1**

2012	Land and civil works $Millions	Buildings $Millions	Vehicles, plant and equipment $Millions	Capital work in progress $Millions	Metering $Millions	Generation Plant (renewable) $Millions	Generation Plant (non renewable) $Millions	Total $Millions
				Consolidated				
Cost or valuation								
Balance at beginning of year	461.9	322.2	277.3	197.7	72.6	2,358.7	313.4	4,003.8
Additions	2.5	4.2	64.3	25.3	4.0	19.4	1.2	120.9
Disposals	(6.1)	(1.1)	(9.6)	-	-	(0.2)	-	(17.0)
Impairment	(14.0)	(10.8)	(4.4)	(0.7)	-	-	(13.0)	(42.9)
Revaluation	74.3	9.3	-	-	-	55.2	-	138.8
Transfers between categories	4.3	14.7	15.7	(183.1)	-	77.3	71.1	-
Transfer to assets held for sale	(29.7)	(22.2)	(6.6)	(5.3)	-	-	-	(63.8)
Transfers to intangible assets	-	-	-	-	-	-	-	-
Transfers from/(to) investment properties	-	-	-	-	-	-	-	-
Effect of movements in exchange rates	(3.9)	(2.4)	(1.5)	(3.5)	-	(22.0)	(20.5)	(53.8)
Balance at end of year	**489.3**	**313.9**	**335.2**	**30.4**	**76.6**	**2,488.4**	**352.2**	**4,086.0**
Accumulated depreciation								
Balance at beginning of year	0.1	4.2	93.1	-	39.0	90.1	(0.1)	226.4
Depreciation for the year	7.7	9.1	28.2	-	3.3	47.8	14.1	110.2
Transfer to investment properties	-	-	-	-	-	-	-	-
Revaluation	(1.4)	(1.4)	(1.6)	-	-	(137.9)	(14.0)	(156.3)
Disposals	-	(0.1)	(8.1)	-	-	-	-	(8.2)
Transfer to assets held for sale	-	-	-	-	-	-	-	-
Effect of movements in exchange rates	-	-	(0.3)	-	-	-	-	(0.3)
Balance at end of year	**6.4**	**11.8**	**111.3**	**-**	**42.3**	**-**	**-**	**171.8**
Carrying value at 31 March 2012	**482.9**	**302.1**	**223.9**	**30.4**	**34.3**	**2,488.4**	**352.2**	**3,914.2**

Wellington International Airport ("WIAL")

Land was last revalued as at 31 March 2012 by independent registered valuers, Telfer Young Limited, in accordance with the New Zealand Institute of Valuers' asset valuation standard (fair value $289.2 million), and the Directors are satisfied that there has not been a material movement in the fair value as at 31 March 2013.

Buildings and civil assets were last revalued as at 31 March 2011 in accordance with the New Zealand Institute of Valuers' asset valuation standards. The valuation was undertaken by independent registered valuers, Telfer Young Limited for buildings (fair value $268.7 million), and Opus International Consultants Limited for civil assets (fair value $142.7 million). The Directors are satisfied that there has not been a material movement in the valuation as at 31 March 2013.

At 31 March 2013 WIAL performed a discounted cash flow analysis to confirm that there had been no material movements in the value of the vehicle business assets and that the carrying value still represented the assets' fair value. The discounted cash flow analysis showed that there was a material uplift in the value of the vehicle business assets predominantly due to additional vehicle capacity works completed during the year and a forecast increase in vehicle revenue. At 31 March 2013, the carrying value of the vehicle business assets was revalued to $104.6 million (31 March 2012: $88.6 million).

Generation property, plant and equipment

Renewable generation plant includes freehold land and buildings which are not separately identifiable from other generation assets. The Group's generation property, plant and equipment is stated at fair value as determined by an independent valuation undertaken on an at least three-yearly basis. The valuations are reviewed annually and if it is considered that there has been a material change then a new independent valuation is undertaken. The basis of the valuation is a discounted cash flow analysis of the future earnings of the assets. Renewable generation assets were last independently valued, using a discounted cash flow methodology as at 31 March 2012, to their estimated market value as determined by Deloitte Corporate Finance.

Non-renewable generation plant and equipment held by Infratil Energy Australia were independently revalued at $154.8 million as at 31 March 2013 (2012: $176.7 million) by BDO Corporate Finance (QLD) Ltd using a discounted cash flow methodology.

Non-renewable generation plant held by Perth Energy Pty Limited were independently revalued at $152.6 million as at 31 March 2013 (2012: $175.6 million) by BDO Corporate Finance (QLD) using a discounted cash flow methodology.

Property, plant and equipment valuations - key assumptions

The key input assumptions adopted in the valuation of the Group's property, plant and equipment are set out below:

Generation renewable	**Low**	**High**	**Valuation impact vs. midpoint**
New Zealand Assets			
per MWh Forward electricity price path	Decreasing in real terms from $98/MWh to $85/MWh by 2015 then constant.	Decreasing in real terms from $98/MWh to $85/MWh by 2015 then increasing to $95/MWh by 2020, thereafter held constant.	-/+ $98.0m
Generation volume	2,167 GWh	2,649 GWh	-/+ $245.0m
Operating costs	$29.6 million per annum	$32.6 million per annum	+/- $38.0.m
Weighted average cost of capital	7.8%	8.3%	+ $82.0m / - $75.0m
Australian Assets			
per MWh Forward electricity price path	(Stated in AUD) Until 2018 constant at $82 in real terms. After 2018 increasing to $105 by 2030 in real terms.	(Stated in AUD) Until 2018 constant at $82 in real terms. After 2018 increasing to $115 with gradual increases to $125 by 2030 in real terms.	-A$11.0m / + A$33.0m
Generation volume	350 GWh	428 GWh	-/+ A$30.0m
Weighted average cost of capital	7.7%	8.2%	+ A$6.0m / - A$5.0m
Generation non-renewable (Infratil Energy Australia)			
Weighted average cost of capital	8.5%	9.5%	+/- A$6.3m
Forecast Long Run $300 MWh cap price	A$14.20	A$16.20	+/- A$2.9m
Plant reliability	98%	98%	
Despatch	95%	95%	
Generation non-renewable (Perth Energy Pty Ltd)			
Weighted average cost of capital	8.0%	9.0%	+/- A$5.4m
Reserve capacity price per MW	A$163,900	A$163,900	
Plant reliability	98%	98%	
Despatch	90%	90%	

Wellington International Airport

Asset classification and description	Valuation approach	Key valuation assumptions	+/- 5% Valuation impact
Land			
Aeronautical land – used for airport activities and specialised non-aeronautical assets. Non-Aeronautical land – used for non-aeronautical purposes e.g. industrial, service, retail and land associated with the vehicle business. Residential land.	MVEU approach – comprising MVAU valuation plus development and holding costs to provide land suitable for airport use. Residential land is valued at rateable value.	Adopted rate per hectare prior to holding costs: $1.37 million per hectare. Holding costs 12.88% Holding period 5 years Direct costs $15.5 million	+/- $21.1m
Civil			
Civil works includes sea protection and site services, excluding such site services to the extent that they would otherwise create duplication of value.	Optimised depreciated replacement cost.	Average cost rates including concrete $740 per m^3, asphalt $833 per m^3, base course $83 per m^3 and foundations $15 per m^3.	+/- $6.7m
Buildings			
Specialised buildings used for identified airport activities.	Optimised depreciated replacement cost derived from modern equivalent asset rate.	Modern equivalent asset rates ranging from $175 to $5,000 per m^2, with a weighted average of $4,050 per m^2.	+/- $9.3m
Buildings other than for identified airport activities, including space allocated within the main terminal building for retail activities, car parking, offices and storage that exist because of the airport activities.	Optimised depreciated replacement cost derived from modern equivalent asset rate.	Modern equivalent asset rates ranging from $550 to $1,900 per m^2, with a weighted average of $1,364 per m^2.	
Vehicle business assets			
Assets associated with car parking and taxi, shuttle and bus services (excluding land).	Discounted cash flow.	Revenue growth 3% per annum. Cost growth 3% per annum. Discount rate 13%.	+/- $2.7m
Vehicles, plant and equipment			
Vehicles, plant and equipment comprises a mixture of specialised and non-specialised assets.	Book value.	-	+/- $0.7m

For each revalued class the carrying amount that would have been recognised had the assets been carried on a historical cost basis are as follows:

Revalued Assets at Deemed Cost	2013			
	Cost $Millions	Assets under construction $Millions	Accumulated depreciation $Millions	Net book value $Millions
Land and civil works	208.8	0.5	(31.6)	177.7
Buildings	232.7	0.4	(53.1)	180.0
Vehicles, plant and equipment	34.9	0.3	(20.7)	14.5
Capital work in progress	10.2	(1.2)	-	9.0
Generation Plant (renewable)	1,529.3	191.9	(360.5)	1,360.7
Generation Plant (non renewable)	294.6	-	(32.2)	262.4
Total	**2,310.5**	**191.9**	**(498.1)**	**2,004.3**

	2012			
	Cost $Millions	Assets under construction $Millions	Accumulated depreciation $Millions	Net book value $Millions
Land and civil works	193.3	4.4	(28.9)	168.8
Buildings	191.5	13.0	(48.1)	156.4
Vehicles, plant and equipment	23.9	4.6	(18.0)	10.5
Capital work in progress	3.0	(0.2)	-	2.8
Generation Plant (renewable)	1,505.2	19.5	(309.9)	1,214.8
Generation Plant (non renewable)	311.2	-	(18.0)	293.2
Total	**2,228.1**	**41.3**	**(422.9)**	**1,846.5**

10) Intangible assets

	Consolidated	
	2013 $Millions	2012 $Millions
Goodwill		
Balance at beginning of the year	243.6	243.6
Balance at the end of the year	243.6	243.6
Impairment losses		
Balance at beginning of the year	(1.6)	(1.6)
Balance at the end of the year	(1.6)	(1.6)
Total goodwill	**242.0**	**242.0**
Other intangible assets – lease agreements / software		
Balance at beginning of the year	146.4	110.9
FX adjustment on opening balance	(0.4)	(0.8)
Additions	19.1	36.5
Disposals	(0.4)	-
Impairment loss	(1.0)	-
Transfers to assets held for sale	-	(0.2)
Balance at the end of the year	**163.7**	**146.4**
Other intangible assets – Customer base assets		
Balance at beginning of the year	59.4	50.6
FX adjustment on opening balance	(1.1)	(3.3)
Additions	14.1	12.1
Balance at the end of the year	72.4	59.4
Amortisation and impairment losses		
Balance at beginning of the year	(119.9)	(94.6)
Amortisation for the year	(31.6)	(28.4)
Disposals	0.4	-
FX adjustment	1.0	3.0
Transfers to assets held for sale	-	0.1
Balance at the end of the year	(150.1)	(119.9)
Total other intangible assets	**86.0**	**85.9**
Total intangible assets	**328.0**	**327.9**

The aggregate carrying amounts of goodwill allocated to each cash generating unit are as follows:

The following units have significant carrying amounts of goodwill

	Consolidated 2013 $Millions	Consolidated 2012 $Millions
NZ Bus	55.2	55.2
TrustPower	108.9	108.9
Lumo Energy	66.2	66.2
Units with insignificant goodwill	11.7	11.7
	242.0	**242.0**

Recoverable amount is determined based on the following analysis and key assumptions:

Goodwill amounts have been reviewed in the year and there are no impairments in the current year (2012: nil).

NZ Bus assessment of recoverable amount of goodwill is based on value in use calculations. Those calculations use cash flow projections taking into account actual operating results, current business plans, budgets and forecasts for the business and include passenger, fare, subsidy, operating costs and capital expenditure assumptions. Projected cashflows are for a 10 year period and are based on expected cashflows from existing public transport contracts, and include a terminal value based on the present value of the assets at the end of that period. A pre-tax discount rate of 10.68% (2012: 10.68%) has been used in discounting the projected cash flows and terminal value.

TrustPower goodwill relates to the acquisition of a further 15.3% interest in TrustPower in the 2007 financial year. The recoverable amount has been assessed by reference to the fair value of TrustPower, based on the market share price quoted on the NZX.

Lumo Energy Australia (Lumo Energy) assessment of the recoverable amount of goodwill is based on value in use calculations which have been determined by reference to cash flow projections taking into account actual operating results, current business plans and forecasts and include customer, tariff, energy, operating cost and churn assumptions based on five year projections. The key assumptions are operating costs growth in line with CPI, margin growth held steady cost inputs and a pre-tax discount rate of 13% (2012: 13%).

11) Investments

Investment in associates

Investments in associates are as follows:

	Consolidated 2013 $Millions	Consolidated 2012 $Millions
Aotea Energy Holdings Limited	324.0	331.2
Mana Coach Holdings Limited	2.2	2.2
	326.2	**333.4**

Summary financial information for Aotea Energy Holdings Limited, not adjusted for the percentage ownership held by the Group:

	Consolidated 2013 $Millions	Consolidated 2012 $Millions
Current assets	1,002.2	934.1
Non-current assets	667.5	691.7
Total Assets	**1,669.7**	**1,625.8**
Current liabilities	516.8	531.3
Shareholder loans	244.5	244.5
Shareholder Redeemable Preference Shares	115.0	115.0
Non-current liabilities	505.5	442.1
Total liabilities	**1,381.8**	**1,332.9**
Revenues	**2,989.3**	**3,179.3**
Net profit after tax	**35.0**	**77.0**

The Group's interest in AEHL includes a 50% equity interest, redeemable preference shares and a shareholder loan, acquired on 1 April 2010 for $209.75 million.

AEHL and its subsidiaries operate as Z Energy within the downstream oil industry.

Movement in the carrying amount of investment in AEHL (50% interest):

	Consolidated 2013 $Millions	Consolidated 2012 $Millions
Carrying value of investment in AEHL at 1 April	331.2	311.8
Share of associate's surplus before income tax	32.0	54.1
Share of associate's income tax (expense)	(14.5)	(15.6)
Share of associate's net profit after tax	**17.5**	**38.5**
Interest on shareholder loan (including accruals)	8.4	8.6
Dividend on RPS (including accruals)	5.1	5.2
Total share of associate's earnings in the period	**31.0**	**52.3**
Share of associate's other comprehensive income	(0.1)	(3.4)
Less: Distributions received	(38.1)	(29.5)
Carrying value of investment in associate	**324.0**	**331.2**

12) Loans and borrowings

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

For more information about the Group's exposure to interest rate and foreign currency risk, see note 15.

	Consolidated 2013 $Millions	Consolidated 2012 $Millions
Current liabilities		
Unsecured loans	34.5	36.4
Secured bank facilities	88.3	20.7
Less: Capitalised loan establishment costs	(0.7)	(0.3)
	122.1	56.8
Non-current liabilities		
Unsecured loans	688.6	537.5
Secured bank facilities	140.0	74.0
Redeemable preference shares - secured	-	140.0
Less: Capitalised loan establishment costs	(7.9)	(8.8)
	820.7	742.7
Facilities utilised at reporting date		
Unsecured bank loans	723.1	573.9
Unsecured guarantees	30.6	31.5
Secured bank loans	228.3	94.7
Secured guarantees	0.4	0.4
Redeemable preference shares - secured	-	140.0
Facilities not utilised at reporting date		
Unsecured bank loans	998.6	823.2
Secured bank loans	6.5	1.8
Unsecured bank guarantees	8.9	5.1
Vendor financing		
Vendor financing - current	17.7	16.6
Vendor financing - non current	1.5	19.6
	19.2	36.2
Interest-bearing loans and borrowings - current	139.8	73.4
Interest-bearing loans and borrowings - non current	822.2	762.3
Total Interest-bearing loans and borrowings	**962.0**	**835.7**

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.

The secured and unsecured debt facilities are able to be drawn-down as required subject to the borrower being in compliance with undertakings in respect of those facilities. 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 year ranged from 2.9% to 8.1% (2012: 2.7% to 8.2%).

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

The Group's $140 million redeemable preference shares (RPS) were refinanced with a $140 million debt facility, secured by a general security charge over the other assets a subsidiary company which includes the 48.5 million TrustPower shares held by that subsidiary company.

A non-wholly owned subsidiary company obtained an unsecured A$1 million loan facility, maturing in August 2014, from one of its minority shareholders during the year. The interest rate on this loan is fixed at 12%.

13) Infrastructure bonds

	Consolidated & Parent	
	2013 $Millions	2012 $Millions
Balance at the beginning of the year	851.6	854.8
Issued during the year	111.4	99.5
Matured during the year	(21.0)	(83.4)
Exchanged during the year	(36.4)	(15.9)
Purchased by Infratil during the year	(0.8)	(2.5)
Bond issue costs capitalised during the year	(1.9)	(2.0)
Bond issue costs amortised during the year	1.4	1.1
Balance at the end of the year	**904.3**	**851.6**
Current	85.3	57.4
Non current fixed coupon	586.8	561.5
Non current perpetual - variable coupon	232.2	232.7
Balance at the end of the year	**904.3**	**851.6**
Repayment terms and interest rates:		
Maturing in November 2012, 7.75% per annum fixed coupon rate	-	57.4
Maturing in September 2013, 8.50% per annum fixed coupon rate	85.3	85.3
Maturing in November 2015, 8.50% per annum fixed coupon rate	152.8	152.8
Maturing in June 2016, 8.50% per annum fixed coupon rate	100.0	100.0
Maturing in June 2017, 8.50% per annum fixed coupon rate	66.3	66.3
Maturing in November 2017, 8.0% per annum fixed coupon rate	81.1	81.1
Maturing in November 2018, 6.85% per annum fixed coupon rate	111.4	-
Maturing in February 2020, 8.50% per annum fixed coupon rate	80.5	80.5
Perpetual Infratil infrastructure bonds (PIIBs)	234.9	235.8
Bond issue costs capitalised and amortised over term	(8.1)	(7.6)
Balance at the end of the year	**904.3**	**851.6**

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 bonds issued prior to November 2011, Infratil can elect to redeem all infrastructure bonds in that series 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 obtained by dividing the $1.00 face value by the product of the relevant conversion percentage of 98% and the market price. The market price is the average price weighted by volume of all trades of ordinary shares over the 10 business days up to the fifth business day before the maturity date.

Perpetual Infratil infrastructure bonds (PIIBs)

The Company has 234,943,200 (2012: 235,762,200) infrastructure bonds (series 20) on issue at a face value of $1.00 per bond. Interest is payable quarterly on the bonds. For the year to 15 November 2013 the coupon is fixed at 3.97% per annum. 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. 819,000 (2012: 2,569,000) of PIIBs were repurchased by Infratil Limited during the year.

At 31 March 2013 the Infratil Infrastructure bonds (including PIIBs) had a fair value of $858.6 million (31 March 2012: $776.4 million).

14) Unsecured bonds

Unsecured subordinated bonds

	Consolidated	
	2013 $Millions	2012 $Millions
TrustPower bonds		
Repayment terms and interest:		
Maturing in September 2012, 8.5% per annum fixed coupon rate	-	108.6
Maturing in March 2014, 8.5% per annum fixed coupon rate	54.7	54.7
Maturing in December 2015, 8.4% per annum fixed coupon rate	100.0	100.0
Maturing in December 2019, 6.75% per annum fixed coupon rate	140.0	-
Bond issue costs	(2.3)	(1.0)
Balance at the end of the year	**292.4**	**262.3**
Current	54.7	108.6
Non-current	237.7	153.7
Balance at the end of the year	**292.4**	**262.3**

At maturity the TrustPower bonds maturing in December 2015 and prior can be converted at the option of TrustPower to ordinary shares based on the market price of ordinary shares at the time. The bonds are fully subordinated behind all other creditors.

At 31 March 2013 the bonds had a fair value of $312.9 million (31 March 2012: $273.2 million).

Unsecured senior bonds

	Consolidated	
	2013 $Millions	2012 $Millions
TrustPower bonds		
Repayment terms and interest:		
Maturing in December 2014, 7.6% per annum fixed coupon rate	75.0	75.0
Maturing in December 2016, 8.0% per annum fixed coupon rate	65.0	65.0
Maturing in December 2017, 7.1% per annum fixed coupon rate	75.0	75.0
Bond issue costs	(2.2)	(2.8)
Balance at the end of the year	**212.8**	**212.2**
Current	-	-
Non-current	212.8	212.2
Balance at the end of the year	**212.8**	**212.2**

TrustPower has entered a Trust Deed dated 30 October 2009 (the Trust Deed) with respect to its senior bonds, which with limited exceptions does not permit TrustPower to grant any security interest over its assets. The Trust Deed requires the Group to operate within defined performance and debt gearing ratios. The arrangements under the Trust Deed may also create restrictions over the sale or disposal of certain assets unless the senior bonds are repaid or renegotiated. Throughout the period TrustPower has complied with all debt covenant requirements as imposed by the bond trustee.

At 31 March 2013 the bonds had a fair value of $230.7 million (31 March 2012: $224.7 million).

Unsecured subordinated bonds

	Consolidated 2013 $Millions	2012 $Millions
Wellington International Airport bonds		
Retail bonds maturing in November 2013, 7.50% per annum fixed coupon rate	100.0	100.0
Wholesale bonds maturing August 2017, 2.89% per annum to 2 May 2013, then repriced quarterly at BKBM plus 25bps	150.0	150.0
Bond issue costs	(0.8)	(1.3)
Balance at the end of the year	**249.2**	**248.7**
Current	99.8	-
Non-current	149.4	248.7
Balance at the end of the year	**249.2**	**248.7**

The Trust Deeds for these bonds require Wellington International Airport to operate within defined performance and debt gearing ratios. The arrangements under the Trust Deeds create restrictions over the sale or disposal of certain assets. Throughout the year Wellington International Airport complied with its debt covenants.

At 31 March 2013 the bonds had a fair value of $254.6 million (31 March 2012: $256.1 million).

15) Financial instruments

The Group has exposure to the following risks due to its business activities and financial policies:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group has established Audit and Risk Committees for Infratil and each of its significant subsidiaries with responsibilities which include reviewing management practices in relation to identification and management of significant business risk areas and regulatory compliance. The Group has developed a comprehensive, enterprise wide risk management framework. Management and Boards throughout the Group participate in the identification, assessment and monitoring of new and existing risks. Particular attention is given to strategic risks that could affect the Group. Management report to the Audit and Risk Committee and the Board on the relevant risks and the controls and treatments for those risks.

Credit Risk

Credit risk is the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. The Group is exposed to credit risk in the normal course of business including those arising from trade receivables with its customers, financial derivatives and transactions (including cash balances) with financial institutions. The Group minimises its exposure to credit risk of trade receivables through the adoption of counterparty credit limits and standard payment terms. Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions and organisations in the relevant industry. The Group's exposure and the credit ratings of significant counterparties are monitored, and the aggregate value of transactions concluded are spread amongst approved counterparties. The carrying amounts of financial assets recognised in the Statement of Financial Position best represent the Group's maximum exposure to credit risk at the reporting date. Generally no security is held on these amounts.

Exposure to credit risk

The Group had exposure to credit risk with finance institutions at balance date from cash deposits held as follows:

	Consolidated	
	2013 $Millions	2012 $Millions
Financial institutions with "AA" credit ratings from Standard & Poors or equivalent rating agencies	-	-
Financial institutions with "AA-" credit ratings from Standard & Poors or equivalent rating agencies	126.3	81.1
Financial institutions with "A" credit ratings from Standard & Poors or equivalent rating agencies	17.8	23.2

Trade and other receivables

The Group has exposure to various counterparties. Concentration of credit risk with respect to trade receivables is limited due to the Group's large customer base in a diverse range of industries throughout New Zealand, Australia and the United Kingdom.

Ageing of trade receivables

	Consolidated		Parent	
	2013 $Millions	2012 $Millions	2013 $Millions	2012 $Millions
The ageing analysis of trade receivables is as follows:				
Not past due	268.6	265.7	0.9	0.6
Past due 0-30 days	16.2	18.6	-	-
Past due 31-90 days	14.6	8.7	-	-
Greater than 90 days	20.4	16.8	-	-
Total	**319.7**	**309.8**	**0.9**	**0.6**
The ageing analysis of impaired trade receivables is as follows:				
Not past due	(3.2)	(2.8)	-	-
Past due 0-30 days	(1.5)	(1.5)	-	-
Past due 31-90 days	(4.6)	(3.0)	-	-
Greater than 90 days	(13.6)	(11.2)	-	-
Total	**(22.9)**	**(18.5)**	**-**	**-**
Movement in the provision for impairment of trade receivables for the year was as follows:				
Balance as at 1st April	18.5	21.5	-	-
FX adjustment on opening balance	(0.2)	-	-	-
Impairment loss recognised	4.6	(3.0)	-	-
Balance as at 31 March	**22.9**	**18.5**	**-**	**-**
Other current prepayments and receivables	126.0	79.7	0.7	-
Total Trade, accounts receivable and current prepayments	**422.8**	**371.0**	**1.6**	**0.6**

Liquidity Risk

Liquidity risk is the risk that assets held by the Group cannot readily be converted to cash to meet the Group's contracted cash flow obligations. Liquidity risk is monitored by continuously forecasting cash flows and matching the maturity profiles of financial assets and liabilities. The Group's approach to managing liquidity is to ensure, that it will always have sufficient liquidity to meet its liabilities when due and make value investments, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, the spreading of debt maturities, and its credit standing in capital markets.

The tables below analyse the Group's financial liabilities excluding gross settled derivative financial liabilities into relevant maturity groupings based on the earliest possible contractual maturity date at the year end date. The amounts in the tables below are contractual undiscounted cash flows, which include interest through to maturity. PIIBs cash flows have been determined by reference to the longest dated Infratil bond maturity of 2020.

Consolidated	Balance sheet $Millions	Contractual cash flows $Millions	6 months or less $Millions	6-12 months $Millions	1 to 2 years $Millions	2 to 5 years $Millions	5 years + $Millions
2013							
Accounts payable, accruals and other liabilities	358.9	356.6	336.5	15.7	0.5	0.6	3.2
Unsecured/Secured bank facilities and vendor financing	962.0	1,036.6	119.8	27.5	65.2	737.6	86.5
Infrastructure bonds	672.1	885.8	112.6	24.0	48.1	491.5	209.5
Perpetual Infratil infrastructure bonds	232.2	334.1	5.0	5.0	9.9	29.7	284.5
Wellington International Airport bonds	249.2	274.0	6.0	103.2	4.5	160.4	-
TrustPower bonds	505.2	654.6	19.5	74.0	157.7	403.3	-
Derivative financial instruments	115.6	121.1	17.0	20.1	30.6	47.2	6.1
	3,095.2	3,662.6	616.3	269.6	316.4	1,870.3	589.9
2012							
Accounts payable, accruals and other liabilities	316.9	317.2	316.7	0.5	-	-	-
Unsecured/Secured bank facilities and vendor financing	835.7	876.2	70.4	40.0	256.7	425.6	83.5
Infrastructure bonds	618.9	839.3	26.1	81.8	129.1	349.6	252.7
Perpetual Infratil infrastructure bonds	232.7	335.3	5.0	5.0	10.0	29.9	285.4
Wellington International Airport bonds	248.7	285.9	6.0	6.0	109.1	13.4	151.4
TrustPower bonds	474.5	595.7	128.0	14.6	84.1	289.7	79.3
Derivative financial instruments	93.2	104.3	17.7	13.1	21.7	43.3	8.5
	2,820.6	3,353.9	569.9	161.0	610.7	1,151.5	860.8

Parent	Balance sheet $Millions	Contractual cash flows $Millions	6 months or less $Millions	6-12 months $Millions	1 to 2 years $Millions	2 to 5 years $Millions	5 years + $Millions
2013							
Accounts payable, accruals and other liabilities	10.9	10.9	10.9	-	-	-	-
Infrastructure bonds	672.1	885.8	112.6	24.0	48.1	491.5	209.6
Perpetual Infratil infrastructure bonds	232.2	334.1	5.0	5.0	9.9	29.7	284.5
Derivative financial instruments	26.2	26.2	2.8	2.7	5.1	12.0	3.6
	941.4	1,257.0	131.3	31.7	63.1	533.2	497.7
2012							
Accounts payable, accruals and other liabilities	18.4	18.4	18.4	-	-	-	-
Infrastructure bonds	618.9	839.3	26.1	81.8	129.1	349.6	252.7
Perpetual Infratil infrastructure bonds	232.7	335.3	5.0	5.0	10.0	29.9	285.4
Derivative financial instruments	23.2	23.2	2.7	2.6	4.7	9.9	3.3
	893.2	1,216.2	52.2	89.4	143.8	389.4	541.4

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, energy prices and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk (cash flow and fair value)

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

	Consolidated		Parent	
	2013 $Millions	**2012 $Millions**	**2013 $Millions**	**2012 $Millions**
At balance date the face value of interest rate contracts outstanding were:				
Interest rate swaps	1,468.7	1,163.0	145.0	145.0
Fair value of interest rate swaps	(86.4)	(80.7)	(26.2)	(23.2)
The termination dates for the interest rate swaps are as follows:				
Between 0 to 1 year	313.8	82.0	-	-
Between 1 to 2 years	169.7	76.1	-	-
Between 2 to 5 years	455.8	449.9	-	-
Over 5 years	529.5	555.0	145.0	145.0

Interest rate sensitivity analysis

The following table shows the impact on post-tax profit and equity of a movement in bank interest rates of 100 basis points higher/lower with all other variables held constant.

	Consolidated		Parent	
	2013 $Millions	**2012 $Millions**	**2013 $Millions**	**2012 $Millions**
Profit or loss				
100 bp increase	36.9	34.1	7.6	8.4
100 bp decrease	(39.0)	(36.3)	(8.2)	(9.1)
Other comprehensive income				
100 bp increase	1.3	10.9	-	-
100 bp decrease	(1.7)	(12.6)	-	-

Foreign Currency Risk

The Group has exposure to foreign currency risk on the value of its net investment in foreign investments, assets and liabilities denominated in foreign currencies, future investment obligations and future income. Foreign currency obligations and income are recognised as soon as the flow of funds is likely to occur. Decisions on buying forward cover for likely foreign currency investments is subject to the Group's expectation of the fair value of the relevant exchange rate.

The Group enters into forward exchange contracts to reduce the risk from price fluctuations of foreign currency commitments associated with the construction of generation assets and to hedge the risk of its net investment in foreign subsidiaries. Any resulting differential to be paid or received as a result of the currency hedging of the asset is reflected in the final cost of the asset. The Group has elected to apply cash flow hedge accounting to these instruments.

	Consolidated 2013 $Millions	2012 $Millions
At balance date the aggregate notional principal amounts of the outstanding forward foreign exchange contracts were:		
Foreign exchange contracts	636.3	390.0
Fair value of foreign exchange contracts	3.7	6.6
The termination dates for foreign exchange contracts are as follows:		
Between 0 to 1 year	601.2	386.1
Between 1 to 2 years	35.1	3.9
Between 2 to 5 years	-	-
Over 5 years	-	-

Foreign exchange sensitivity analysis

The following table shows the impact on post-tax profit and equity if the New Zealand dollar had weakened/strengthened by 10 per cent against the currencies with which the Group has foreign currency risk with all other variables held constant.

	Consolidated 2013 $Millions	2012 $Millions
Profit or loss		
Strengthened by 10 per cent	(26.0)	(30.9)
Weakened by 10 per cent	26.0	30.9
Other comprehensive income		
Strengthened by 10 per cent	(24.8)	(3.6)
Weakened by 10 per cent	24.7	3.5

Significant assumptions used in the foreign currency exposure sensitivity analysis include:

Reasonably possible movements in foreign exchange rates were determined based on a review of the last two years' historical movements. A movement of plus or minus 10% has therefore been applied to the AUD/NZD and GBP/NZD exchange rates to demonstrate the sensitivity of foreign currency risk of the company's investment in foreign operations and associated derivative financial instruments. The sensitivity was calculated by taking the AUD and GBP spot rate as at balance date, moving this spot rate by plus and minus 10% and then reconverting the AUD and GBP with the 'new spot-rate'. This methodology reflects the translation methodology undertaken by the Group.

Unhedged foreign currency exposures

At balance date the Group has the following unhedged exposure to foreign currency risk arising on foreign currency monetary assets and liabilities that fall due within the next twelve months:

	Consolidated 2013 $Millions	2012 $Millions
Cash, short term deposits and trade receivables		
Australian Dollars (AUD)	278.2	215.7
Bank overdraft, bank debt and accounts payable		
Australian Dollars (AUD)	370.1	129.1

Energy Price Risk

Energy Price Risk is the risk that results will be impacted by fluctuations in spot energy prices. The Group meets its energy sales demand by purchasing energy on spot markets, physical deliveries and financial derivative contracts. This exposes the Group to fluctuations in the spot and forward price of energy. The Group has entered into a number of energy hedge contracts to reduce the energy price risk from price fluctuations. These hedge contracts establish the price at which future specified quantities of energy are purchased and settled. Any resulting differential to be paid or received is recognised as a component of energy costs through the term of the contract. The Group has elected to apply cash flow hedge accounting to those instruments it deems material and which qualify as cash flow hedges.

	Consolidated	
	2013	**2012**
At balance date the aggregate notional volume of outstanding energy derivatives were:		
Electricity (GWh)	5,899.0	3,806.0
Oil (barrels)	40,500.0	-
Fair value of energy derivatives ($m)	(6.1)	5.0

As at 31 March 2013, the Group had energy contracts outstanding with various maturities up to September 2016. The hedged anticipated energy purchase transactions are expected to occur continuously throughout the contract period from balance sheet date consistent with the Group's forecast energy generation and retail energy sales. Gains and losses recognised in the cash flow hedge reserve on energy derivatives as of 31 March 2013 will be continuously released to the income statement in each period in which the underlying purchase transactions are recognised in the profit or loss.

The termination dates for the energy derivatives are as follows:

	Consolidated	
	2013 $Millions	**2012 $Millions**
Between 0 to 1 year	392.5	409.6
Between 1 to 2 years	227.5	92.1
Between 2 to 5 years	78.2	48.2
Over 5 years	-	-
	698.3	549.9

Energy price sensitivity analysis

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.

	Consolidated	
	2013 $Millions	**2012 $Millions**
Profit or loss		
10% decrease in energy forward prices	(9.2)	(1.5)
10% increase in energy forward prices	11.6	2.1
Other comprehensive income		
10% decrease in energy forward prices	(9.6)	(5.3)
10% increase in energy forward prices	9.6	5.3

Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements is their fair value, with the exception of bonds debt held at amortised cost which have a fair value at 31 March 2013 of $1,656.8 million (31 March 2012: $1,530.4 million) compared to a carrying value of $1,658.7 million (31 March 2012: $1,574.8 million).

The carrying value of derivative financial assets and liabilities recorded in the statement of financial position are as follows:

	Consolidated		Parent	
	2013 $Millions	2012 $Millions	2013 $Millions	2012 $Millions
Assets				
Derivative financial instruments - energy	8.8	10.1	-	-
Derivative financial instruments - foreign exchange	12.7	9.3	-	-
Derivative financial instruments - interest rate	5.3	4.7	-	-
	26.8	24.1	-	-
Split as follows:				
Current	21.1	18.0	-	-
Non-current	5.7	6.1	-	-
	26.8	24.1	-	-
Liabilities				
Derivative financial instruments - energy	14.9	5.1	-	-
Derivative financial instruments - foreign exchange	9.0	2.7	-	-
Derivative financial instruments - interest rate	91.7	85.4	26.2	23.2
	115.6	93.2	26.2	23.2
Split as follows:				
Current	11.1	8.2	-	-
Non-current	104.5	85.0	26.2	23.2
	115.6	93.2	26.2	23.2

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 3.8% to 4.9% (2012: 4.0% to 4.3%).

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

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 and Parent's financial assets and liabilities that are measured at fair value.

Consolidated 2013	**Level 1 $Millions**	**Level 2 $Millions**	**Level 3 $Millions**	**Total $Millions**
Assets per the statement of financial position				
Derivative financial instruments - energy	0.5	2.4	5.9	8.8
Derivative financial instruments - foreign exchange	-	12.7	-	12.7
Derivative financial instruments - interest rate	-	5.3	-	5.3
Total	**0.5**	**20.4**	**5.9**	**26.8**
Liabilities per the statement of financial position				
Derivative financial instruments - energy	-	-	14.9	14.9
Derivative financial instruments - foreign exchange	-	9.0	-	9.0
Derivative financial instruments - interest rate	-	91.7	-	91.7
Total	**-**	**100.7**	**14.9**	**115.6**

2012	**Level 1 $Millions**	**Level 2 $Millions**	**Level 3 $Millions**	**Total $Millions**
Assets per the statement of financial position				
Derivative financial instruments - energy	0.1	1.6	8.4	10.1
Derivative financial instruments - foreign exchange	-	9.3	-	9.3
Derivative financial instruments - interest rate	-	4.7	-	4.7
Total	**0.1**	**15.6**	**8.4**	**24.1**
Liabilities per the statement of financial position				
Derivative financial instruments - energy	0.4	-	4.7	5.1
Derivative financial instruments - foreign exchange	0.1	2.6	-	2.7
Derivative financial instruments - interest rate	-	85.4	-	85.4
Total	**0.5**	**88.0**	**4.7**	**93.2**

The parent of the Infratil Group has interest rate swap derivatives that are classified as Level 2 and have a fair value liability of $26.2 million at 31 March 2013 (31 March 2012: $23.2 million).

The following table reconciles the movements in level 3 for measurement of the fair value hierarchy.

	Energy derivatives 2013 $Millions	Energy derivatives 2012 $Millions
Assets per the statement of financial position		
Opening balance	8.4	3.5
FX movement on opening balance	(0.1)	(0.1)
Gains and (losses) recognised in profit or loss	(2.4)	(3.6)
Gains and (losses) recognised in other comprehensive income	-	8.6
Closing balance	5.9	8.4
Total gains or (losses) for the period included in profit or loss for assets held at the end of the reporting period	9.2	3.2
Liabilities per the statement of financial position		
Opening balance	4.7	18.5
FX movement on opening balance	-	-
(Gains) and losses recognised in profit or loss	(6.9)	(22.4)
(Gains) and losses recognised in other comprehensive income	17.1	8.6
Closing balance	14.9	4.7
Total (gains) or losses for the period included in profit or loss for liabilities held at the end of the reporting period	6.0	(5.6)
Settlements during the year	**4.1**	**7.9**

Electricity price derivatives

Electricity price 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.

Capital management

The key factors in determining Infratil's optimal capital structure are:

- Nature of activities
- Quality and dependability of earnings/cash flows
- Capital needs over the forecast period
- Available sources of capital and relative cost

The Group's capital includes share capital, reserves, retained earnings and non controlling interests of the Group. From time to time the Group purchases its own shares on the market with the timing of these purchases dependent on market prices and an assessment of value for shareholders. Primarily the shares are intended to be held as Treasury Stock and may be reissued under the Dividend Reinvestment Plan or cancelled. There were no changes in the Group's approach to capital management during the year. The Company and the Group's borrowings are subject to certain compliance ratios relevant to the facility agreements or the trust deed applicable to the borrowings.

The Group seeks to ensure that no more than 25% of its non-bank debt is maturing in any one year period, and to spread the maturities of its bank debt between one and five years, with no more than 35% of facilities maturing in any six month period. Discussions on refinancing of bank debt facilities will normally commence at least six months before maturity with facility terms agreed at least two months prior to maturity. Bank facilities are maintained with AA- (2012: AA-) or above rated financial institutions, with a minimum number of bank counterparties to ensure diversification. The Group manages its interest rate profile so as to minimise value volatility. This means having interest costs fixed for extended terms. At times when long rates appear to be sustainably high, the profile may be shortened, and when rates are low the profile may be lengthened.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital funding.

- *Net debt is calculated as total borrowings less short term deposits.*
- *Total capital funding is calculated as total equity as shown in the statement of financial position plus net debt.*

	Consolidated		Parent	
	2013 $Millions	**2012 $Millions**	**2013 $Millions**	**2012 $Millions**
Net debt				
Bank debt	942.8	799.5	-	-
Vendor financing	19.2	36.2	-	-
Infrastructure bonds	672.1	618.9	672.1	618.9
Perpetual Infratil infrastructure bonds	232.2	232.7	232.2	232.7
Wellington International Airport bonds	249.2	248.7	-	-
TrustPower bonds	505.2	474.5	-	-
less: Cash and cash equivalents	(144.3)	(107.0)	-	-
	2,476.4	2,303.5	904.3	851.6
Equity				
Total equity	1,935.5	2,006.6	639.3	634.7
	1,935.5	2,006.6	639.3	634.7
Total capital funding	**4,411.9**	**4,310.1**	**1,543.6**	**1,486.3**
Gearing ratio	56%	53%	59%	57%

16) Investment in subsidiaries and associates

The significant companies of the Infratil Group and their activities are shown below:

The financial year-end of all the significant subsidiaries and associates is 31 March.

Subsidiaries

	2013 Holding	2012 Holding	Principal activity	Country of incorporation
Investment activities				
New Zealand				
Infratil Finance Limited	100%	100%	Finance	New Zealand
Swift Transport Limited	100%	100%	Investment	New Zealand
Snapper Services Limited	100%	100%	Technology	New Zealand
Infratil Infrastructure Property Limited	100%	100%	Property	New Zealand
iSite Limited	100%	100%	Advertising	New Zealand
New Lynn Central Limited Partnership (financial year end: 30 June)	58%	-	Property	New Zealand
Transportation activities				
New Zealand				
New Zealand Bus Finance Limited	100%	100%	Investment	New Zealand
New Zealand Bus Limited	100%	100%	Investment	New Zealand
Transportation Auckland Corporation Limited	100%	100%	Public transport	New Zealand
Wellington City Transport Limited	100%	100%	Public transport	New Zealand
North City Bus Limited	100%	100%	Public transport	New Zealand
Cityline (NZ) Limited	100%	100%	Public transport	New Zealand
Airport activities				
New Zealand				
Wellington International Airport Limited	66%	66%	Airport	New Zealand
Wellington Airport Noise Treatment Limited (formerly Hush Kit Limited)	66%	66%	Airport	New Zealand

	2013 Holding	2012 Holding	Principal activity	Country of incorporation
United Kingdom				
Infratil Airports Europe Limited	100%	100%	Asset holding	United Kingdom
Glasgow Prestwick Airport Limited	100%	100%	Airport	United Kingdom
Prestwick Airport Limited	100%	100%	Property	United Kingdom
Infratil Kent Facilities Limited	100%	100%	Property	United Kingdom
Infratil Kent Airport Limited	100%	100%	Airport	United Kingdom
The Airport Driving Range Company Limited	100%	100%	Property	United Kingdom
Energy activities				
New Zealand				
TrustPower Limited	50.7%	50.7%	Electricity retail and generation	New Zealand
Tararua Wind Power Limited	50.7%	50.7%	Asset holding	New Zealand
TrustPower Australia (New Zealand) Limited	50.7%	50.7%	Asset holding	New Zealand
TrustPower Insurance Limited	50.7%	50.7%	Insurance	New Zealand
Australia				
Direct Connect Australia Pty Limited	100%	100%	Utility connections	Australia
Infratil Energy Australia Pty Limited	100%	100%	Wholesale energy/holding company	Australia
Lumo Energy (NSW) Pty Ltd	100%	100%	Electricity retailer	Australia
Lumo Energy (QLD) Pty Ltd	100%	100%	Electricity retailer	Australia
Lumo Energy (SA) Pty Ltd	100%	100%	Electricity retailer	Australia
Lumo Energy Australia Pty Limited	100%	100%	Electricity retailer	Australia
Lumo Energy Telecommunications Pty Ltd	100%	100%	Electricity retailer	Australia
Lumo Generation NSW Pty Limited	100%	100%	Electricity generation	Australia
Perth Energy Pty Limited	80.0%	81.2%	Electricity retailer	Australia
Sellicks Hill Wind Farm Pty Ltd	50.7%	50.7%	Generation development	Australia
Snowtown Wind Farm Pty Ltd	50.7%	50.7%	Electricity generation	Australia
TFI Partners Pty Limited	100%	100%	Utility connections	Australia
TrustPower Australia Financing Partnership	50.7%	50.7%	Finance	Australia
TrustPower Australia Holdings Pty Ltd	50.7%	50.7%	Generation development	Australia
WA Power Exchange Pty Limited	80.0%	81.2%	Electricity retailer	Australia
Western Energy Pty Limited	80.0%	81.2%	Electricity generation	Australia
Associates				
Mana Coach Holdings Limited	26%	26%	Public Transport	New Zealand
Aotea Energy Holdings Limited	50%	50%	Fuels distribution and retailing	New Zealand

17) Leases

The Parent company is not party to and does not have any leases. The Group has receivables from operating leases relating to the lease of premises. These receivables expire as follows:

	Consolidated 2013 $Millions	Consolidated 2012 $Millions
Operating lease receivables as lessor		
Between 0 to 1 year	17.6	18.0
Between 1 to 2 years	10.6	15.4
Between 2 to 5 years	10.7	15.2
More than 5 years	8.7	4.8
	47.6	**53.4**

Electricity lease revenue during the year of $32.8 million (2012: $33.6 million), is revenue recognised in connection with Snowtown Wind Farm Pty Ltd's (a subsidiary of TrustPower) Power Purchase Agreement to sell 90% of all energy generated by the Snowtown Wind Farm to a significant Australian electricity retailer. This agreement has been deemed as an operating lease of the wind farm under NZ IFRS and all revenue under the contract accounted for as lease revenue. Because of the contract terms, in particular that the volume of energy supplied is variable dependent on the actual generation of the Snowtown Wind Farm, the future minimum payments under the term of the contract, that expires on 31 December 2018, are contingent in nature and therefore not able to be quantified.

The Group has commitments under operating leases relating to the lease of premises, the hire of plant and equipment, the lease of billboard and light-box sites and the lease of gas storage facilities. These commitments expire as follows:

	Consolidated	
	2013 $Millions	**2012 $Millions**
Operating lease commitments as lessee		
Between 0 to 1 year	39.0	33.8
Between 1 to 2 years	36.9	32.9
Between 2 to 5 years	78.6	56.0
More than 5 years	64.1	41.6
	218.6	**164.3**

18) Reconciliation of net surplus with cash flow from operating activities

	Consolidated		Parent	
	2013 $Millions	**2012 $Millions**	**2013 $Millions**	**2012 $Millions**
Net surplus for the year	77.0	127.0	60.0	50.8
Less items classified as investing activity				
Loss on investment realisations and impairments	60.9	21.5	76.2	398.9
Add items not involving cash flows				
Movement in financial derivatives taken to the profit or loss	14.4	(19.2)	3.0	13.6
Decrease in deferred tax liability excluding transfers to reserves	(24.8)	(0.5)	(9.4)	-
Changes in fair value of investment properties	(2.4)	0.2	-	-
Equity accounted earnings of associate net of distributions received	7.1	(22.8)	-	-
Non cash movements in advance to subsidiaries	-	-	(85.9)	(151.2)
Depreciation	120.7	110.8	-	-
Movement in provision for bad debts	21.8	14.1	-	-
Amortisation	31.6	27.3	-	-
Other	14.5	11.4	1.6	1.0
Movements in working capital				
Change in receivables	(61.8)	(85.9)	0.3	-
Change in inventories	18.9	(13.6)	-	-
Change in trade payables	56.9	8.8	(0.3)	0.6
Change in accruals and other liabilities	(37.1)	21.1	-	-
Change in current and deferred taxation	(9.7)	(12.3)	(7.0)	3.2
Net cash flow from operating activities	**288.0**	**187.9**	**38.5**	**316.9**

19) Key management personnel disclosures

Key management personnel have been defined as the Chief Executives and direct reports for the Group's operating subsidiaries (excluding non-executive Directors).

Key management personnel remuneration comprised:

	Consolidated	
	2013 $Millions	2012 $Millions
Short-term employee benefits	17.8	16.6
Post employment benefits	-	-
Termination benefits	-	0.3
Other long-term benefits	0.2	2.6
Share based payments	0.4	-
	18.4	19.5

Directors fees paid to directors of Infratil Limited and its subsidiaries during the year were $2.8 million (2012: $2.6 million). $0.2 million of the total Directors fees during the year (2012: $0.2 million) were paid to Directors of Infratil Airports Europe Limited and are included with the result from discontinued operations.

See also management fees paid to Infratil's manager in the Related parties and Management fee to Morrison & Co Infrastructure Management Limited ('MCIM') notes.

20) Share scheme

Infratil Executive Redeemable Share Scheme

During the year selected key eligible executives and senior managers of Infratil and certain of its subsidiaries were invited to participate in the Infratil Executive Redeemable Share Scheme to acquire Executive Redeemable shares ('Executive Shares'). The Executive Shares have certain rights and conditions and cannot be traded until those conditions have been met. The Executive Shares confer no rights to receive dividends or other distributions or vote. Executive Shares may be issued which will convert to ordinary shares after three years (other than in defined circumstances) provided that the issue price has been fully paid and vesting conditions have been met. The vesting conditions include share performance hurdles with minimum future share price targets which need to be achieved over the specified period. The number of shares that "vest" (or LTI bonus paid) is based on the share price performance over the relevant period of the Infratil ordinary shares. If the executive is still employed by the Group at the end of the specified period, provided the share performance hurdles are met the employee receives a long term incentive bonus (LTI) which must be used to repay the outstanding balance of the Executive Shares and the Executive Shares are then converted to fully paid ordinary shares of Infratil.

410,000 Infratil Executive Redeemable Shares were granted at a price of $2.2695 on 11 December 2012 (2012: 287,500 shares at $1.8403 on 7 December 2011), at the volume weighted average market price over the 20 business days immediately preceding the date on which the shares were issued to each executive. One cent per Executive Share was paid up in cash by the executive with the balance of the issue price payable when the executive becomes eligible to receive the long term incentive bonus. The fair value of Executive Shares at the grant date was estimated using the following weighted average assumptions:

	Consolidated	
Year ended 31 March	2013	2012
Risk-free interest rate	6%	6%
Cost of equity	14%	14%
Expected stock price volatility	25-30%	25-30%
Mean estimate of price	$3.087	$3.087
Present value of expected dividends	$0.288	$0.294
Adjustment for lack of transferability	35%	35%
Forecast returns to Shareholders	12%	12%

Executive Shares are valued based on the market price at date of grant adjusted for dividends that are not received. Volatility is based on historic volatility in Infratil's share price. The performance hurdles noted above are included in the valuation model used in determining the fair value of options issued during the year. In the event that there is a consolidation or subdivision of the ordinary shares, then the number of Executive Shares offered will increase (or decrease as the case may be) and the issue price will decrease (or increase respectively) in the same proportion. In the event of an offer for the ordinary shares of the company, the LTI bonus determination date will be accelerated to the date the offer becomes unconditional.

21) Earnings per share

	2013 $Millions	2012 $Millions
Net surplus attributable to ordinary shareholders	3.4	51.6
	cps	cps
Basic earnings per share (cps)	0.6	8.6

Weighted average number of ordinary shares	2013 Millions	2012 Millions
Issued ordinary shares at 1 April	586.9	602.8
Effect of new shares issued under Executive Share Scheme	-	-
Effect of shares issued through dividend reinvestment plan	1.7	1.5
Effect of shares bought back	(4.4)	(6.1)
Weighted average number of ordinary shares at end of year	**584.2**	**598.2**

Diluted earnings per share recognising warrants on issue	cps	cps
Diluted earnings per share (cps)	0.6	8.6

Weighted average number of ordinary shares (diluted)	Millions	Millions
Weighted average ordinary shares (calculated above)	584.2	598.2
Effect of warrants on issue during the period	-	-
Weighted average number of ordinary shares at end of year (diluted)	**584.2**	**598.2**

The net surplus attributable to Parent company shareholders is the same for the calculation of Basic and Diluted earnings per share. The average market value of the Company's shares for the purposes of calculating the dilutive effect of share options was based on quoted market prices for the period that the warrants were outstanding.

22) Segment analysis

Reportable segments of the Group, as at 31 March, are analysed by significant businesses. The Group has six 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, Infratil Energy Australia (including Perth Energy) is our non renewable generation investment and Infratil Airports Europe is our UK Airport Investment. Other comprises investment activity not included in the specific categories. The principal investment in Other is the interest in Z Energy.

	TrustPower	Wellington Airport	NZ Bus	Infratil Energy Australia	Infratil Airports Europe Discontinued	All other segments and corporate	Eliminations	Total
2013	**New Zealand $Millions**	**New Zealand $Millions**	**New Zealand $Millions**	**Australia $Millions**	**UK $Millions**	**New Zealand $Millions**	**$Millions**	**$Millions**
Segment revenue - total	805.5	106.2	219.7	1,213.1	36.1	185.1	(196.7)	2,369.0
Share of earnings of Associate Companies	-	-	-	-	-	31.0	-	31.0
Inter-segment revenue	-	(1.4)	(3.3)	-	-	(155.9)	160.6	-
Segment revenue - external	805.5	104.8	216.4	1,213.1	36.1	60.2	36.1	2,400.0
EBITDAF	294.8	83.0	44.1	97.7	(9.9)	8.0	9.9	527.6
Interest revenue	1.5	0.1	0.1	1.7	-	25.2	(23.8)	4.8
Interest expense	(64.2)	(19.6)	(4.9)	(25.8)	(4.8)	(104.7)	23.8	(200.2)
Depreciation and amortisation	(66.0)	(16.0)	(26.3)	(35.4)	(3.5)	(5.0)	3.5	(148.7)
Financial derivative fair value movements	(5.6)	(0.7)	-	5.0	-	(13.1)	-	(14.4)
Realisations	-	(4.3)	(1.5)	(0.2)	(50.2)	(4.6)	50.2	(10.6)
Impairment losses	-	4.7	-	-	(2.3)	-	2.3	4.7
Taxation expense	(37.1)	(11.3)	(2.3)	(13.2)	4.2	39.8	(4.2)	(24.1)
Segment result	123.4	35.9	9.2	29.8	(66.5)	(54.4)	61.7	139.1
Equity accounted investment in associates	-	-	-	-	-	326.2	-	326.2
Total non current assets (excluding financial instruments and deferred tax)	2,872.8	794.1	270.7	420.0	31.9	406.1	(31.9)	4,763.7
Total assets	3,085.1	812.8	281.7	764.2	35.3	460.3	-	5,439.4
Total liabilities	1,424.5	385.1	38.5	297.0	15.3	1,343.5	-	3,503.9
Capital expenditure/investment (including accruals)	214.1	12.0	56.7	27.7	5.8	26.7	-	343.0

2012	TrustPower New Zealand $Millions	Wellington Airport New Zealand $Millions	NZ Bus New Zealand $Millions	Infratil Energy Australia Australia $Millions	Infratil Airports Europe Discontinued UK $Millions	All other segments and corporate New Zealand $Millions	Eliminations $Millions	Total $Millions
Segment revenue - total	807.1	109.1	219.8	1,008.9	44.4	155.6	(178.3)	2,166.6
Share of earnings of Associate Companies	-	-	-	-	-	52.3	-	52.3
Inter-segment revenue	-	-	(1.0)	-	-	(132.9)	133.9	-
Segment revenue - external	807.1	109.1	218.8	1,008.9	44.4	75.0	(44.4)	2,218.9
EBITDAF	300.1	76.3	46.0	64.5	(11.9)	33.3	11.9	520.2
Interest revenue	0.9	0.2	0.1	2.4	-	24.7	(23.5)	4.8
Interest expense	(63.9)	(19.4)	(7.4)	(27.3)	(2.7)	(94.8)	23.5	(192.0)
Depreciation and amortisation	(58.2)	(19.1)	(21.0)	(30.8)	(4.4)	(4.6)	4.4	(133.7)
Financial derivative fair value movements	(7.5)	(9.6)	-	40.1	-	(3.8)	-	19.2
Realisations	-	7.5	-	-	-	4.7	(6.6)	5.6
Impairment losses	(0.4)	-	(0.9)	-	(26.0)	-	26.0	(1.3)
Taxation expense	(39.3)	(5.1)	(3.2)	(14.8)	5.1	4.0	(5.1)	(58.4)
Segment result	131.7	30.8	13.6	34.1	(39.9)	(36.5)	30.6	164.4
Equity accounted investment in associates	-	-	-	-	-	333.4	-	333.4
Total non current assets (excluding financial instruments and deferred tax)	2,742.2	781.5	257.3	490.9	85.1	391.7	(85.1)	4,663.6
Total assets	2,904.5	794.7	274.6	787.6	89.5	442.5	-	5,293.4
Total liabilities	1,224.3	386.4	83.7	325.7	26.0	1,240.7	-	3,286.8
Capital expenditure/investment (including accruals)	48.5	22.2	63.7	22.1	6.9	8.6	-	172.0

Entity wide disclosure - geographical

The Group operates in three principal areas, New Zealand, Australia and the United Kingdom. The groups geographical segments are based on the location of both customers and assets.

	New Zealand	Australia	United Kingdom	Eliminations	Total
2013	**$Millions**	**$Millions**	**$Millions**	**$Millions**	**$Millions**
Segment revenue - total	1,278.6	1,251.0	36.1	(196.7)	2,369.0
Share of earnings of Associate Companies	31.0	-	-	-	31.0
Inter-segment revenue	(160.6)	-	-	160.6	-
Segment revenue - external	1,149.0	1,251.0	36.1	(36.1)	2,400.0
EBITDAF	406.6	121.0	(9.9)	9.9	527.6
Interest revenue	26.5	2.1	-	(23.8)	4.8
Interest expense	(175.8)	(43.4)	(4.8)	23.8	(200.2)
Depreciation and amortisation	(98.1)	(50.6)	(3.5)	3.5	(148.7)
Financial derivative fair value movements	(17.5)	3.1	-	-	(14.4)
Realisations	(10.4)	(0.2)	(50.2)	50.2	(10.6)
Impairment losses	4.7	-	(2.3)	2.3	4.7
Taxation expense	(15.4)	(8.7)	4.2	(4.2)	(24.1)
Segment result	120.6	23.3	(66.5)	61.7	139.1
Equity accounted investment in associates	326.2	-	-	-	326.2
Non current assets (excluding financial instruments and deferred tax)	3,875.1	888.6	31.9	(31.9)	4,763.7
Total assets	4,140.8	1,263.3	35.3	-	5,439.4
Total liabilities	2,782.7	705.9	15.3	-	3,503.9
Capital expenditure/investment (including accruals)	153.7	183.5	5.8	-	343.0
2012					
Segment revenue - total	1,255.3	1,045.2	44.4	(178.3)	2,166.6
Share of earnings of Associate Companies	52.3	-	-	-	52.3
Inter-segment revenue	(133.9)	-	-	133.9	-
Segment revenue - external	1,173.7	1,045.2	44.4	(44.4)	2,218.9
EBITDAF	432.9	87.3	(11.9)	11.9	520.2
Interest revenue	18.2	2.8	-	(16.2)	4.8
Interest expense	(163.4)	(42.1)	(2.7)	16.2	(192.0)
Depreciation and amortisation	(89.1)	(44.6)	(4.4)	4.4	(133.7)
Financial derivative fair value movements	(15.2)	34.4	-	-	19.2
Realisations	12.2	-	-	(6.6)	5.6
Impairment losses	(1.3)	-	(26.0)	26.0	(1.3)
Taxation expense	(48.5)	(9.9)	5.1	(5.1)	(58.4)
Segment result	145.8	27.9	(39.9)	30.6	164.4
Equity accounted investment in associates	333.4	-	-	-	333.4
Non current assets (excluding financial instruments and deferred tax)	3,833.3	830.3	85.1	(85.1)	4,663.6
Total assets	4,055.4	1,148.5	89.5	-	5,293.4
Total liabilities	2,705.5	555.3	26.0	-	3,286.8
Capital expenditure/investment (including accruals)	137.9	27.2	6.9	-	172.0

The group has no significant reliance on any one customer.

23) Capital commitments

Capital commitments

	Consolidated 2013 $Millions	Consolidated 2012 $Millions
Committed but not contracted for	8.7	2.5
Contracted but not provided for	407.1	38.4
	415.8	**40.9**

The capital commitments include construction contracts relating to the construction of the Esk Valley Hydro scheme in Hawke's Bay as well as stage two of the Snowtown Wind Farm in South Australia.

24) Contingent liabilities

No subsidiaries have outstanding letters of credit to suppliers at 31 March 2013 (2012: nil). Certain subsidiaries have performance bonds totalling $4.2 million (March 2012: $4.2 million).

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 management agreement with MCIM in the event that the Group sells its international or venture capital fund assets or valuation of the assets exceeds the performance thresholds set out in the management agreement.

The Company and Group have provided guarantees in the ordinary course of business to certain of its energy and trading suppliers.

The Company has agreed to guarantee certain obligations of Infratil Trustee Limited, a related party, that is the Trustee to the Infratil Staff Share Scheme. The amount of the guarantee is limited to the loans provided to the employees.

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. The European Commission appears to have prioritised the long running German airport investigations. In February 2012, the investigation was formally extended to include the put option arrangements as well. It is possible that final decisions will be made later in 2013. IAEL, 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. IAEL maintains its position that the purchase of 90% in Flughafen Lübeck GmbH which 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. IAEL 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.

Bank guarantees totalling $30.6 million (March 2012: $31.5 million) have been issued to a range of counterparties to facilitate trading in the various energy markets and related transmission networks. These guarantees have the benefit of a Deed of Negative Pledge, Subordination and Guarantee from Infratil Limited and its wholly owned guaranteeing subsidiaries.

Inland Revenue is currently disputing the tax treatment adopted by the Group in relation to feasibility expenditure in the 2006, 2007 and 2008 financial years. Inland Revenue has now issued assessments for the 2006, 2007 and 2008 financial years. These assessments are based on the adjudication report previously issued by Inland Revenue and now allow a deduction for certain categories of expenditure which were previously disputed by Inland Revenue but contend that the costs of obtaining resource consents should have been capitalised. The assessments are based on Inland Revenue's determination of what should be considered resource consent costs. The Group does not agree with the basis of the assessments. It continues to believe the tax treatment it has adopted is correct and continues to defend its position. The case is currently scheduled to be heard in the High Court in August 2013. Should Inland Revenue be completely successful in its claim for all three years, the resulting liability would give rise to an additional tax payment of $5,924,000 and interest expense of $2,854,000. Based on the principle of the assessments, the Group would need to revise its policy for capitalising the costs of resource consents for tax purposes in the 2009 and future years. This would give rise to a further estimated tax payment of $4,475,000 and interest expense of $1,142,000 in respect of the 2009 to 2013 years. This would primarily result in a balance sheet adjustment in the financial statements as most resource consents are depreciable intangible property. The impact of these adjustments on the tax expense in the income statement is difficult to estimate but is unlikely to exceed $3,900,000 for all years up to 2013.

25) 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. Transactions undertaken with Group companies have been entered into on an arm's length commercial basis.

Morrison & Co Infrastructure Management Limited ('MCIM') is the management company for the Company. MCIM received management fees in accordance with the management agreement of $20.1 million (2012: $18.3 million). $2.2million (excluding GST) is included in trade creditors (2012: $1.8 million (excluding GST)) at 31 March 2013. $0.4 million of the total management fees during the year (2012: $0.3 million) were paid by Infratil Airports Europe Limited and are included with the result from discontinued operations.

MCIM is owned by H.R.L. Morrison & Co Group Limited ('MCO'). Messrs M Bogoievski and D P Saville are directors of the Company, and Mr Muh (an alternate director) is also a Director and executive of MCO. Mr Bogoievski is Chief Executive Officer of MCO. Entities associated with Mr Saville, Mr Bogoievski and Mr Muh own shares in MCO.

Other fees paid by the Group to MCIM, MCO or its related parties are:

	Consolidated		Parent	
	2013 $Millions	**2012 $Millions**	**2013 $Millions**	**2012 $Millions**
Consulting	0.7	1.4	-	-
Financial management, accounting, treasury, compliance and administrative services	1.3	1.0	1.3	1.0
Risk management reporting	-	0.2	-	-
Investment banking services	0.9	0.6	0.9	0.5
Total other fees and services	**2.9**	**3.2**	**2.2**	**1.5**

Employees of MCO, or MCO received directors fees from the Company's subsidiaries or associated companies as follows:

	2013	**2012**
Wellington International Airport	NZD 124,828	NZD 89,469
Infratil Airports Europe	GBP 73,750	GBP 60,208
NZ Bus	NZD 160,000	NZD 155,625
Lumo Energy	AUD 248,303	AUD 259,463
TrustPower	NZD 220,000	NZD 220,000
Infratil Energy Australia	AUD 64,640	AUD 66,996
Perth Energy	AUD 90,000	AUD 22,500
Snapper Services	NZD 50,000	NZD 65,500
Aotea Energy Holdings and subsidiaries	NZD 177,500	NZD 205,000
iSite Limited	NZD 30,000	NZD 45,307

Parent company advances

Advances due from subsidiary companies are repayable on demand and are at interest rates up to 12% (2012: 11.4%).

Note 16 identifies significant group entities and associates in which Infratil has an interest. All of these entities are related parties of the Company.

Advances

The Group has made loans to Infratil Trustee Company Limited of $0.2 million (2012: $0.2 million) in relation to the Infratil Staff Share Purchase Scheme.

26) Management fee to Morrison & Co Infrastructure Management Limited ('MCIM')

The management fee to MCIM comprises a number of different components:

A New Zealand base management fee is paid on the "New Zealand Company Value" at the rates of 1.125% per annum on New Zealand Company value up to $50 million. 1.0% per annum on the New Zealand Company Value between $50 million and $150 million, and 0.80% per annum on the New Zealand Company Value above $150 million. The New Zealand Company Value is:

- the Company's market capitalisation as defined in the management agreement (i.e. the aggregated market value of the Company's listed securities, being ordinary shares, partly paid shares, infrastructure bonds and warrants);
- plus the Company and its wholly owned subsidiaries' net debt (excluding listed debt securities and the book value of the debt in any non-Australasian investments);
- minus the cost price of any non-Australasian investments; and
- plus/minus an adjustment for foreign exchange gains or losses related to non-New Zealand investments.

An international fund management fee is paid at the rate of 1.50% per annum on:

- the cost price of any non-Australasian investments; plus
- the book value of the debt in any wholly owned non-Australasian investments.

The investment in the Glasgow Prestwick group of companies is treated as an investment in a New Zealand asset for management fee purposes.

- An international fund incentive fee is payable at the rate of 20% of gains on the international (including Australian) assets in excess of 12% per annum post tax.
- A venture capital fund management fee is payable, at the rate of 2% per annum on investment entities with values up to $7.5 million and 1.2% per annum on investment entities with values over $7.5 million.

A venture capital fund incentive fee is payable at the rate of 20% of gains on the investment assets in excess of 17.5% per annum pre-tax.

27) Events after balance date

Subsequent to balance date, TrustPower has entered into an AUD $171.9 million financing facility in respect to Snowtown II.

Dividend

Subsequent to 31 March 2013 the Directors have approved a fully imputed final dividend of 6 cents per share to holders of fully paid ordinary shares to be paid on the 14th of June 2013.

Independent auditor's report

To the shareholders of Infratil Limited

Report on the company and group financial statements

We have audited the accompanying financial statements of Infratil Limited ("the company") and the group, comprising the company and its subsidiaries, on pages 40 to 83. The financial statements comprise the statements of financial position as at 31 March 2013, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, for both the company and the group.

Directors' responsibility for the company and group financial statements

The directors are responsible for the preparation of company and group financial statements in accordance with generally accepted accounting practice in New Zealand and International Financial Reporting Standards that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of company and group financial statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these company and group financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the company and group financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the company and group financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company and group's preparation of the financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company and group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our firm has also provided other services to the company and group in relation to taxation and general accounting services. Partners and employees of our firm may also deal with the company and group on normal terms within the ordinary course of trading activities of the business of the company and group. These matters have not impaired our independence as auditor of the company and group. The firm has no other relationship with, or interest in, the company and group.

Opinion

In our opinion the financial statements on pages 40 to 83:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards;
- give a true and fair view of the financial position of the company and the group as at 31 March 2013 and of the financial performance and cash flows of the company and the group for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993, we report that:

- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by Infratil Limited as far as appears from our examination of those records.

KPMG

13 May 2013
Wellington

Corporate Governance – June 2013

Role of the Board

The Board of Directors of Infratil is elected by the shareholders to supervise the management of Infratil. The day to day management responsibilities of Infratil have been delegated to Morrison & Co Infrastructure Management Limited ("MCIM" and "the Manager"). The Board establishes Infratil's objectives, overall policy framework within which the business is conducted and confirms strategies for achieving these objectives. The Board also monitors performance and ensures that procedures are in place to provide effective internal financial control.

The Board's Charter defines the respective roles of the Board and Management. The Board Charter reflects the sound base the Board has developed for providing strategic guidance for Infratil and the effective oversight of the Manager, and management of subsidiaries.

The Board is committed to undertaking its role in accordance with internationally accepted best practice within the context of Infratil's business. The Board also takes account of Infratil's listing on both the NZSX and ASX. Infratil's corporate governance practices reflect and satisfy the NZX Corporate Governance Best Practice Code ("NZX Code") and the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 Amendments, ("ASX Principles"), other than in the following four areas:

- Infratil has not established separate Director Nomination and Remuneration Committees. The Board considers that it is properly dealing with Directors nominations and remuneration at the full Board level;
- The Board has not set measurable objectives for achieving gender diversity and therefore does not assess these objectives or the progress against them. The Board considers that a merit based approach is the only appropriate approach for selection and promotion of employees and executives, and for determining the composition of the Board and as such has not set specific targets for gender diversity;
- The Audit and Risk Committee is not made up only of independent Directors as the Board considers that it is practical to include a non-independent Director given the relatively small size of the Board. In addition, the Board considers that the inclusion of an executive Director on the Audit and Risk Committee provides balance and additional valuable insights to its processes; and
- The New Zealand Companies Act 1993 requires the disclosure of all remuneration payable over $100,000 per annum in $10,000 bands. As the company must comply with this obligation, it has chosen not to also make detailed disclosure of the remuneration of the five highest paid executives and the prescribed key management personnel information as is considered best practice under the ASX Principles.

The day to day management responsibilities of Infratil have been delegated to the Manager of Infratil. Infratil's constitution and each of the charters and policies referred to in this Corporate Governance section are available on the corporate governance section of Infratil's website – www.infratil.com

Role of Management

All Board authority conferred on the Manager is delegated through the Chief Executive appointed by the Manager. The Board determines and agrees with the Manager specific goals and objectives, with a view to achieving the strategic goals of Infratil. Between Board meetings, the Chairman maintains an informal link between the Board and the Manager, and is kept informed by the Manager on all important matters. The Chairman is available to the Manager to provide counsel and advice where appropriate. Decisions of the Board are binding on the Manager. The Manager is accountable to the Board for the achievement of the strategic goals of Infratil.
At each of its Board meetings, the Board receives reports from or through the Manager including financial, operational and other reports and proposals.

Board Membership

The number of Directors is determined by the Board, in accordance with the Infratil's constitution, to ensure it is large enough to provide a range of knowledge, views and experience relevant to Infratil's business. The Board considers that the roles of the Chairman and Chief Executive must be separate.

The Board currently comprises five non-executive Directors including the Chairman and one executive Director, with four of these Directors independent Directors (including the Chairman) and two non-independent Directors. During the year under review the Board met six times with a full agenda and three times with a limited agenda.

Attendances at Board meetings was as follows:

D A R Newman	9
M Tume	9
H J D Rolleston	9
D P Saville	5
P Gough (appointed 4 December 2012)	3
M Bogoievski	9
A Muh (alternate to D P Saville)	6

The composition of the Board, experience and Board tenure are set out in the Board biographical information section earlier in this Annual Report. Mr Saville and Mr Bogoievski have interests in entities which are substantial shareholders in Infratil, and in MCIM which has a Management Agreement with Infratil.

In judging whether a Director is independent the Board has regard to the independence guidelines set out in the Board Charter, and the NZX and ASX Listing Rules. In accordance with those guidelines, immaterial dealings between a Director and Infratil or its substantial shareholders would be ignored when determining whether or not they are independent (that is, dealings that could not reasonably be expected to influence him or her in making decisions as a Director). Directors disclose all interests and any related party matters to the Board.

In accordance with the Infratil's constitution one third, or the number nearest to one third, of the Directors (excluding any Director appointed since the previous annual meeting) retire by rotation at each annual meeting. The Directors to retire are those who have been longest in office since their last election. Directors retiring by rotation may, if eligible, stand for re-election.

The Board considers new Director nominations, the induction of Directors and succession planning for Directors. The skills and capabilities of the Board are continually assessed through the Chairman and the Board, including potential gaps in skills and experience. Infratil has not developed a Board skills matrix due to the relatively small size of the Board (six Directors) and the Directors being well known to each other. Potential candidates are identified through Infratil's business associations, its Board's extensive network of business associates, and professional intermediaries. Nominations for Directors are also made to Infratil, either through the Chairman, an existing Director, or through an Infratil officer, and considered first by the Chairman, and then discussed with the Board. Open and frank conversations occur in the consideration of new Directors including who may be available and the skills and capabilities sought to add value to Infratil's businesses and strategic objectives. The key mix of skills and diversity that the Board is looking to achieve when assessing a new Director include:

- Passion to create a successful New Zealand based business;
- Support for the Infratil model;
- Ability to work with the current Board and external manager;
- High energy levels, ability to influence and act as a catalyst; and
- Board and Chairman succession.

Specific attributes that are looked for to complement the above factors include:

- Relevant experience within core Infratil sectors;
- Relevant experience within existing and potential Infratil geographies;
- A connection with New Zealand; and
- A future-focussed orientation.

Nominations will be put to the Annual Meeting in accordance with Infratil's constitution and the relevant legislation and listing rules. The filling of casual vacancies must be approved by the Board and approved by shareholders at the next general meeting.

Directors' Remuneration

The Board determines the level of remuneration paid to Directors within the amounts approved by Shareholders (that is, from the approved collective pool). Non-executive and executive Directors are paid a basic fee as ordinary remuneration and are paid, as additional remuneration, an appropriate extra fee as Chairman of a Board Committee and an appropriate extra fee for any special service as a Director as approved by the Board. The Chairman is paid a level of fees appropriate to the office. Remuneration is reviewed annually by the Board and fees are reviewed against fee benchmarks in New Zealand and Australia and take into account the size and complexity of Infratil's business.

In addition, Board members are entitled to be reimbursed for costs directly associated with the performance of their role as Directors, including travel costs, and the Chairman approves all Directors' expenses, and the Chief Executive or Company Secretary approves the Chairman's expenses.

Directors' Shareholding

Under the constitution Directors are not required to hold shares in Infratil. However, $10,000 of the Directors fees for non-executive Directors other than Duncan Saville are paid through the issue of shares to those Directors. All Directors other than Paul Gough, either hold shares themselves or shares are held by organisations to which they are associated parties, in recognition of the benefits of aligning Directors' interests with those of shareholders. Directors will not normally make investments in listed infrastructure or utilities securities in areas targeted by Infratil.

Audit and Risk Committee

The Board has established an Audit and Risk Committee comprising of two independent Directors being Mr M Tume (Chairman of the Audit & Risk Committee) and Mr D A R Newman, and one non-independent Director, being Mr M Bogoievski, with attendances by appropriate MCIM representatives.

The qualifications of the members of the Audit and Risk Committee are shown in the "Our Directors" section of this Annual Report.

The function of the Audit and Risk Committee is to oversee financial reporting, accounting policies, financial management, internal control systems, risk management system, systems for protecting assets and compliance. The Committee keeps under review the scope and results of audit work, its cost effectiveness and performance, independence and objectivity of the auditors. It also reviews the financial statements and the announcement to the NZX and ASX of financial results. The Audit and Risk Committee Charter is available on the Infratil website. During the year under review the Audit and Risk Committee met four times with a full agenda.

Attendances at Audit and Risk Committee meetings were as follows:

	M Tume	D Newman	M Bogoievski
Number of meetings attended	4	4	3

The Audit and Risk Committee receives regular reports from the Manager including reports on financial and business performance, risk management, financial derivatives exposures and accounting and internal control matters.

Internal Financial Control

The Board has overall responsibility for Infratil's system of internal financial control. The Directors have established procedures and policies that are designed to provide effective internal financial control. Annual budgets, forecasts and reports on the strategic direction of Infratil are prepared regularly and reviewed and agreed by the Board. Financial and business performance reports are prepared monthly and reviewed by the Board throughout the year to monitor performance against financial and non-financial targets and strategic objectives.

Risk Management and Compliance

The Audit and Risk Committee also has a function of reviewing management practices in relation to identification and management of significant business risk areas and regulatory compliance. Formal systems have been introduced for regular reporting to the Board on business risk, including impacts and mitigation strategies, compliance matters, and a risk management and compliance policy framework is provided in the Audit and Risk Committee Charter which can be found on the Infratil website.

The Manager (Infratil Chief Executive and Chief Financial Officer) is required to, and has confirmed to the Audit and Risk Committee and Board in writing that:

- Financial records have been properly maintained and the Company's financial statements present a true and fair view, in all material respects, of the Company's financial condition, and operating results are in accordance with relevant accounting standards;
- The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("GAAP") and comply with International Financial Reporting Standards ("IFRS") and other applicable financial reporting standards for profit-oriented entities; and
- That appropriate and effective internal controls and risk management practices are in place to safeguard and protect Infratil's assets and to identify, assess, monitor and manage risk, and identify material changes to Infratil's risk profile.

The Audit and Risk Committee is also responsible for the selection and appointment of the external auditor which is included within the External Audit Relationship section of the Audit and Risk Committee Charter, and ensuring that the external auditor or lead audit partner is changed at least every five years.

Directors' and Officers' Insurance

Infratil has arranged Directors' and Officers' liability insurance covering Directors acting on behalf of Infratil. Cover is for damages, judgements, fines, penalties, legal costs, awarded and defence costs arising from wrongful acts committed while acting for Infratil. The types of acts that are not covered are dishonest, fraudulent, malicious acts, or omissions, wilful breach of statute or regulations, or duty to Infratil, improper use of information to the detriment of Infratil or breach of professional duty.

Independent Professional Advice

With the approval of the Chairman, Directors are entitled to seek independent professional advice on any aspect of the Directors' duties, at Infratil's expense.

Going Concern

After reviewing the current results and detailed forecasts, taking into account available credit facilities and making further enquires as considered appropriate, the Directors are satisfied that Infratil has adequate resources to enable it to continue in business for the foreseeable future. For this reason, the Directors believe it is appropriate to adopt the going concern basis in preparing the financial statements.

Board Performance

The Board as a whole, its Committee and individual Directors are subject to a performance appraisal from time to time using a corporate governance best practice model. The Chairman also initiates a review with each Director and a collective review of Board performance. Appropriate strategies for personal and collective improvement are then agreed and actioned. Reviews have been undertaken consistent with the process described above, with the most recent review being completed in February 2012.

Disclosure and Shareholder and Other Stakeholder Communications

Infratil is committed to promoting investor confidence by providing forthright, timely, accurate, complete and equal access to information, and to providing comprehensive continuous disclosure to shareholders and other stakeholders, in compliance with the NZSX/NZDX and ASX Listing Rules. All shareholder communications and market releases are subject to review by the Manager (including Chief Executive, Chief Financial Officer and Legal counsel), and information is only released after proper review and reasonable inquiry. Full year and half year results releases are also approved by the Audit and Risk Committee and the Board.

Infratil aims to communicate effectively, give ready access to balanced and understandable information about Infratil and corporate proposals and make it easy to participate in general meetings. Infratil seeks to ensure its shareholders are appropriately informed on its operations and results, with the delivery of timely and focused communication, and the holding of shareholder meetings in a manner conducive to achieving shareholder participation. To ensure shareholders and other stakeholders have access to relevant information Infratil:

- holds regular investor road shows, and sends to interested parties the dates and invitations to attend;
- sends shareholders and bond holders its annual and half year review which is a summary of Infratil's operating and financial performance for the relevant period;
- ensures its website contains media releases, full year and half year financial information, current and past annual reports, dividend histories, notices of meeting, details of Directors and the Manager, a list of shareholders' frequently asked questions and other information about Infratil;
- makes available printed half year and annual reports and encourages shareholders to access these documents on the website or via the Infratil app and to receive advice of their availability by email;
- publishes press releases on issues/events that may have material information content that could impact on the price of its traded securities and sends email updates to interested stakeholders;
- Webcasts its half year and full year results so that a wide group of interested parties can review and participate in discussions on performance, and advises interested parties of the dates and how to participate in the webcast; and
- provides additional explanatory memoranda where circumstances require, such as explanations of dividend changes and other explanatory memoranda as may be required by law.

Shareholder meetings are generally held in a location and at a time which is intended to maximise participation by shareholders. Meetings are typically alternated between Wellington and Auckland, or held at major centres. Full participation of shareholders at the annual meeting is encouraged to ensure a high level of accountability and identification with Infratil's strategies and goals. Shareholders have the opportunity to submit questions prior to each meeting and the Manager, senior management of subsidiary companies and auditors are present to assist in and provide answers to questions raised by shareholders. There is also an opportunity for informal discussion with Directors, the Manager and senior management for a period after the meeting concludes.

Infratil supports the efforts of the New Zealand Shareholders' Association ("NZSA") to raise the quality of relations between public companies and their shareholders. Shareholders wishing to learn more about the NZSA can find information on the association's website (http://www.nzshareholders.co.nz). While Infratil supports the general aims and objectives of the NZSA, its specific actions and views are not necessarily endorsed by Infratil, or representative of Infratil's view.

Share Trading Policy

Infratil has a share trading policy applicable to Directors, the Manager, officers and all employees, which can be found on Infratil's website. The policy includes a fundamental prohibition on insider trading and obligations of confidentiality when dealing with material information. The policy applies to ordinary shares and debt securities issued by Infratil.

Code of Conduct and Ethics Policy

Infratil has always required the highest standards of honesty and integrity from its Directors, Manager and employees. This commitment is reflected in Infratil's Code of Conduct and Ethics Policy, which can be found on Infratil's website. The Code of Conduct and Ethics Policy recognises Infratil's commitment to maintaining the highest standards of integrity and its legal and other obligations to all legitimate stakeholders. The policy applies to Directors, the Manager and all employees.

The policy sets the ethical and behavioural standards and professional conduct for which Directors, the Manager and employees of Infratil and its subsidiaries ("Infratil People") are expected to conduct their work life. Failure to follow the standards provided in this Code will result in the appropriate staff or other performance management practices being invoked and may lead to disciplinary action including dismissal.

Diversity Policy

Infratil has established a diversity policy for the Group whereby the value of diversity is recognised as beneficial to decision making, improving and increasing corporate and shareholder value and enhancing the probability of achieving Infratil's objectives ("the Principle"). Infratil ensures that it has strategies, initiatives and practices to promote the Principle. Management monitors, reviews and reports to the Board on Infratil's progress under this Policy.

With respect to gender diversity, the Board considers that a merit based approach is the only appropriate approach for selection and promotion of employees and executives, and for determining the composition of the Board and as such has not set specific targets for gender diversity.

At 31 March 2013, the Infratil Board consisted of six male Directors and no female Directors (31 March 2012: five male Directors and no female Directors).

The following tables provide the proportion of women employees in the organisation, women in senior executive positions and women on the Board:

Position	Number	Proportion
Board	0	0%
Senior Executive Positions*	10	13%
Organisation	1,098	29%

* Senior Executive Positions include MCIM (the Manager).

Remuneration

Infratil's senior management (excluding staff of MCIM as the Manager) is remunerated with a mix of:

- Base salary and benefits;
- Short term performance incentives; and
- Long term performance incentives.

The determination of fixed remuneration is based on responsibilities, individual performance and experience, and market data. At-risk/variable remuneration comprises short term incentives and, for senior and key employees, long-term incentives. Infratil's executives are employed by subsidiary companies, and executive remuneration policies are determined and approved by the subsidiary company boards within high level principles established by the Infratil Board. Incentives are directly related to the performance area controlled by the executive, while longer term incentives are intended to align with shareholder interests. Remuneration of executives of subsidiary companies is overseen by non-executive directors of those subsidiary companies.

Performance reviews of executives are carried out regularly and at least annually, and involve feedback by the Board on executive performance of the Manager, and subsidiary Directors' review of subsidiary company's Chief Executive and executives' performance. Performance reviews include the setting of goals and objectives at the beginning of the year, and reviewing the achievement of those goals and objectives at the end of the year. Performance measures will normally include both qualitative and quantitative measures. Performance evaluations have taken place in accordance with this process during the reporting year.

Short Term Incentives

In the Infratil Group, variable remuneration recognises and rewards high-performing individuals whose contribution supports business goals and objectives, and who meet their individual goals agreed with the Board or their Chief Executive (as appropriate).

Short term incentives (STIs) comprise cash payments based on performance measured against key performance indicators (KPIs). Different levels of incentives are determined reflecting the nature of the roles in Infratil. KPIs may comprise entity or individual business, team and individual targets. These targets are designed to create goals that will support an achievement and performance-oriented culture. The STI programme is designed to differentiate reward for exceptional, outstanding and good performance.

Long Term Incentives

The principal objective of long term incentives is to align executives' performance with shareholder interests and provide equity-based incentives that help retain valuable employees. Long term incentive arrangements vary within Infratil depending on circumstances and jurisdiction, and include both cash payments based on performance and value add over a period (generally three years), or rights to participate in the Infratil Executive Scheme, which is outlined in the Financial Statements. In determining the allocation of shares under the Executive Share Scheme, the Infratil Board considers individual participants' performance in the preceding financial year and potential in future years. Currently participation in the LTI Scheme is limited to around 20 senior and key employees of Infratil. These employees are approved by the Infratil Board after consideration of a recommendation from subsidiary boards. The Infratil Securities Trading Policy and Guidelines requires that all executives of the Group obtain pre-approval prior to trading in Infratil securities which mitigates the risks associated with an executive's holding of vested or unvested Infratil securities, options over Infratil securities, or performance rights associated with Infratil secutities. TrustPower, an Infratil NZX listed non-wholly owned subsidiary, has issued share options to certain employees as part of its long term incentives. The details of this scheme are disclosed in TrustPower's 2013 Annual Report.

MCIM Management Fees

As noted earlier, Infratil is managed by MCIM, under a Management Agreement. The Management Agreement sets out the terms of the services provided by the Manager and the basis of fees, including base fees and incentive fees. Details of fees paid to the Manager are fully disclosed in the 2013 Annual Report financial statements, including:

- Note 26 – components of the Management Fee;
- Note 25 – related party disclosures in respect of MCIM and fees paid to MCIM; and
- In the statutory information section, the interests of Directors associated with MCIM, and Directors' fees.

Directors' Holding Office

The Company's Directors are:

- D A R Newman (Chairman);
- M Bogoievski;
- P Gough (appointed 4 December 2012);
- H J D Rolleston;
- D P Saville;
- M Tume; and
- A Muh (alternate to D P Saville).

The Company's directors who are also directors of Infratil subsidiary companies are listed under the Subsidiary Company Directors section.

The Company considers that Messrs DAR Newman, HJD Rolleston, M Tume and P Gough are Independent Directors in terms of the New Zealand Exchange Listing Rules and the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (2nd edition), and that Messrs DP Saville, M Bogoievski and A Muh, are not Independent Directors.

Entries in the Interest Register

Statement of Directors' Interests (as at 31 March 2013)

The information below is given pursuant to the New Zealand Exchange Listing Rules.

	Beneficial interests 2013	Non beneficial interests 2013
Shares		
A Muh	76,843	-
D A R Newman	27,645	-
H J D Rolleston	36,332	-
D P Saville	-	109,387,026
M Tume	31,724	-
M Bogoievski	-	-
P Gough	-	-

Dealing in Securities

The following table shows transactions recorded in respect of those securities during the period from 1 April 2012 to 31 March 2013:

Director	No of securities bought/(sold)	Cost/(Proceeds) $
D A R Newman		
Acquisition of shares on 15 June 2012	4,990	$10,000
Sale of shares on 23 August 2012	(40,000)	($84,000)
H J D Rolleston		
Acquisition of shares on 15 June 2012	4,990	$10,000
M Tume		
Acquisition of shares on 15 June 2012	4,990	$10,000
D Saville – non beneficial		
Morrison & Co sale of shares on 13 December 2012	(5,000,000)	($11,250,000)
Sale of shares on 15 January 2013	(5,000,000)	($11,875,000)
Sale of shares on 15 March 2013	(5,000,000)	($12,007,500)

Use of Company Information:

During the year the Board has received no notices from any Director of the Company or its subsidiaries requesting to use company information received in their capacity as a Director, which would not otherwise have been available to them.

Directors' Relevant Interests

The following are relevant interests of the Company's Directors (not otherwise disclosed in this Annual Report) as at 31 March 2013:

- **D A R Newman**
  Chairman of Loyalty New Zealand Limited (resigned 01 May 2013)
- **D P Saville**
  Director of H.R.L. Morrison & Co Group Limited and Director of various subsidiaries
  Director of ICM Limited
- **H J D Rolleston**
  Director of Property for Industry Limited
  Director and shareholder of Mercer Industries Limited
  Director of SKY Television Network Limited
  Chairman of Simmonds Lumber Pty Limited
  Chairman of ANZCRO Pty Limited
  Director and shareholder of Matrix Security Group Limited
  Director of Asset Management Limited
  Director and shareholder of Stray Limited
  Director and shareholder of Media Metro Limited
  Chairman and shareholder of Murray & Co. Limited
  Chairman and shareholder of Murray & Company Wealth Management Limited
  Chairman and shareholder of FDJ Murray & Company Holdings Limited
  Director and shareholder of Save a Watt Limited
  Director and shareholder of McRaes Global Engineering Limited
- **M Tume**
  Director of Yeo Family Trustee Limited
  Director of Long Board Limited
  Director of Welltest Holdings Limited
  Member of the Board of the Guardians of NZ Superannuation Fund
  Director of New Zealand Refining Company Limited
  Director of New Zealand Oil and Gas Limited (and various subsidiaries)
  Director of Koau Capital Partners Limited
- **M Bogoievski**
  Director of Zig Zag Farm Limited
  Chairman of Aotea Energy Holdings Limited
  Director of Aotea Energy Holdings No 2 Limited
  Director of Aotea Energy Limited
  Director of Z Energy Holdings Limited
  Director of Z Energy Limited
  Chief Executive of H.R.L. Morrison & Co Group Limited and Director of various subsidiaries
- **A Muh (alternate to Duncan Saville)**
  Executive of H.R.L. Morrison & Co Group Limited
  Director of H.R.L. Morrison & Co Capital Management Limited
  Director of H.R.L. Morrison & Co Capital Management (International) Limited
  Director of H.R.L. Morrison & Co Asia Limited
  Director of Clearpool Capital Holdings Limited
  Director of Utilico Emerging Markets Limited
- **P Gough**
  Partner of STAR Capital Partners
  Director of European Rail Finance (GB) Limited "Eversholt Rail"
  Director of Blohm+Voss Oil Tools GmbH
  Director of Blohm+Voss Repair GmbH
  Director of Blohm+Voss Shipyards GmbH
  Member of Topaz Sarl
  Director of Gough Capital Limited
  Director of OPM Investments Limited
  Director of OPM Property Limited

Remuneration of Directors

Directors' remuneration in respect of the year ended 31 March 2013 and 2012 paid by the Company was as follows:

	Financial Year 2013 (NZD)	Financial Year 2012 (NZD)
D A R Newman	157,967	152,825
H R L Morrison	-	65,566
D P Saville	78,984	76,412
H J D Rolleston	78,984	76,413
A Muh	-	-
M Tume	96,299	93,226
M Bogoievski	88,410	85,601
P Gough	32,609	-

Directors' fees exclude GST where appropriate

Directors' Remuneration Paid by Subsidiary Companies

Directors' remuneration for the Company's directors paid by subsidiary companies was as follows:

Infratil Director	Financial Year 2013	Financial Year 2012
D A R Newman – Wellington International Airport Limited	NZD 78,991	NZD 76,412
D A R Newman – Infratil Airports Europe Limited	GBP 41,250	GBP 37,031
H R L Morrison – Infratil Airports Europe Limited	-	GBP 27,656
H R L Morrison – Snapper Services Limited	-	NZD 36,322
M Tume – Lumo Energy Australia Pty Limited	AUD 57,637	AUD 55,963
M Tume – Infratil Energy Australia Pty Limited	AUD 10,474	AUD 10,175
M Bogoievski – TrustPower Limited	NZD 75,000	NZD 75,000

Directors' fees exclude GST or VAT where appropriate.

No other benefits have been provided by the Company or its subsidiaries to a Director for services as a Director or in any other capacity, other than as disclosed in the related party note to the financial statements, or in the ordinary course of business. No loans have been made by the Company or its subsidiaries to an Infratil Director nor has the Company or subsidiaries guaranteed any debts incurred by a Director.

Directors of Infratil Limited Subsidiary Companies

Subsidiary Company	Director of Subsidiary
Infratil Investments Limited	DAR Newman and M Bogoievski
Infratil Securities Limited	DAR Newman and M Bogoievski
Infratil Gas Limited	DAR Newman and M Bogoievski
Infratil 1998 Limited	DAR Newman and M Bogoievski
NZ Airports Limited	DAR Newman and M Bogoievski
Infratil Australia Limited	DAR Newman and M Bogoievski
Infratil Finance Limited	DAR Newman and M Bogoievski
Infratil UK Limited	DAR Newman and M Bogoievski
Infratil Ventures Limited	DAR Newman and M Bogoievski
Infratil Europe Limited	DAR Newman and M Bogoievski
Swift Transport Limited	DAR Newman and M Bogoievski
Infratil Energy Limited	DAR Newman and M Bogoievski
Infratil No. 1 Limited	DAR Newman and M Bogoievski
Infratil Energy NZ Limited	K Baker and M Bogoievski
Snapper Services Limited	K Waddell and R Phillippo
Infratil Infrastructure Property Limited	M Bogoievski, P Coman and L Petagna
New Lynn Central Limited	P Coman, A Lamb and A Young
Infratil Outdoor Media Limited	M Bogoievski
i-Site Limited	A Scotland and P Coman
Infratil Insurance Co Limited	DAR Newman and M Bogoievski
Infratil No. 5 Limited	DAR Newman and M Bogoievski
Infratil Asia Limited	K Baker and M Bogoievski
North West Auckland Airport Limited	T Brown and M Bogoievski
New Zealand Bus Finance Limited	K Baker, T Brown, L Petagna and K Tempest
New Zealand Bus Limited	K Baker, T Brown, L Petagna and K Tempest
Transportation Auckland Corporation Limited	Z Fulljames, R Drew and S Thorne
Auckland Integrated Ticketing Limited	W Dalbeth, D Hudson, C Inwards, A Ritchie and S Thorne
Wellington City Transport Limited	Z Fulljames, R Drew and S Thorne
North City Bus Limited	Z Fulljames, R Drew and S Thorne
Cityline (NZ) Limited	Z Fulljames, R Drew and S Thorne
Wellington Integrated Ticketing Limited	T Martin and S Thorne
Stagecoach New Zealand Limited	T Brown
Wellington International Airport Limited	DAR Newman, T Brown, P Coman, S Fitzgerald, I McKinnon and K Sutton
Wellington Airport Noise Treatment Limited	M Harrington and J Howarth
Infratil Airports Europe Limited	DAR Newman, P Walker, S Fitzgerald, I Cochrane and T Wilson
Glasgow Prestwick Airport Limited	S Fitzgerald, I Cochrane T Wilson, DAR Newman (appointed 23 May 2012) and P Walker (appointed 23 May 2012)
Prestwick Airport Limited	DAR Newman, P Walker, S Fitzgerald, I Cochrane and T Wilson
Infratil Kent Facilities Limited	DAR Newman, S Fitzgerald, I Cochrane, T Wilson, C Buchanan (appointed 23 May 2012) and P Walker (appointed 23 May 2012)
Infratil Kent Airport Limited	DAR Newman, S Fitzgerald, I Cochrane, T Wilson, C Buchanan (appointed 23 May 2012) and P Walker (appointed 23 May 2012)
PIK MRO Limited	S Fitzgerald, I Cochrane and T Wilson
The Airport Driving Range Company Limited	S Fitzgerald, I Cochrane and T Wilson
Prestwick Airport Infrastructure Limited	G Sweenie, I Cochrane, T Wilson and S Fitzgerald (appointed 23 May 2012)
Prestwick Airport Property Limited	G Sweenie, I Cochrane, T Wilson and S Fitzgerald (appointed 23 May 2012)
Prestwick Aviation Holdings Limited	S Fitzgerald, I Cochrane T Wilson, DAR Newman (appointed 23 May 2012) and P Walker (appointed 23 May 2012)
Great Holidays Limited	S Fitzgerald, I Cochrane and T Wilson
Runaway Realisations Limited	S Fitzgerald, I Cochrane and T Wilson
TrustPower Limited	R Aitken, M Bogoievski, M Cooney, B Harker, S Knowles and G Swier
Tararua Wind Power Limited	M Cooney and V Hawksworth
TrustPower Metering Limited	B Harker and V Hawksworth
Bay Energy Limited	V Hawksworth
Sellicks Hill Wind Farm Pty Limited	G Swier and V Hawksworth
Snowtown Wind Farm Pty Limited	G Swier and V Hawksworth
TrustPower Australia (New Zealand) Limited	M Cooney and V Hawksworth
TrustPower Australia Holdings Pty Limited	G Swier and V Hawksworth
TrustPower Insurance Limited	M Cooney and V Hawksworth
TrustPower Renewable Investments Pty Limited	G Swier and V Hawksworth

Subsidiary Company	Director of Subsidiary
Infratil Energy Australia Pty Limited	D Carroll (appointed 6 August 2012), K Baker, R Crawford, M Tume, V Busby, R Phillippo (appointed 26 July 2012) and C O'Hara (appointed 7 May 2012). Resigned – D Flukes (6 August 2012)
Lumo Energy Australia Pty Limited	D Carroll, V Busby, K Baker, M Tume, R Crawford, R Phillippo (appointed 26 July 2012) and C O'Hara (appointed 7 May 2012)
Lumo Energy Telecommunications Pty Limited	D Carroll and P Forsyth
Lumo Energy (QLD) Pty Limited	D Carroll and P Forsyth
Lumo Energy (NSW) Pty Limited	D Carroll and P Forsyth
Lumo Generation NSW Pty Limited	D Carroll (appointed 6 August 2012) and P Forsyth. Resigned – D Flukes (6 August 2012)
Lumo Energy (SA) Pty Limited	D Carroll and P Forsyth
Emagy Pty Limited	D Carroll (appointed 6 August 2012) and P Forsyth. Resigned – D Flukes (6 August 2012)
TFI Partners Pty Limited	D Carroll and P Forsyth
Connection Media Pty Limited	D Carroll and P Forsyth
Direct Connect Australia Pty Limited	D Carroll and P Forsyth
Infratil Power Pty Limited	D Carroll (appointed 6 August 2012) and P Forsyth. Resigned – D Flukes (6 August 2012)
Perth Energy Pty Limited	V Busby, P Forsyth, R Jones and K Cao. Resigned – D Flukes (6 August 2012)
WA Power Exchange Pty Limited	R Jones and K Cao
Western Energy Pty Limited	V Busby, P Forsyth, R Jones and K Cao. Resigned – D Flukes (6 August 2012)
Western Energy Holdings Pty Limited	V Busby, P Forsyth, R Jones and K Cao. Resigned – D Flukes (6 August 2012)

Directors Fees Paid by Infratil Subsidiary Companies (not otherwise disclosed in the Annual Report)

Subsidiary Company	Director of Subsidiary Company	Currency	Amount (2013 Financial Year)
Wellington International Airport Limited	Kevin Baker	NZD	2,201
Wellington International Airport Limited	Tim Brown	NZD	48,107
Wellington International Airport Limited	Keith Sutton	NZD	69,524
Wellington International Airport Limited	Peter Coman	NZD	43,991
Wellington International Airport Limited	Ian McKinnon	NZD	43,991
Wellington International Airport Limited	Steven Fitzgerald	NZD	32,731
Infratil Airports Europe Limited	Phil Walker	GBP	33,750
Infratil Airports Europe Limited	Steven Fitzgerald	GBP	40,000
NZ Bus Limited	Kevin Baker	NZD	81,230
NZ Bus Limited	Liberato Petagna	NZD	39,385
NZ Bus Limited	Tim Brown	NZD	39,385
NZ Bus Limited	Keith Tempest	NZD	39,531
Lumo Energy Australia Pty Limited	Kevin Baker	AUD	57,637
Lumo Energy Australia Pty Limited	Roger Crawford	AUD	94,327
Lumo Energy Australia Pty Limited	Vaughan Busby	AUD	57,637
Lumo Energy Australia Pty Limited	Mark Tume	AUD	57,637
Lumo Energy Australia Pty Limited	Chris O'Hara	AUD	52,981
Lumo Energy Australia Pty Limited	Rhoda Phillippo	AUD	38,702
Infratil Energy Australia Pty Limited	Kevin Baker	AUD	10,474
Infratil Energy Australia Pty Limited	Roger Crawford	AUD	36,660
Infratil Energy Australia Pty Limited	Vaughan Busby	AUD	10,474
Infratil Energy Australia Pty Limited	Mark Tume	AUD	10,474
Infratil Energy Australia Pty Limited	Chris O'Hara	AUD	9,628
Infratil Energy Australia Pty Limited	Rhoda Phillippo	AUD	7,031
Snapper Services Limited	Rhoda Phillippo	NZD	50,000
Snapper Services Limited	Kerry Waddell	NZD	35,000
TrustPower Limited	Bruce Harker	NZD	145,000
TrustPower Limited	Michael Cooney	NZD	75,000
TrustPower Limited	Geoffrey Swier	NZD	121,880
TrustPower Limited	Sam Knowles	NZD	85,000
TrustPower Limited	Richard Aitken	NZD	75,000
iSite Limited	Andrea Scotland	NZD	24,000
iSite Limited	Peter Coman	NZD	30,000
Perth Energy Pty Limited	Darryl Flukes	AUD	3,750
Perth Energy Pty Limited	Paul Forsyth	AUD	30,000
Perth Energy Pty Limited	Rodney Jones	AUD	45,000
Perth Energy Pty Limited	Vaughan Busby	AUD	90,000

Takeovers Code Matters, IFTWCs and Buyback Programme

At the 2011 Annual Meeting, shareholders approved certain associated Infratil shareholders (**Associated Shareholders**, identified below) increasing their shareholdings in Infratil upon exercise of the IFTWC series of warrants (**IFTWC Warrants**) they hold and also as a result of Infratil buying back up to 50,000,000 of its own shares (**Buyback Programme**). These approvals were obtained relying on the Takeovers Code (Class Exemptions) Notice (No 2) 2001 (**Notice**). Shareholders also approved H.R.L. Morrison & Co Group Limited acquiring 15,000,000 Infratil shares from Utilico Investments Limited under Rule 7(c) of the Takeovers Code.

The Notice requires that this Annual Report provide the following information:

1) A summary of the terms of the Buyback Programme:

Under the Buyback Programme, Infratil may acquire up to 50,000,000 ordinary shares, on-market or off-market. Off-market purchases will not be made from employees or directors of Infratil or associated persons of directors. The maximum price at which shares will be bought off-market is $3.00 per share. Infratil does not intend to buyback shares on the ASX under the Buyback Programme.

2) A summary of the terms of the IFTWC Warrants:

The IFTWC Warrants expired unexercised on 29 June 2012.

3) As at 31 March 2013, Infratil had bought back 25,168,410 shares pursuant to the Buyback Programme, which is ongoing.

4) A statement, as at 31 March 2013, of the number of voting securities allotted to each Associated Shareholder as a result of the exercise of the warrants held by them (whether the voting securities were allotted during the financial year or an earlier financial year):

Nil.

5) A statement, as at 31 March 2013, of the total number and percentage of voting securities on issue held or controlled by each Associated Shareholder and its associates:

Associated Shareholder	Number of Shares	% Ownership
Utilico Investments Limited	73,038,296	12.5%
H.R.L. Morrison & Co Group Limited	36,348,730	6.2%
Julie Nevett and Terence McAlister as trustees of the Red Trust (formerly known as the H.R.L. Morrison Family Trust)	12,523,038	2.2%
JML Trustee Company Limited as trustee of the JML Trust	5,765,503	1.0%
Duncan Paul Saville	-	0.0%
Total Associated Shareholders	**127,675,567**	**21.9%**

There are no other known associates of the Associated Shareholders.

During the year, the H.R.L. Morrison Family Trust was renamed as The Red Trust and made off-market transfers of 4,000,000 shares to each of the Dixieland and Lloyd Morrison Trusts.

6) A statement, as at 31 March 2013, of the maximum percentage of total voting rights that could be held or controlled by each Associated Shareholder and its associates as a result of Infratil acquiring the maximum number of voting securities under the Buyback Programme:

Associated Shareholder	Buyback Programme
Utilico Investments Limited	13.1%
H.R.L. Morrison & Co Group Limited	6.5%
Julie Nevett and Terence McAlister as trustees of the Red Trust (formerly known as the H.R.L. Morrison Family Trust)	2.2%
JML Trustee Company Limited as trustee of the JML Trust	1.0%
Duncan Paul Saville	0.0%
Total Associated Shareholders	**23.0%**

As the IFTWC Warrants expired unexercised during the year, there is no longer a possible impact on the voting securities of the Infratil Group.

7) The assumptions on which the information in the table above is based are:

- The number of voting securities in Infratil is the number on issue on the Calculation date; and
- There is no change to the total number of voting securities on issue between the Calculation Date and the end of the Buyback Programme (other than as a result of the buybacks).

New Zealand Stock Exchange and Statutory Information

Employee remuneration

During the year ended 31 March 2013 the following number of employees Infratil and its subsidiaries received remuneration of at least $100,000.

Remuneration band	Number of employees 2013
$100,000 to $110,000	72
$110,001 to $120,000	42
$120,001 to $130,000	35
$130,001 to $140,000	19
$140,001 to $150,000	22
$150,001 to $160,000	11
$160,001 to $170,000	17
$170,001 to $180,000	9
$180,001 to $190,000	8
$190,001 to $200,000	2
$200,001 to $210,000	11
$210,001 to $220,000	5
$220,001 to $230,000	4
$230,001 to $240,000	6
$240,001 to $250,000	5
$250,001 to $260,000	2
$260,001 to $270,000	5
$270,001 to $280,000	3
$280,001 to $290,000	3
$290,001 to $300,000	2
$300,001 to $310,000	5
$310,001 to $320,000	6
$320,001 to $330,000	4
$330,001 to $340,000	1
$340,001 to $350,000	-
$350,001 to $360,000	1
$360,001 to $370,000	2
$370,001 to $380,000	1
$380,001 to $390,000	1
$390,001 to $400,000	-
$400,001 to $410,000	1
$430,001 to $440,000	1
$440,001 to $450,000	1
$460,001 to $470,000	1
$540,001 to $550,000	1
$560,001 to $570,000	1
$570,001 to $580,000	1
$590,001 to $600,000	1
$600,001 to $610,000	1
$610,001 to $620,000	1
$640,001 to $650,000	1
$670,001 to $680,000	1
$690,001 to $700,000	1
$750,001 to $760,000	1*
$1,000,001 to $1,010,000	1

* Includes fees paid as a Director of a subsidiary company.

Donations

The Company made donations of $0.5 million during the year ended 31 March 2013 (2012 $nil).

Auditors

It is proposed that KPMG will be automatically reappointed at the annual meeting pursuant to section 200(1) of the Companies Act 1993.

New Zealand Exchange Waivers

As at and for the year ended 31 March 2013, the Company had the following waivers from the NZSX Listing Rules:

1. A waiver from Listing Rule 7.3.2 (b) that permits the issue of Convertible Infrastructure Bonds up until 6pm on 13 August 2012.
2. A waiver from Listing Rule 7.11.1 that permits shares issued under the Company's Dividend Reinvestment Plan to be alloted at the same time as it pays the corresponding cash dividend.
3. A waiver from Listing Rule 5.2.3 waiving the spread requirements for the November 2018 series bond issue until the final issue date.

Australian Exchange Waivers

As at and for the year ended 31 March 2013, the Company had the following waivers from the ASX Listing Rules:

1. A waiver from Listing Rule 7.3.2 that permits the issue of Infratil Infrastructure Bonds or Perpetual Infratil Infrastructure Bonds up until 6pm on 13 August 2012. Under this Infrastructure Bond Programme, 75,000,000 new bonds were issued and 6,111,500 maturing bonds were converted into new bonds. These new bonds are not able to be converted into ordinary shares. No ordinary shares have been issued in relation to an infrastructure bond or PIIB.

Credit rating

The Company does not have a credit rating. Wellington International Airport Limited has a credit rating of BBB+ posititve outlook from Standard & Poors.

Shareholder information

Substantial Security Holders:

The following information is pursuant to Section 35(f) of the Securities Markets Act 1988.

According to notices given under the Securities Markets Act 1988, the following persons were substantial security holders in the Company as at 22 May 2013.

Substantial Security Holder	Securities	%
Utilico Investments Limited*	73,038,296	12.5%
Accident Compensation Corporation**	47,406,073	8.1%
AMP Capital Investors (New Zealand) Limited***	39,626,245	6.8%
Woodward Funds Management Limited	36,348,730	6.2%

* The shareholding declared in the Substantial Security Holder Notice given on 16 January 2013 was 78,038,296 shares which represented 13.3% of shares on issue at that date.

** The shareholding declared in the Substantial Security Holder Notice given on 1 April 2010 was 43,790,780 shares which represented 7.7% of shares on issue at that date.

*** The shareholding declared in the Substantial Security Holder Notice given on 1 April 2011 was 42,013,037 shares which represented 7.0% of shares on issue at that date.

The total number of voting securities of the Company on issue as at 22 May 2013 were 583,321,349 fully paid ordinary shares (excluding Infratil Treasury stock held by the Company of 3,410,567).

Twenty Largest Shareholders as at 22 May 2013

JP Morgan Chase Bank	93,685,783
Accident Compensation Corporation	47,406,073
Woodward Funds Management Limited	36,348,730
Cogent Nominees Limited <40 a/c>	35,562,713
TEA Custodians Limited <O/A TEAC 40 a/c>	23,570,710
Hettinger Nominees Limited	20,523,038
HSBC Nominees (New Zealand) Limited	19,038,529
New Zealand Superannuation Fund Nominees Limited	18,253,522
National Nominees New Zealand Limited	10,597,689
Citibank Nominees (NZ) Ltd	9,769,884
Custodial Services Limited <3 a/c>	8,471,985
HSBC Nominees (New Zealand) Limited <040-016842-230 a/c>	6,777,252
FNZ Custodians Limited	6,015,248
JML Capital Limited	5,765,503
Forsyth Barr Custodians Limited <1-33 a/c>	5,230,998
Premier Nominees Limited <ING Wholesale Australiasian Share Fund a/c>	3,916,792
Infratil Limited	3,410,089
Custodial Services Limited <2 a/c>	3,273,942
Forsyth Barr Custodians Limited <1-17.5 a/c>	3,023,086
National Nominees Limited	2,667,633
New Zealand Depository Nominee Limited <1 a/c>	2,645,264

In the above table, the shareholding of New Zealand Central Securities Depositary Limited (NZCSD) has been re-allocated to the applicable members of NZCSD.

Spread of Shareholders as at 22 May 2013

Number of shares	Number of holders	Total shares held	%
1 - 1,000	1,890	1,089,275	0%
1,001 - 5,000	5,647	16,211,340	3%
5,001 - 10,000	3,382	24,839,808	4%
10,001 - 50,000	4,109	85,804,630	15%
50,001 - 100,000	416	28,709,754	5%
100,001 and Over	197	430,077,109	73%
TOTAL	**15,641**	**586,731,916**	**100%**

Twenty Largest Infrastructure Bondholders (IFT060, IFT070, IFT090, IFT150, IFT160, IFT170, IFT180, IFT190 & IFTHA) as at 22 May 2013

FNZ Custodians Limited	43,216,763
Custodial Services Limited <3 a/c>	34,891,416
Forsyth Barr Custodians <1-33 a/c>	26,326,307
Investment Custodial Services <C a/c>	22,070,000
Forsyth Barr Custodians <1-17.5 a/c>	20,270,276
Custodial Services Limited <2 a/c>	17,666,340
Custodial Services Limited <18 a/c>	10,827,760
Westpac Banking Corporation	9,589,000
TEA Custodians Limited <O/A TEAC 40 a/c>	9,561,586
Forsyth Barr Custodians Limited <1-30 a/c>	8,969,872
Custodial Services Limited <1 a/c>	6,813,220
Custodial Services Limited <4 a/c>	6,592,536
Tappenden Holdings Limited	6,286,000
Lynette Therese Erceg & Darryl Edward Gregory & Catherine Agnes Quinn <Saint Jude's a/c>	5,597,000
Sterling Holdings Limited	4,081,000
JB Were (NZ) Nominees Limited <53494 a/c>	3,789,345
Private Nominees Limited <PBKN90 a/c>	3,724,000
Custodial Services Limited <16 a/c>	3,228,360
Forsyth Barr Custodians Limited <1-28 a/c>	3,218,000
National Nominees New Zealand	3,053,500

Spread of Infrastructure Bondholders (IFT060, IFT070, IFT090, IFT150, IFT160, IFT170, IFT180, IFT190 & IFTHA) as at 22 May 2013

Number of bonds	Number of holders	Total bonds held	%
1 - 1,000	7	5,503	0%
1,001 - 5,000	2,229	11,050,688	1%
5,001 - 10,000	5,132	48,966,662	5%
10,001 - 50,000	12,167	338,833,815	36%
50,001 - 100,000	1,544	128,196,702	14%
100,001 and Over	734	410,747,146	44%
TOTAL	**21,813**	**937,800,516**	**100%**

Comparative Financial Review

	2013[1] $Millions	2012[1] $Millions	2011[1] $Millions	2010[1] $Millions	2009[1] $Millions	2008[1] $Millions	2007[1] $Millions	2006 $Millions	2005 $Millions	2004 $Millions
Financial Performance (31 March year ended)										
Operating revenue	2,368.7[4]	2,166.4[4]	1,984.8[4]	1,835.9	1,733.8	1,346.7	655.1	301.0	172.0	148.7
Earnings before interest, tax, depreciation, amortisation fair value movements of financial instruments, realisations and impairments (EBITDAF)	527.6[4]	520.2[4]	470.9[2,4]	363.3	356.3	315.9	157.1	77.6	63.8	63.6
Operating earnings[3]	183.5	199.3	252.9	90.0	77.2	87.8	32.4	13.8	27.9	26.9
Net gain/(loss) on financial derviatives	(14.4)	19.2	(3.9)	(67.5)	8.0	2.9	22.7	-	-	-
Investment realisations	(5.9)	4.3	(0.5)	83.8	(179.4)	(15.4)	38.9	0.2	22.7	2.2
Net surplus after taxation, discontinued operations and minorities	3.4	51.6	64.5	29.0	(191.0)	(1.7)	34.7	8.0	45.0	22.5
Dividends paid and declared	48.2	44.1	37.6	36.2	31.3	28.6	27.4	23.0	26.9	16.7
Financial position										
Represented by:										
Investments	334.2	340.9	323.7	9.7	162.4	212.3	262.5	475.6	430.2	377.1
Non currents assets	4,435.2	4,328.8	4,193.7	3,963.6	3,891.5	3,662.9	3,311.5	1,114.1	484.4	478.1
Current assets	670.0	623.7	515.7	535.1	653.8	524.2	313.6	115.2	87.9	59.9
Total assets	**5,439.4**	**5,293.4**	**5,033.1**	**4,508.4**	**4,707.7**	**4,399.4**	**3,887.6**	**1,704.9**	**1,002.5**	**915.1**
Current liabilities	679.6	547.5	415.7	647.6	445.6	618.6	388.7	332.7	63.1	22.2
Non-current liabilities	1,920.0	1,887.7	1,919.7	1,382.1	1,879.0	1,561.6	1,242.5	97.2	117.4	147.1
Infrastructure bonds	904.3	851.6	854.8	747.4	748.7	748.8	730.0	481.6	233.9	154.6
Total Liabilities	**3,503.9**	**3,286.8**	**3,190.2**	**2,777.1**	**3,073.3**	**2,929.0**	**2,361.2**	**911.5**	**414.5**	**324.0**
Net Assets	**1,935.5**	**2,006.6**	**1,842.9**	**1,731.3**	**1,634.4**	**1,470.4**	**1,526.4**	**793.4**	**588.1**	**591.1**
Outside equity interest in subsidiaries	931.1	932.0	843.5	850.6	843.4	737.1	717.0	127.6	57.4	50.3
Equity	1,004.4	1,074.6	999.4	880.7	791.0	733.3	809.4	665.8	530.7	540.8
Total Equity	**1,935.5**	**2,006.6**	**1,842.9**	**1,731.3**	**1,634.4**	**1,470.4**	**1,526.4**	**793.4**	**588.1**	**591.1**
Dividends per share	8.25	7.25	6.25	6.25	6.25	6.25	12.50	10.50	12.00	9.00
Dividends per share (adjusted for share split)	8.25	7.25	6.25	6.25	6.25	6.25	6.25	5.25	6.00	4.50
Shares on issue ('000)	583,321	586,931	602,806	567,655	520,211	443,408	219,671	219,439	219,299	226,685
Shares on issue (adjusted for share split) ('000)	-	-	-	-	-	443,408	439,342	438,838	438,598	453,370
Partly paid installment shares ('000)	-	-	-	-	-	88,008	-	-	-	-

1 Prepared in accordance with New Zealand Equivalents to International Financial Reporting Standards ("NZIFRS").
2 Prior to fair value gains on acquisition recognised by associates of $60.7 million.
3 Operating earnings is earnings after depreciation, amortisation and interest.
4 Operating revenue and EBITDAF relate to continuing operations

Directory

Directors
D A R Newman (Chairman)
M Bogoievski
P Gough (appointed 04 December 2012)
H J D Rolleston
D P Saville
M Tume
A Muh (alternate to D P Saville)

Company Secretary
Kevin Baker

Registered Office - New Zealand
5 Market Lane
PO Box 320, Wellington
Telephone: 04 473 3663
Internet address
http://www.infratil.com

Registered Office - Australia
C/- HRL 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 Limited
5 Market Lane
PO Box 1395, Wellington
Telephone: 04 473 2399
Facsimile: 04 473 2388
Internet address
http://www.hrlmorrison.com

Share Registrar
Link Market Services - New Zealand
138 Tancred Street
PO Box 384, Ashburton
Telephone: 03 308 8887
E-mail: enquiries@linkmarketservices.co.nz

Link Market Services - Australia
Level 12, 680 George Street
Sydney, NSW, 2000
Telephone: 02 8280 7111
E-mail: registrars@linkmarketservices.com.au

Auditor
KPMG
10 Customhouse Quay
PO Box 996
Wellington

Bankers
ANZ National Bank Limited, 215-229 Lambton Quay, Wellington

Bank of New Zealand, 80 Queen Street, Auckland

Commonwealth Bank of Australia, 135 Albert Street, Auckland

Hong Kong Shanghai Banking Corporation, HSBC Tower
195 Lambton Quay, Wellington

Industrial and Commercial Bank of China, 220 George Street, Sydney

Kiwibank, 155 The Terrace, Wellington

Westpac Banking Corporation, 188 Quay Street, Auckland

Calendar

Final dividend paid	14 June 2013
Annual meeting	13 August 2013
Infratil Update publication	September 2013
Half year end	30 September 2013
Interim report release	12 November 2013
Infratil Update publication	March 2014
Financial year end	31 March 2014

Updates/Information

Infratil produces an Annual Report and Interim Report each year. It also produces two Updates on matters of relevance to the Company. Last year these were:

April 2013: An outline of Infratil's management's plans for investment and divestment and a summary of management's view of the market for infrastructure and explains how they intend to make the best of those market circumstances.

September 2012: A discussion on how Infratil delivers to investors' earnings and value expectations through investing.

In addition, Infratil produces a monthly report on the operations of its subsidiaries. This is availalbe on www.Infratil.com

All Infratil's reports and releases are on the website, which also contains profiles of Infratil's businesses and links. These reports are also available on smartphone and tablet devices.

Corporate Awards

Wellington Chamber of Commerce Achievement Award for contribution to the development of Wellington.

Institute of Financial Professionals New Zealand (INFINZ) Finalist: Best Corporate Communication 2003, 2004, 2005, 2006, 2008, 2010, 2011.

Best Debt Deal 2007. Best Corporate Treasury 2007, 2008, 2011.

New Zealand Shareholders' Association Best and Fairest Award.

Finance Asia Best New Zealand Deal 2007.

Deloitte / Management Magazine Company of the Year 2007.