



change



**Our businesses
provide crucial services
and facilities**

We provide over 1,000,000
journeys by public transport
every week

Each week we fuel the
journeys of over 1,100,000
motorists



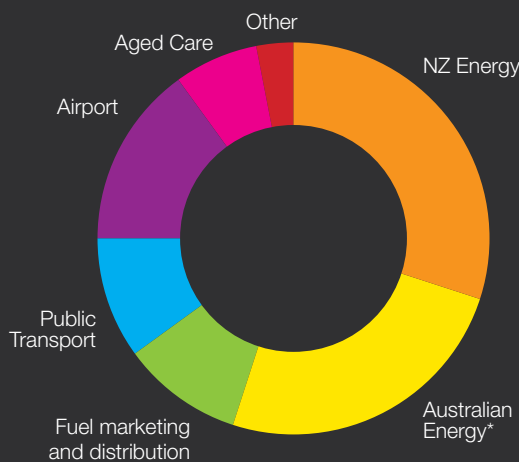
Over 750,000 households and businesses use our electricity and gas

We provide retirement village and care facilities for over 4,700 residents

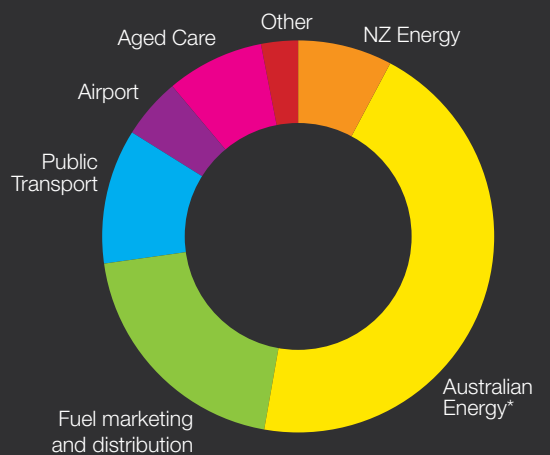
100,000 airline passengers use Wellington Airport each week

Infratil owns energy, transport and social infrastructure with the objective of providing its shareholders above average returns. Our businesses provide essential services to individuals and communities. If they are efficient and provide good service they create opportunities for profitable growth.

Infratil Business Sectors
(by value allocation)



Infratil Five Year Investment Spend \$1,973m
(\$614m last year)



Growing returns requires capital allocation to growth sectors and being able to profitably expand capacity as users need more fuel, energy, seats on the bus or capacity at the airport. Sustaining returns requires active management, divestment and the establishment of positions in new sectors such as retirement village and aged care.

*Includes Trustpower's wind farms

Financial Highlights

Year ended 31 March	2014	2013
EBITDAF¹	\$500m	\$528m
Net operating cash flow	\$407m	\$288m
Net parent surplus	\$199m	\$3m
Capital expenditure	\$614m	\$414m
Dividend declared	10.75¢	9.25¢

1. Earnings before interest, tax, depreciation, amortisation, fair value movements and realisations or impairments.

EBITDAF earnings were within guidance, operating cash flows were strong and the record level of new investment will underpin results into future years.

The Z Energy partial sale and listing resulted in a substantial gain, debt was reduced and the strong financial position allowed a \$59 million share buyback.

The dividend increase reflects the strong capital position and cash flows of the Group and is consistent with the strategy to raise cash returns to shareholders. Infratil is well placed to maintain earnings and growth in capital values in the future.



Report of the Chairman & Chief Executive

Change is a difficult topic for a company to discuss. It is relatively easy for interested parties to equate change with uncertainty and to anticipate the worst. However, **managing change is a fundamental part of what we do and, if our track record is a guide, we have reason to feel confident about the future.**

That change matters is illustrated by comparing a list of New Zealand's twenty largest companies (by share market capitalisation) in 1994 and 2014. Sixteen of the 1994 companies are no longer on the list and two of the other four are unrecognisable.

In the main, successful companies reinvent themselves by prioritising growth opportunities and exiting what is in decline. If they don't, shareholders lose patience. For Infratil, the challenge of maintaining earnings and growth occurs within the context of a dynamic market for infrastructure. The two most significant features of that market are the increasing demand for essential services from governments and communities, and the strong appetite from sovereign wealth funds, pension funds and public equity markets for stable, low-risk infrastructure assets.

The implications for Infratil's growth plans are illustrated by events of the last year when Infratil sold part of its interest in Z Energy and unsuccessfully bid for Waste Management NZ. **These two companies have good growth prospects and are not in decline yet Infratil was, in one instance, willing to sell and, in the other, unwilling to bid more. In both cases the successful buyers placed a high value on the companies' prospects and ascribed a relatively low risk premium.**

In other words, the capital market is placing a high value on good infrastructure businesses in stable markets. This has important consequences for how Infratil positions itself for future investment and how we consider the value of our existing assets:

- There will be occasional opportunities to buy good going-concern businesses (notwithstanding last year's experience), but a more reliable way to capture opportunities will come from internal developments; for example expansion of terminal and aeronautical facilities at Wellington Airport.
- "Greenfield" growth, such as building a new wind farm, will also be pursued because the specialist capability required to manage development risks can create opportunities for higher returns on capital committed.
- At times, Infratil will maximise returns by selling mature well-managed businesses to buyers with a lower cost of capital.

Infratil is fortunate that it has access to strong operational and risk management capability. This allows consideration of a wider pool of investment opportunities and, when necessary, the avoidance of over-heated markets. As a result we are well placed to continue investing and growing where we have captive opportunities or specialist capability. There is also likely to be the occasional sale of mature businesses if they attract premium valuations.

Later in this report, to explain our thinking further, we provide a "hold/buy/sell" review of our businesses. For instance, Wellington Airport is a mature, solid business but not for sale because we believe it has growth opportunities and Infratil will gain from retention rather than harvesting (conversely last year Infratil sold its UK airports because we believed the very low proceeds were higher than the value of growth foregone).

Investment drives future value

While this Report focuses on the potential for change it is quite possible that over the next year or so relatively few major changes will actually occur. **Decisions about investments and divestments will continue to be made on the criteria of maximising value to shareholders over the long-term and such decisions are difficult to predict in advance.**

Understanding our long-term objective of growing value is important because current investment usually comes at a cost to short-term earnings and cash flow.

If Infratil was to stop investing for growth and harvested its existing businesses it could increase both earnings and dividends; so it is important to recognise that trade-off when assessing Infratil's value. Comparing the results of FY2014 and those of five years ago illustrates the benefits of investment, but less obvious is the impact on earnings and cash flow in the year that the investment occurred. This is material when you consider that over the last five years the Infratil group has invested almost \$2 billion.

Year ended 31 March \$Millions	2014	2009
EBITDAF	\$500	\$356
Operating cash flow	\$407	\$118
Investment expenditure	(\$614)	(\$309)
Net interest	(\$181)	(\$177)

Step-by-step change

While last year included over \$600 million of capital expenditure and investment and over \$400 million of divestment, it did not cause a profound change to the shape of Infratil. In fact only about 20% of Infratil's investments today were not owned five years ago.

An incremental approach can still lead to important shifts over time, but gradual development and realisation of opportunities ensures Infratil retains capital, capability and community support in a way that could be jeopardised by abrupt change.

Creating and selling assets

Electricity and gas distribution, European airports, ports, remote-power generation, and rail have all been, but are no longer, part of Infratil. Fuel distribution, irrigation, Australian wind and retirement village and aged care were not part of the business five or six years ago and now are. Changes such as these reflect shifts in the outlook for individual assets and sectors, as well as changing valuations and trends in the infrastructure capital markets.

New investment arises because of positioning and capability. Some is opportunistic, and about 20% of the almost \$2 billion of investment undertaken over the last five years was the acquisition of shareholdings in existing businesses (Z Energy and Metlifecare), but 80% came from additions to existing businesses. Such investment is attractive because, for instance, only Wellington Airport has the right to build a new hangar at Wellington Airport; only NZ Bus has the right to upgrade its bus fleet, and once Trustpower has developed and consented a wind farm only it has the right to actually build that wind farm.

"Greenfield" investments such as Trustpower's Snowtown wind farm can provide especially attractive returns. They require specialist expertise and patience to identify and secure the site and get it consented, contracted and built. The outcome in that case is an investment on which Trustpower is forecasting a return of 13% -14% per annum over a 20 year period. Substantially in excess of the yield an investor would anticipate from purchasing an operational wind farm.

Divestments occur when there is a better use of capital, or another party places a value on the asset that is greater than Infratil's.

People

This year we experienced the sad loss of Chairman David Newman who had been a director since Infratil was established and Chair since 2004.

The board appointed Mark Tume as the new Chairman.

Over the year the management team was substantially strengthened. More opportunities to invest are now coming to Infratil than ever before, but they are more complex and diverse than in the past and this requires increased capability.

This is the sixth annual report signed by Chief Executive Marko Bogoevski after 14 by Lloyd Morrison. Both individuals emphasised the importance of managing, and preparing for change.

Financial performance for the year ended 31 March 2014

Infratil's operating results met or bettered guidance. Operating cash flows were robust, debt was reduced and at the end of the year Infratil had substantial undrawn bank lines. Dividends totalling 10.75 cents per share were declared for the year (up 16% on the 9.25 cents of the prior year).

The partial sale of Z Energy provided graphic evidence of the value of Infratil's assets. The total gain for the year on this one investment (starting at the 31 March 2013 book value) was \$429 million or 76 cents per Infratil share.

That Infratil's share price did not appreciate over the year indicates other developments which offset the Z Energy gain. We believe this largely related to the perceived regulatory threat to Trustpower, which saw its share price fall to a nine year low. An exit from the UK airports was achieved at a net economic cost (for this year) of approximately \$30 million (\$21 million asset write down and a \$9 million EBITDAF loss over the year. That is 5 cents per Infratil share).

Group investment drives long-term returns and last year this amounted to \$614 million which was an excellent outcome.

Financial outlook & guidance for the year ended 31 March 2015

Year ended 31 March \$Millions	Guidance 2015	Actual 2014
EBITDAF	\$530-\$560	\$500
Net interest	(\$180-\$190)	(\$181)
Operating cash flow	\$330-\$360	\$407

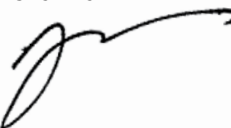
Infratil is better positioned today to execute opportunities than at any time in its past. It has a robust internal pipeline of investment opportunities, good access to funds and high calibre management expertise. It is also expected that governments on both sides of the Tasman will seek to increase the private provision of infrastructure. The Australian Federal and State governments are undertaking an unprecedented schedule of privatisation and private funding initiatives.

We are confident that investment plans will be progressed and that new investment opportunities will also be identified.

On 13 May 2014 Infratil announced a strategic review of Infratil Energy Australia (excluding Perth Energy). This review is designed to identify the maximum return on investment in these businesses and is likely to require an assessment of outright sale, merger or partial divestment options or retention of the status quo. Regardless of the final outcome of the review it is expected that it will provide shareholders with greater certainty of the value of these businesses.



Mark Tume
Chairman



Marko Bogoevski
Chief Executive

Change

Since 1994 Infratil has undertaken a diverse range of investments and divestments with the overriding goal of providing good returns to shareholders.

Investments/divestments have been driven by societal/ economic trends and Infratil's access to capital and expertise.

The goal has been to identify early stage trends and commit to businesses that can sustain reinvestment over the long-term.

Investment underpinned by excellent acquisition prices and strong trends

Requires a high degree of expertise and good management choices

AUSTRALIAN SOCIAL INFRASTRUCTURE PARTNERS & METLIFECARE

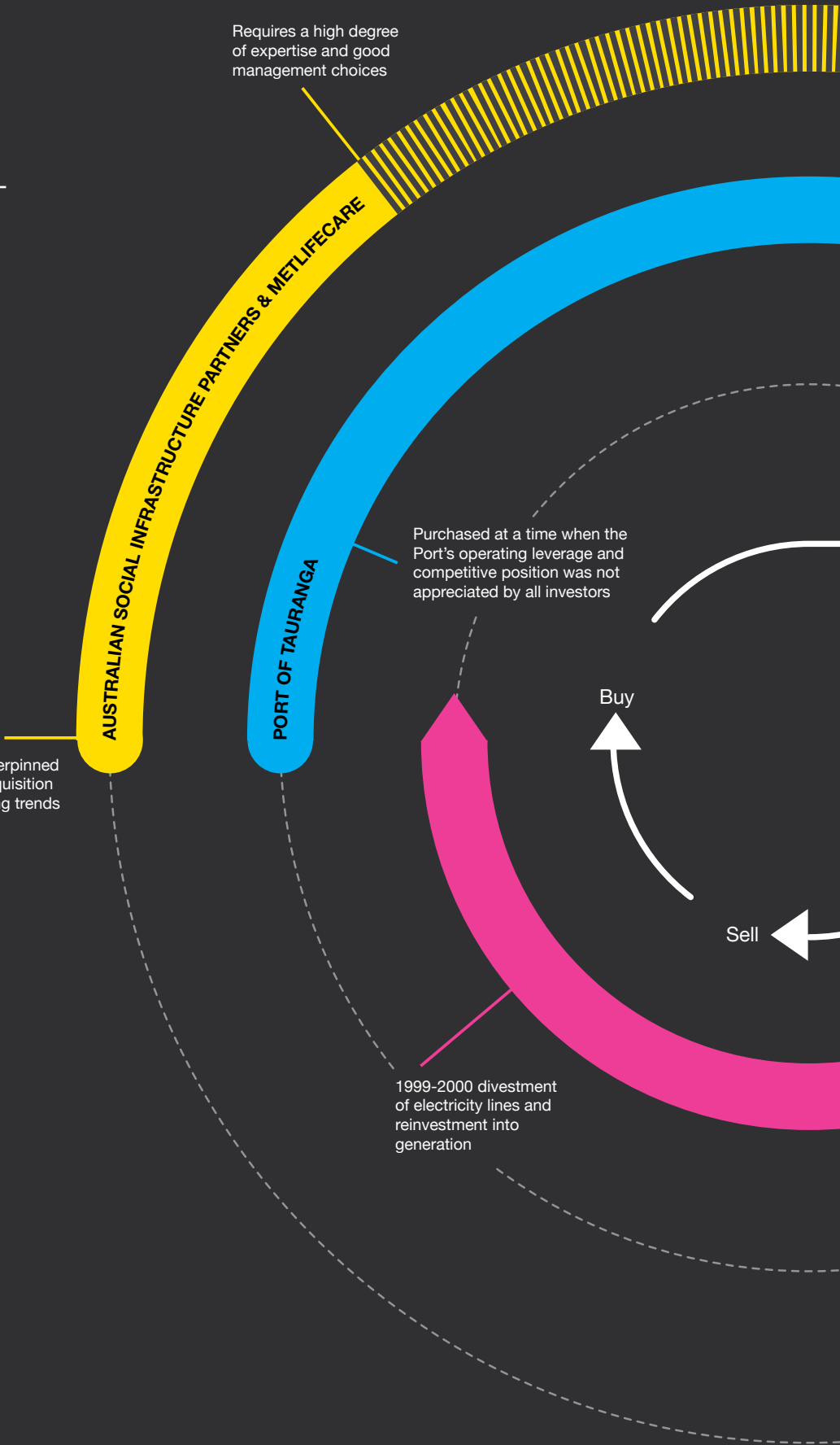
PORT OF TAURANGA

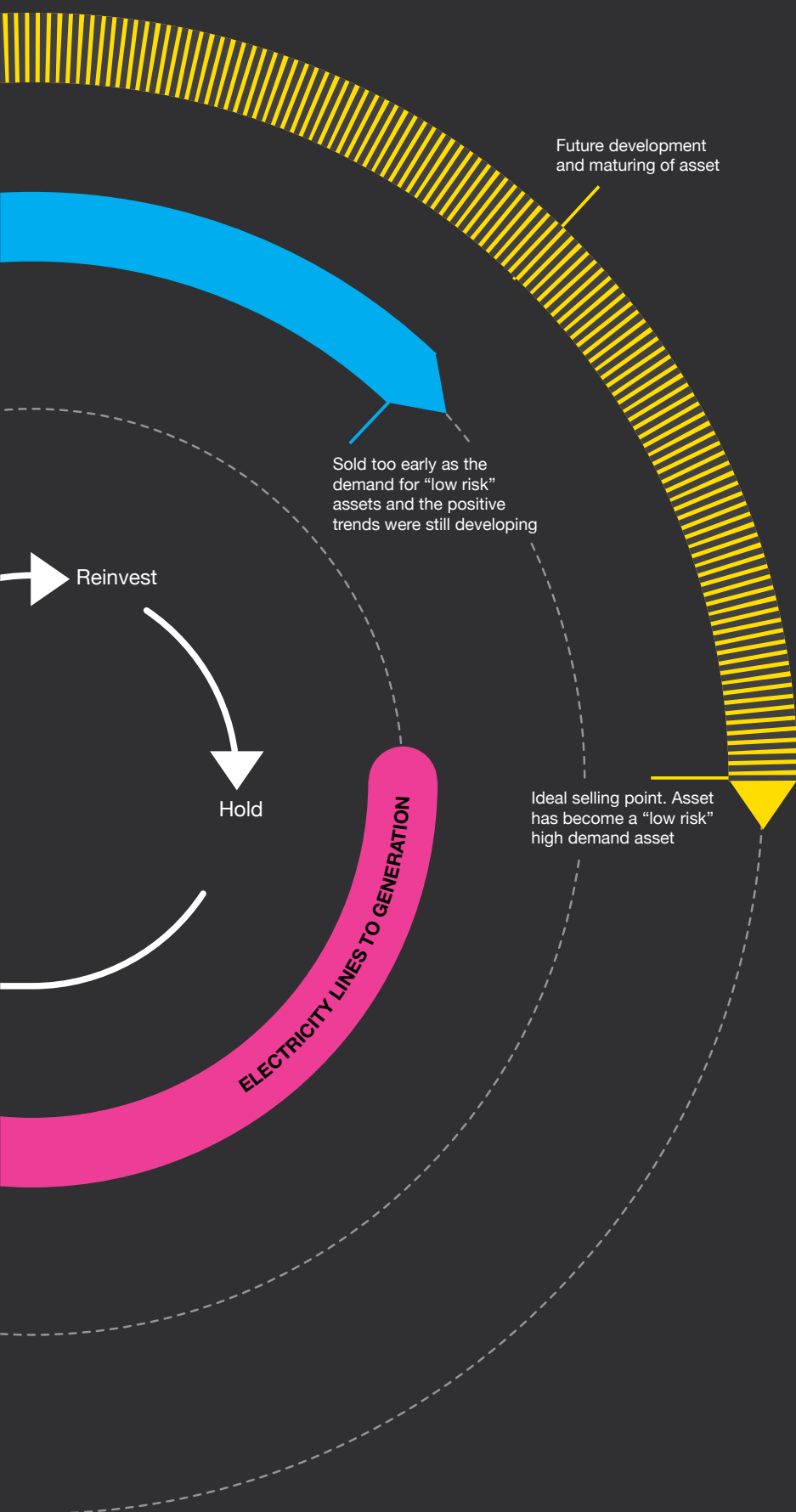
Purchased at a time when the Port's operating leverage and competitive position was not appreciated by all investors

1999-2000 divestment of electricity lines and reinvestment into generation

Buy

Sell





Electricity

Infratil has often bought when most have been selling and vice versa. It acquired its stakes in regional lines companies in the 1990s when there were more sellers than buyers and significant industry uncertainty. In 1999/2000 the lines operations were sold and the proceeds reinvested in generation and energy retailing. Subsequent investment has seen increased generation in New Zealand and Australia, extension into irrigation and multi-utilities retailing.

Port of Tauranga

Infratil acquired a 25% shareholding when the understanding of the port sector was still developing and Port of Tauranga's strategic advantage was evident. Infratil sold its interest as the understanding of the sector matured.

Social Infrastructure

More and better schools, roads, hospitals and aged care facilities are social priorities and more are being provided by private investors. This is a new sector and there are uncertainties and risks.



Directors

Duncan Saville Director

Duncan Saville has been a director of Infratil since its establishment and is also a director of H.R.L. Morrison & Co. He is a chartered accountant and an experienced non-executive director in the utility sector having been on the boards 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 of Infratil from 2007 until 2010 and is now an alternate for Duncan Saville. He joined H.R.L. Morrison & Co in 2010 to head its asset management businesses. He has extensive experience in investment management including senior roles at Alliance Trust Plc; Citigroup Global Asset Management and Solomon Brothers Asset Management Asia Pacific.

Mark Tume Chairman. Independent

Mark Tume has been a director of Infratil since 2007 and Chairman since October 2013. He is a director of Infratil Energy Australia, the New Zealand Refining Company and New Zealand Oil and Gas and is a member of the board of the Guardians of New Zealand Superannuation. His professional experience has been in banking and funds management.



Marko Bogoievski
Director, Chief Executive

Marko Bogoievski is Chief Executive of Infratil and its Manager, H.R.L. Morrison & Co. He joined the Infratil board in 2009 and is a director of Trustpower, Z Energy and H.R.L. Morrison & Co. He was previously Chief Financial Officer of Telecom New Zealand and has held board roles with Auckland International Airport and SKY Network Television. He is a Fellow of the New Zealand Institute of Chartered Accountants.

Humphry Rolleston
Director, Independent

Humphry Rolleston has been a director of Infratil since 2006. He is a director of NZX listed companies Property for Industry, Mercer Group, and SKY Network Television and owns 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.

Paul Gough
Director, Independent

Paul Gough joined the Infratil board in 2012 and is Chairman of the Board's Audit and Risk Committee. He is a partner in the UK private equity fund STAR Capital Partners with responsibility for investments in the transport and energy sectors. He is a director of several international companies and previously worked for Credit Suisse First Boston in New Zealand and London.

Management



Marko Bogoevski

Director, Chief Executive

Refer director profiles



Kevin Baker

Chief Financial Officer

Financial, management accounting, and reporting for Infratil and 100% subsidiaries. Chair of NZ Bus and a director of Infratil Energy Australia and Metlifecare. Previously Kevin was CFO of NGC Holdings.



Jason Boyes

Head of Legal

Group legal compliance and transaction structuring and execution. He is a director of Wellington Airport. Previously Jason was a partner at Buddle Findlay specialising in corporate, securities and finance law.



Steven Fitzgerald

Airports Group

Responsible for analysis and execution of airport sector opportunities. Steve is a director of Wellington Airport and Perth Energy and has extensive airport management experience.



Mark Flesher

Corporate Development & International Investor Relations

Mark is responsible for liaising with investors. He has extensive experience in funds management, investment and corporate finance.



Zane Fulljames

CEO NZ Bus

Previous roles have been in logistics, oil and gas, construction, manufacturing and finance.



Lib Petagna

Investment Group

Group investment activities and execution of opportunities across a broad range of fields. Lib is a director of NZ Bus and Infratil Infrastructure Property.



Rhoda Phillippo

Chief Operating Officer

Manages clients and marketing as well as having responsibility for human resources, technology, asset transition and resourcing. Rhoda is Chair of Snapper and a director of Infratil Energy Australia.



Steve Sanderson

CEO Wellington Airport

Previous roles have included CEO of Queenstown Airport and in manufacturing and infrastructure.



Tim Brown

Capital Markets & Economic Regulation

Financing, capital markets, and economic regulation. Tim is a director of NZ Bus and Chair of Wellington Airport.



Fiona Cameron

Group Treasurer

Infratil group treasury operations; funding, FX and IR management and financial reporting. Fiona's previous experience is in the energy and banking sectors.



Peter Coman

Property & Social Infrastructure

Property, public-private funding initiatives and social infrastructure. Peter is a director of Wellington Airport, iSite and Infratil Infrastructure Property.



Roger Crawford

Energy Group

Australian energy sector activities and opportunities. Roger is Chair of Infratil Energy Australia.



Phillippa Harford

Deputy CFO and Tax

Group tax responsibilities and the wider requirements of the CFO office. Experience in New Zealand and offshore tax management.



Bruce Harker

Energy Group

Heads H.R.L. Morrison & Co's energy team. Dr Harker is Chair of Trustpower and a director of Z Energy.



Vince Hawksworth

CEO Trustpower

Previous roles have included CEO of Hydro Tasmania and experience with thermal and hydro generation and energy retailing.



Paul Newfield

Investment Group

Responsible for sector analysis and identification and execution of transactions.



William Smales

Investment Group

Private investment activity. William is a director of Metlifecare. Previously he was based in the UK with Carlyle Group where he was a principal in the firm investing in Europe and North America.



Miki Szikszai

CEO Snapper

Previously with Telecom NZ with responsibility for new media products for broadband and mobile.



Liam Tohill

Infratil Financial Controller

Corporate accounting, company and group financial reporting, budgeting and forecasting. Previous roles were in finance and banking.



Vimal Vallabh

Investment Group

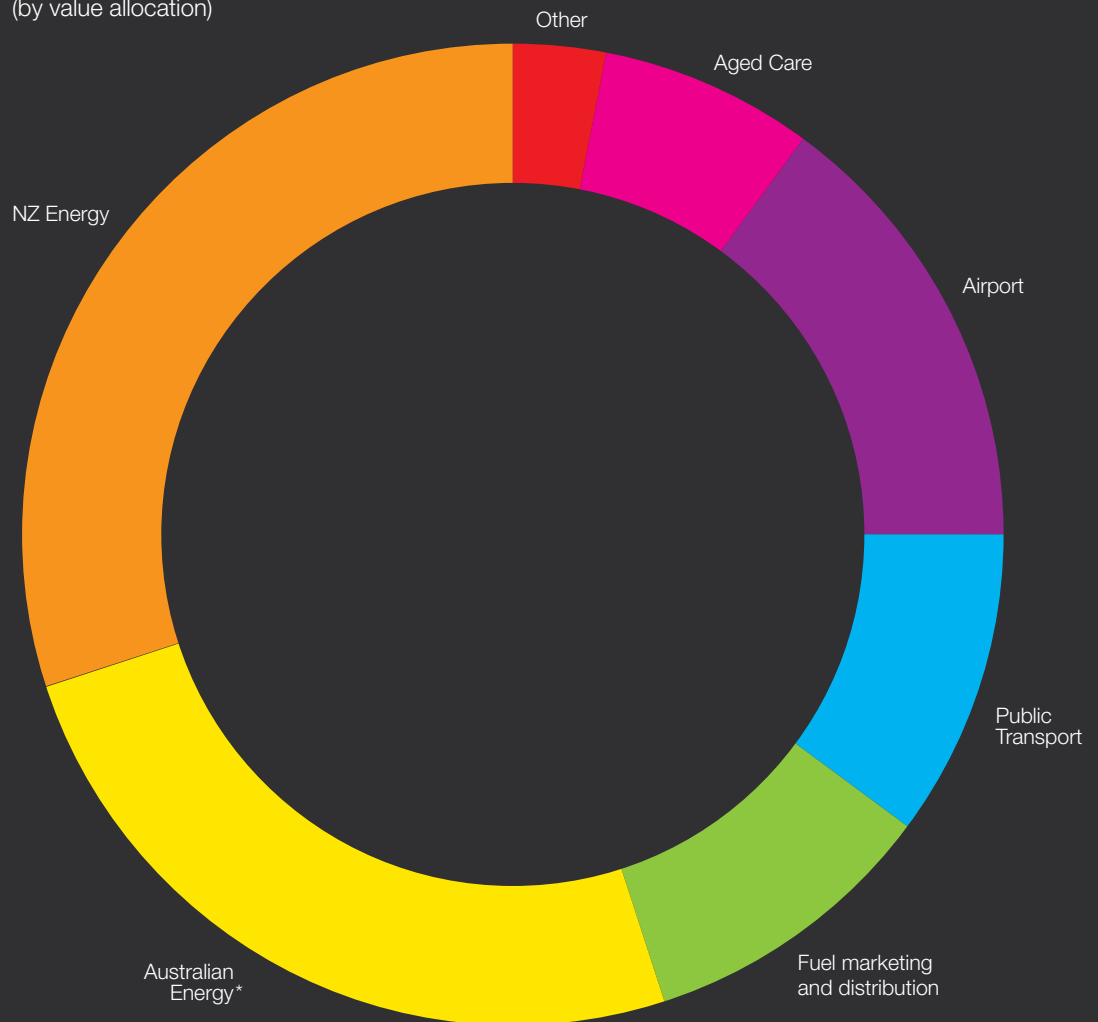
Investment activity especially in the energy sector. Previous experience has involved generation investment in USA, Africa and Europe.

Infratil's Businesses

While each of Infratil's businesses were established or acquired with the intention of long-term ownership, all are subject to continual review. The summary profiles of the core businesses set out on the following pages outline our current perspectives on future growth in returns and value.

Infratil Business Sectors

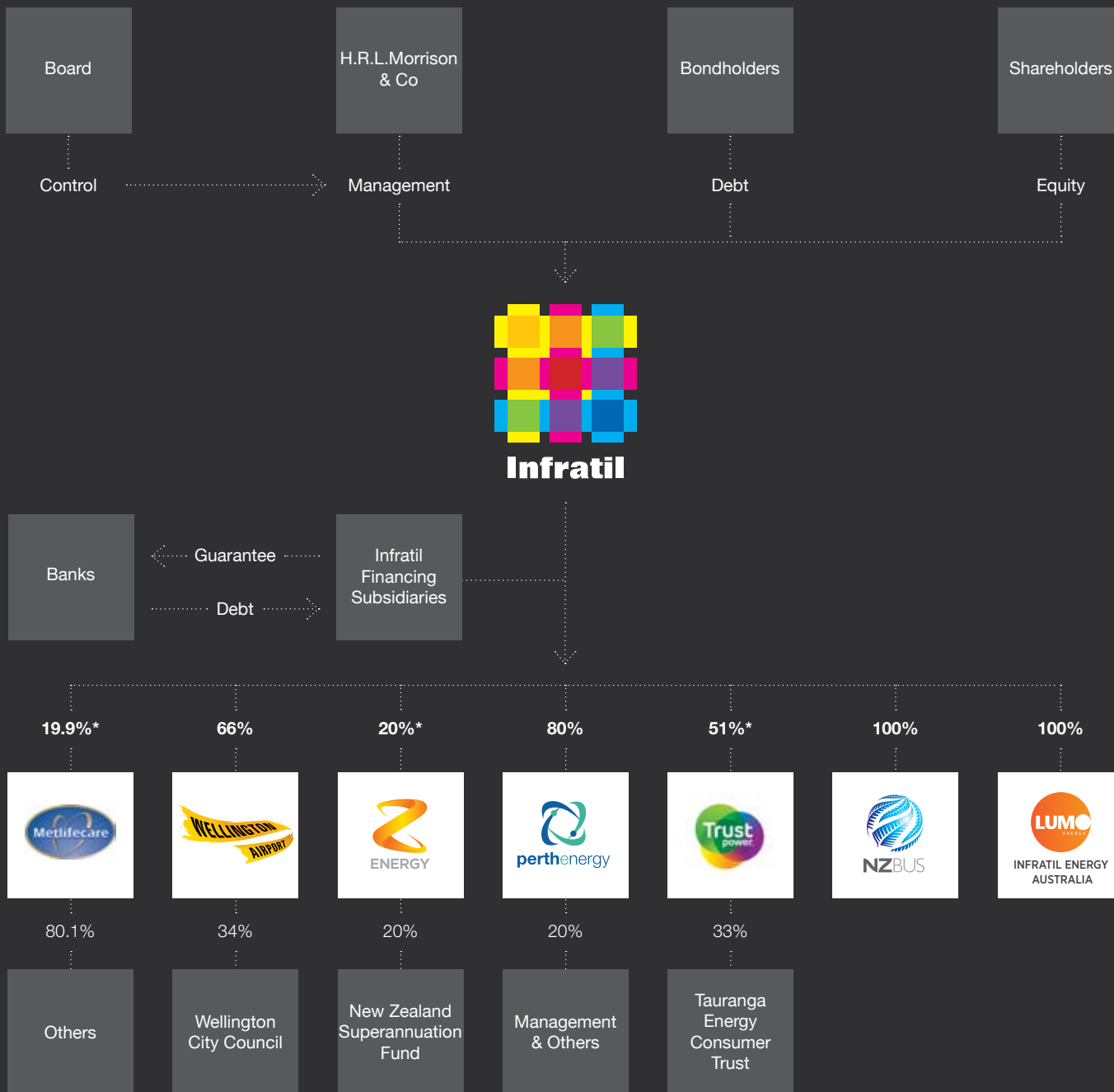
(by value allocation)



*Includes Trustpower's wind farms

Corporate Structure

Infratil's assets are its shareholdings in the highlighted companies and a number of less material investments.



* Z Energy, Trustpower and Metlifecare are listed on the NZ Stock Exchange

Change in growth rates

Changes in growth rates are driving investment. More people flying more often, with demand continuing to build as airlines expand networks and increase point-to-point services. Wellington Airport, as central New Zealand's gateway to the world is embarking on the next phase of a substantial investment programme designed to cater for future international and domestic passengers, and the capacity requirements of its airline customer base.





Wellington Airport

Wellington Airport's value is expected to rise. Traffic is increasing along with per-passenger income. Growing EBITDAF and strong investor demand will underpin the value of Infratil's holding.

Wellington Airport's value depends on earnings, growth potential and risk, and on these metrics the Company is well positioned. Using the NZX valuation of Auckland Airport as a benchmark, Wellington's value may be about 14-16 times its EBITDAF, which would provide a total enterprise value of \$1.2-\$1.4 billion and a value for Infratil's 66% shareholding (after deducting debt) of \$620-\$750 million. It is expected that the Airport's EBITDAF will continue to increase over the long-term and that sector-multiples will remain firm (albeit that is less predictable) in which case the value of Infratil's stake will also likely rise.

Passenger growth is the key driver of earnings and value. Last year's 63,000 increase was below the ten year average of 112,000. The forecast for the next five years is +133,000 per year.

Passenger services reflect both the passenger mix (e.g. only international use duty free) and the sophistication of the airport's retail and transport services. Last year Wellington's services income was \$34 million or \$6.25 per passenger. Five years ago income was \$4.50 per passenger and the Airport's five year plan is targeting services income of over \$8.00 per passenger or about \$50 million.

Non-aeronautical property income and value relates to approximately 15 hectares of the Airport's site. This is substantial in Wellington and will benefit from the higher value developments which are occurring around the Airport.

Regulation covers the Airport's environmental, health, safety, planning, investment, pricing and financial activities. A substantial part of management's work is ensuring compliance and working with agencies to reduce risks. During the year the Commerce Commission released guidelines setting out its views of the Airport's operational and financial performance. While the Airport and its owners are disappointed with some of the Commission's views, their publication has reduced uncertainty and risk.

The year ended 31 March 2014 included three notable developments:

Aeronautical charges were re-consulted with Air NZ, Qantas, Jetstar and Virgin and will take effect from June 2014. Initially aeronautical charges will be reduced by about \$1 per passenger from last year's rate, but will then increase by about \$2 per passenger over the following four years as the Airport undertakes its planned capital works programme.

The Qantas-Emirates alliance resulted in a marked increase in people travelling between the northern hemisphere and Wellington via Australia. Wellington's trans-tasman passengers starting or ending their journeys in the USA, Europe or Asia increased over 20%.

Increasing traffic is resulting in congestion and the need for an expansion of aeronautical and passenger facilities. A comprehensive five year, \$250 million investment plan, has been proposed with work to start shortly on further improvements to car parking and terminal facilities.

Year ended 31 March	2014	2013
Passengers domestic	4,683,931	4,646,724
Passengers international	753,355	726,898
Aeronautical income	\$68m	\$64m
Passenger services income	\$34m	\$33m
Property/other income	\$9m	\$9m
Operating costs	(\$25m)	(\$23m)
EBITDAF before subvention payment	\$86m	\$83m
Infratil cash income	\$35m	\$30m

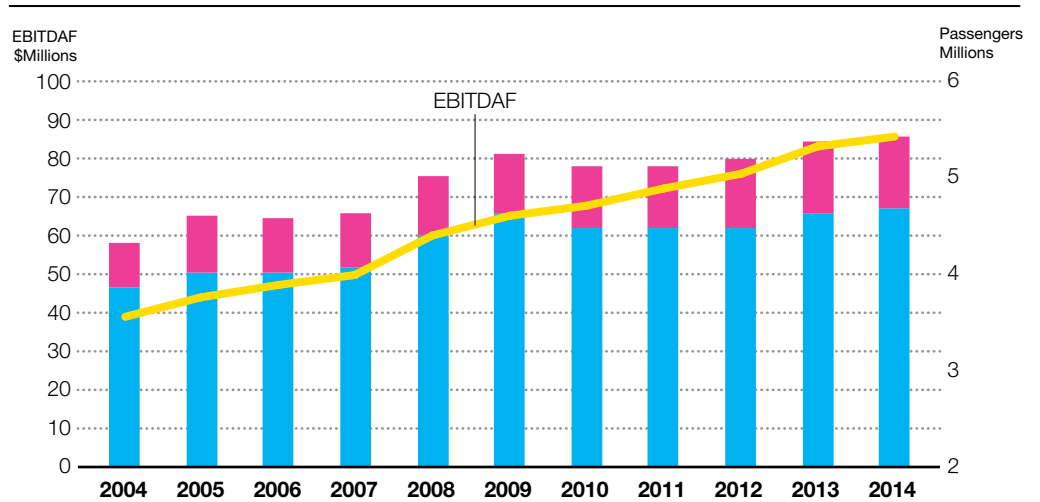
EBITDAF & Passengers

Year ended 31 March

Over the decade EBITDAF rose \$47 million or 122%.

Domestic passengers increased 819,000 (+21%).
International passengers increased 297,000 (+65%).

- International Passengers
- Domestic Passengers



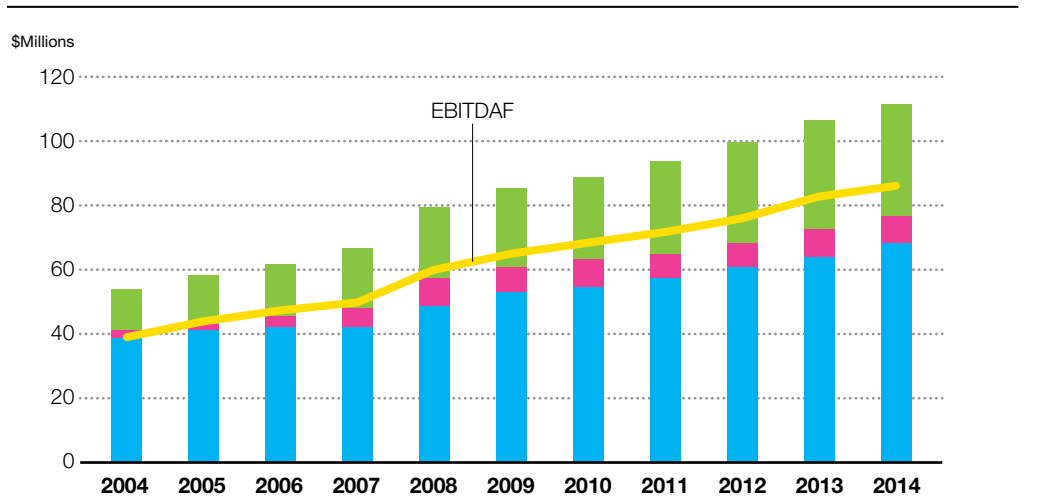
EBITDAF & Revenue

Year ended 31 March

Costs fell as a percentage of revenue, from 28% to 22%.

The balance of revenue improved. In 2004 only 28% came from non-aeronautical charges and by last year this had risen to 39%.

- Passenger Services
- Property
- Aeronautical



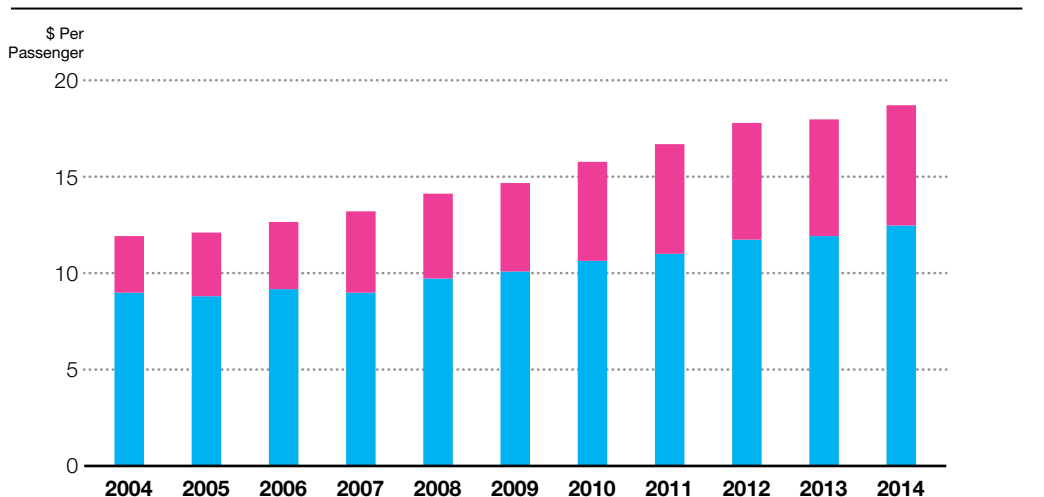
Aeronautical & Services Income

Year ended 31 March

Over the ten years aeronautical and services revenue increased \$6.70 per passenger and costs rose \$1.10.

Services income increased from 22% to 30% of total per passenger revenue.

- Services Income
- Aeronautical Income



Change in rules

Changes in rules are creating a tighter focus on bus passenger growth. New contract structures for bus public transport provide a base for investment for NZ Bus and recognition that high quality bus services are the fastest and least cost way to move Auckland and Wellington forward. The new rules are likely to lead to better integration across public transport modes, stronger coordination with regional authorities and further fleet investment.





IN EMERGENCY
PUSH
TO OPEN
DOOR



NZ Bus

The value of NZ Bus reflects patronage growth, control of costs, and contracts with the regional transport agencies that regulate all facets of public transport and provide subsidies on otherwise uneconomic routes. Each factor is expected to contribute to improvement in the Company's earnings and value.

Patronage growth is determined by service reliability, affordability and journey-time (including the location of the bus stop). These factors are largely determined by the transport authorities and, especially in Auckland, those authorities are making every effort to improve the factors which will get people out of their cars and on to the bus. NZ Bus has also markedly improved the quality of its service. Driver training, new buses and telematics monitoring of bus performance are making for a better passenger experience.

Last year **costs** were above budget due to work required to ensure the fleet complied with changes in regulatory specifications for public transport buses. Excepting that one-off, operating costs are being well managed through improving staff management/relations, more efficient engineering, newer/better buses, and initiatives such as telematics which reduce fuel burn and vehicle wear and tear.

Re-contracting of services is expected to commence later in 2014 after a nine year period of uncertainty. NZ Bus was purchased by Infratil in 2005 at a time when the regulatory regime was under review and the acquisition value reflected the uncertainty. Infratil's excellent relationships with local authorities gave confidence that it would be possible to build mutually beneficial associations with the Auckland and Wellington regional councils as new regulatory terms evolved. That this is only happening now is due to the complexity of local and central government interaction.

NZ Bus's attraction as an investment was the ability to quickly and cheaply improve urban mobility in Auckland and Wellington. That remains the case. Auckland Transport's ten year plan is targeting bus patronage growth of approximately 1.5 million additional passenger rides per year which will require an additional 30 buses a year, of which a reasonable number are expected to be provided by NZ Bus.

Year ended 31 March	2014	2013
Passengers Auckland region	37,591,015	37,482,829
Passengers Wellington region	20,373,202	20,331,222
Passenger income	\$128m	\$127m
Contract income	\$89m	\$87m
EBITDAF	\$40m	\$44m

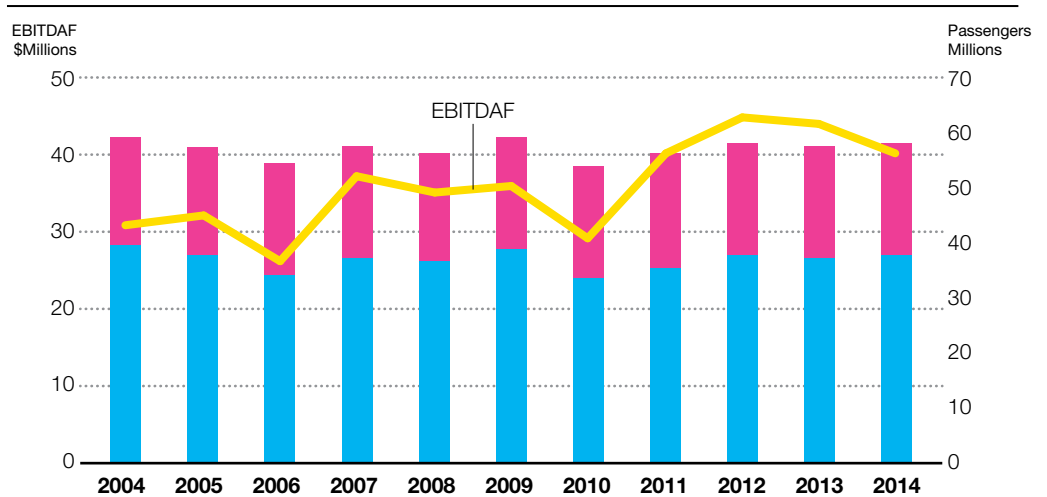
EBITDAF & Passengers

Year ended 31 March

Over the decade passenger trips were stable in Wellington. In Auckland they fell and then rose following Auckland Transport's formation.

EBITDAF provides only a poor return on capital.

- Wellington Patronage
- Auckland Patronage



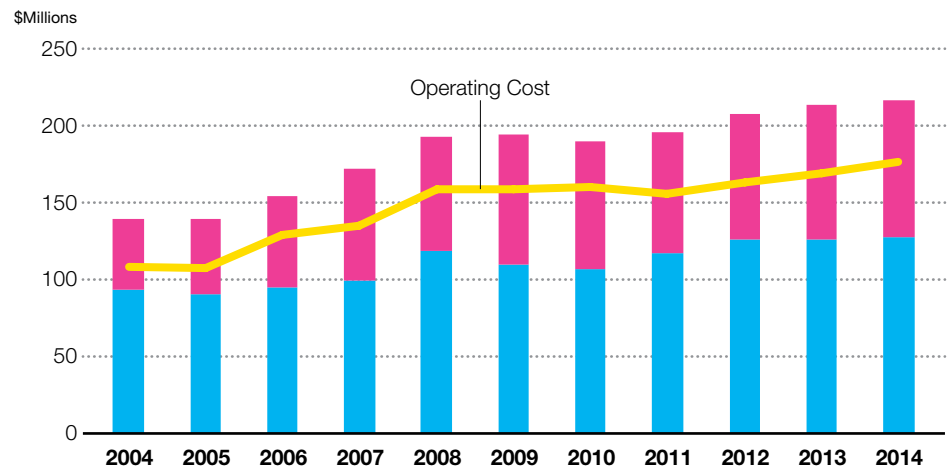
Revenue & Costs

Year ended 31 March

Fare income is up 36% and contract income 93% since 2004.

The earnings margin has averaged about 20% although last year's relatively poor outcome delivered only 18%.

- Contract Income
- Passenger Income



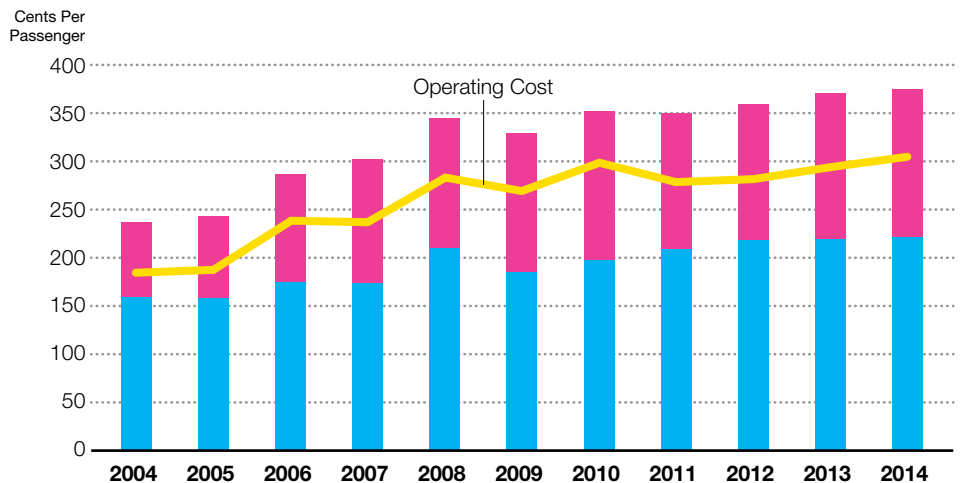
Revenue & Operating Costs per Passenger

Year ended 31 March

Over the decade contract income rose from an average of 78 cents to \$1.53 per passenger, although it peaked in 2009 at \$1.60.

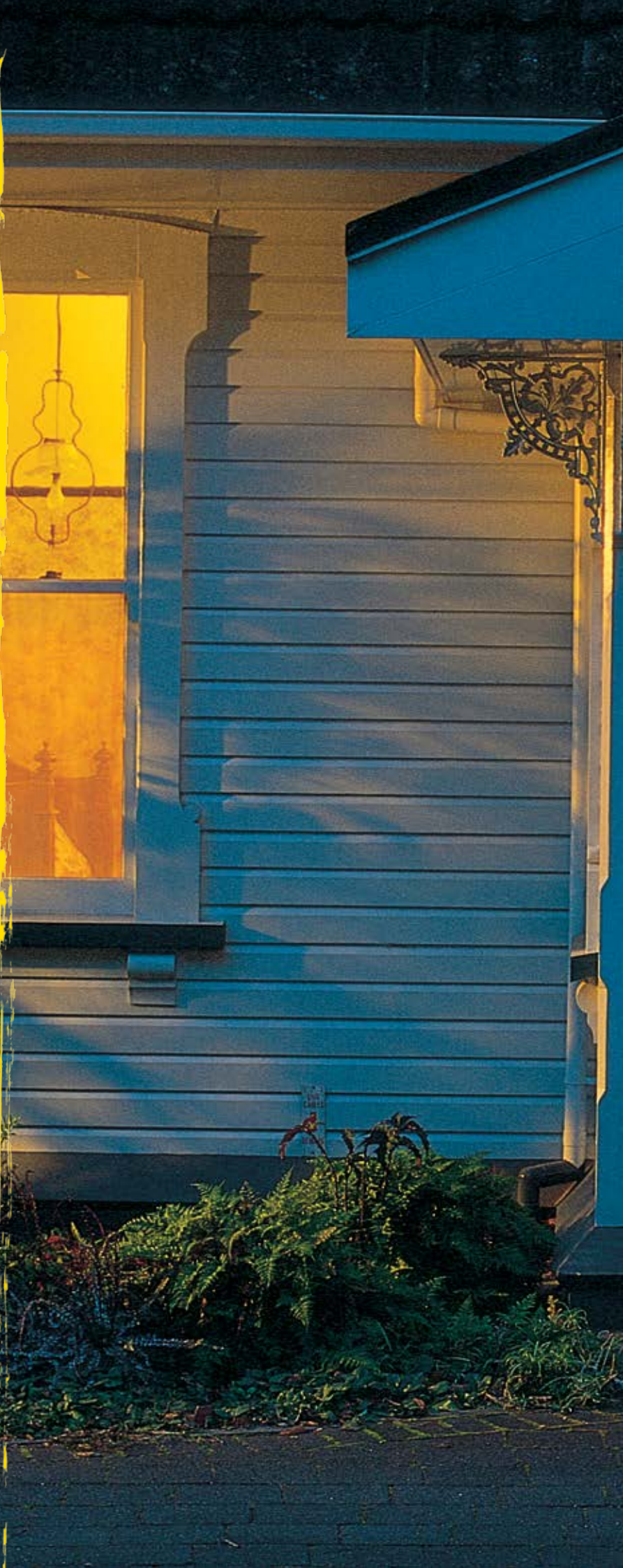
Over the same period average passenger charges rose from \$1.59 to \$2.20.

- Contract Income
- Passenger Income



Change in the industry

Changes in the industry and competitive environment are testing the traditional electricity business. Customers are now buying more than just electricity from Trustpower, with a growing base of telecommunications and gas services being offered in more markets. The New Zealand renewable experience has led to significant wind developments in Australia and the recognition that hydro storage assets can also be used to meet irrigation needs in the future.





Trustpower

Trustpower's share price has been impacted by recent regulatory uncertainty and the Government's partial privatisation programme. When measured against its investment activities, prospects and earnings the Company appears undervalued by the market.

Trustpower has evolved from a small generator-distributor-retailer of electricity, to a company that generates much more electricity (including in Australia), does no distribution, retails gas, internet and telecommunications as well as electricity, and provides irrigation services.

The Company has shown an exceptional ability to "bolt on" profitable activities. But the high level of capital spending over the decade (\$1,230 million) has come at some cost to current year dividends as cash has been retained for investment.

While this is the backdrop to the market's value of Trustpower, it faces, like any company, a mixture of opportunities and challenges and its value will reflect how these are weighted by investors.

NZ Generation is the main source of earnings and they are expected to be flat for some years because of persistent over-supply. As recently as two years ago it had been expected that wholesale electricity prices would be stable at about 10c/kwh, but they are now in the 7-8c/kwh range and seem likely to stay there until the end of the decade. The difference is worth about \$50 million per year to Trustpower. Hydro generators also face regulatory uncertainty care of opposition political party policies and from the Electricity Authority's consultation over grid charges. Unfortunately it is hard to calculate exact consequences or ascribe probabilities to such potential changes and investors tend to "fear the worst".

NZ Retail has a strong track record of success because Trustpower has realised that electricity customers will respond to good service. Trustpower's turnover of customers is much lower than market averages, it has also been able to increase the array of products it offers and these now include gas, telephone and broadband.

Irrigation is a new product for Trustpower and from the base of its Canterbury schemes substantial growth is anticipated. Hydro generators in agricultural areas with irregular weather are well positioned to provide water for irrigation purposes.

Australian wind generation will have absorbed about \$700 million of capital by the end of 2014 and from next year will be providing a contribution to EBITDAF of about \$110 million and about 20 cents of free cash flow per Trustpower share (after debt servicing and tax).

In summary, the New Zealand generation market looks as if it will be over-supplied for some time, but both that and the regulatory threats are likely to pass or moderate. In the meantime Trustpower's retailing is expanding, irrigation will almost certainly increase, the cash flows from the Snowtown wind farm will be rising for the next two financial years, and if Australian Climate Change policy remains in place there is a high likelihood of further wind developments occurring.

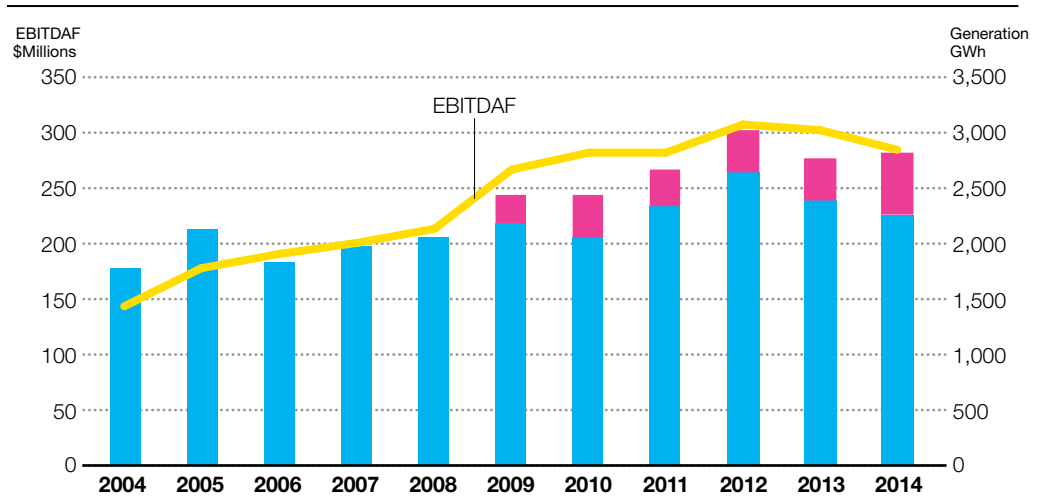
Year ended 31 March	2014	2013
NZ sales volume	3,512GWh	3,683GWh
NZ generation	2,209GWh	2,330GWh
Australian generation	536GWh	386GWh
Electricity customers	224,000	206,000
Other customers	68,000	43,000
EBITDAF	\$277m	\$295m
Investment spend	\$350m	\$214m
Infratil cash income	\$64m	\$64m

EBITDAF & Generation

Year ended 31 March

Over the decade Trustpower's EBITDAF has risen from \$140 million to \$277 million and its generation output from 1,738GWh to 2,745GWh.

- Australian Generation Gwh
- NZ Generation Gwh



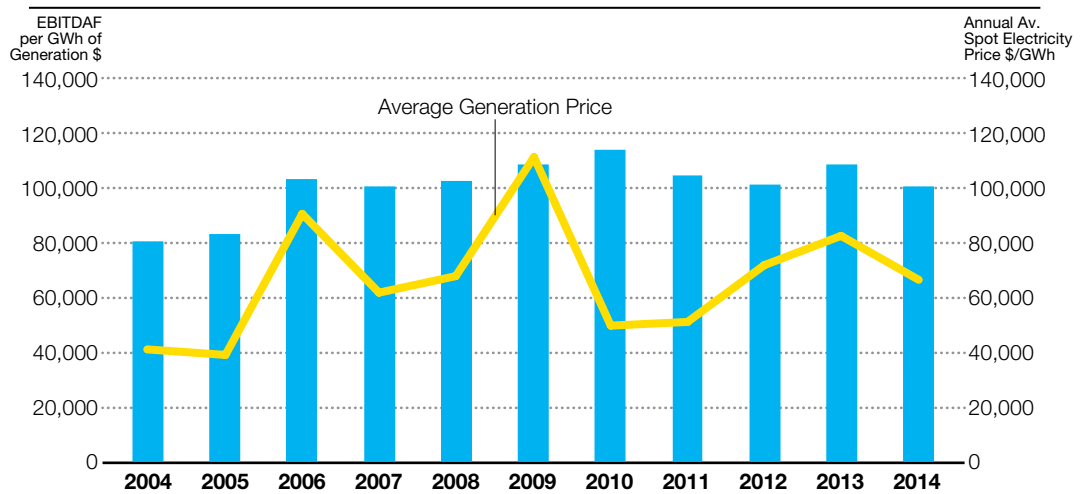
EBITDAF Per Unit of Generation & Average Price

Year ended 31 March

EBITDAF per unit of generation has risen from \$81,000 in 2004 to \$101,000 last year, but it is down from the \$109,000 level of five years ago.

Earnings have stayed up despite soft energy prices because of Trustpower's expanded generation capacity and other sources of income.

- EBITDAF per unit of Generation



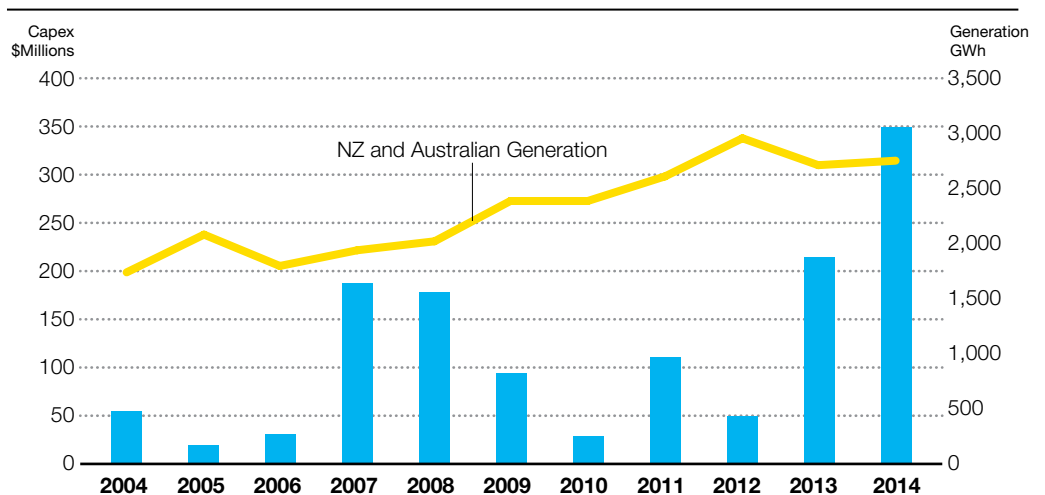
Investment & Generation Gwh

Year ended 31 March

Generation has risen from 1,738GWh to 2,745GWh due to \$1.2 billion of investment over the period.

While the current period earnings on the New Zealand component of that generation is now impacted by low electricity prices, these are likely to rise in future as demand and supply regain equilibrium.

- Capex



Change in energy mix and public policy

Changing energy mix, public policy and channels are creating the potential for big shifts in industry structure. It's a dynamic market as Australia shifts to renewables and becomes one of the world's largest exporters of liquefied gas. Changing public policy settings on climate initiatives and new sources of energy are only adding to the uncertainty. It's an even more dynamic retail market as South Australia, NSW and Queensland follow Victoria into price deregulation – Lumo Energy is well placed as one of the larger, yet most flexible market participants.





Infratil Energy Australia Group

Infratil Energy Australia was created by Infratil a decade ago to take advantage of expertise gained by New Zealand's earlier deregulation and privatisation of its electricity sector. After a phenomenal ten years Infratil is assessing options.

When the sale of electricity to residential customers was deregulated in Victoria in 2004 it sparked a rush of eager participants. A decade later, Lumo (IEA's retail business) is by far the largest and most successful of the new entrants. Lumo has been successful due to its access to risk management expertise through Infratil, the creation of a portfolio of generation assets, and an innovative sales and marketing approach which has created a strong brand as a value-based energy retailer.

Along with Lumo, IEA also built the Direct Connect business which today is Australia's largest utilities connection services provider. Direct Connect obtains leads, predominantly rental customers, through real estate agents and provides connections to electricity, gas, pay-TV, phone and internet for those customers. Revenue comes from charging the relevant service provider a fee for the customer connection. Direct Connect has relationships with more than half of all the real estate agents in Australia.

Why pause to review the businesses at this point? It reflects the need to consider market changes over the decade, and the probable next phase of market development. South Australia, NSW and Queensland are following Victoria into retail price deregulation. This is a profound change of scale and therefore opportunity, the review is intended to address the question of who can take best advantage of the opportunity, Infratil or another party. Also, it is hoped that the review will lead to better visibility as to IEA's value and earning potential.

The year ended 31 March 2014

IEA's earnings were in line with guidance, but below the prior year. Lumo's prior year earnings had been boosted by a substantial drop in wholesale energy prices temporarily inflating retail margins, this was not repeated in the current year.

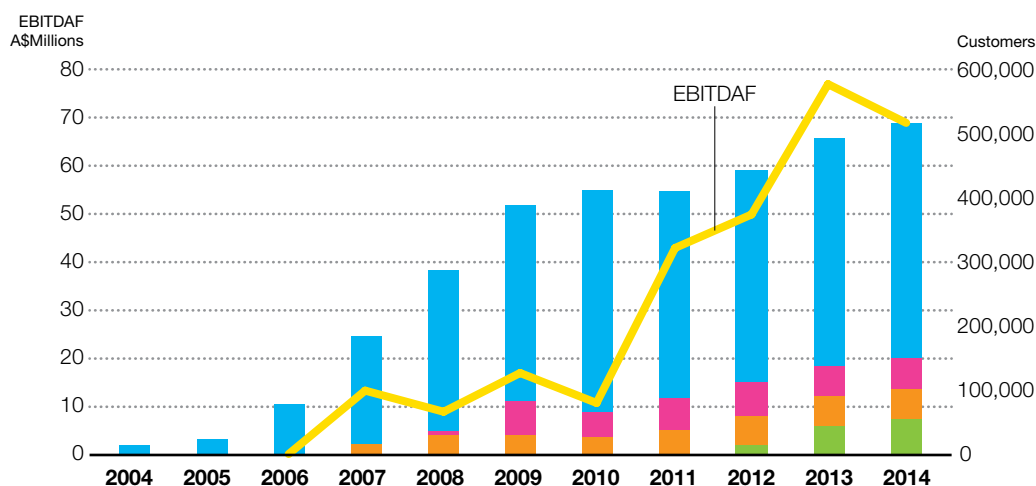
The most positive development over the period was Lumo's strategic shift from a predominantly outbound (telesales and door-to-door marketing) sales strategy to a balanced channel mix, with the majority of customers now joining Lumo in response to marketing offers, utility connection services and digital marketing. Customer accounts increased 3,031 in the first half and by 21,484 in the second half as Lumo began implementation of the changed marketing and distribution model.

Especially pleasing was the recognition of Lumo's customer service: the Company was rated first in the Roy Morgan Customer Satisfaction Awards for energy retailers, based on customer satisfaction with convenience, advertising and general satisfaction. Lumo also received a Canstar Blue award for customer service in Victoria. Supporting the validity of the awards, Lumo's customer churn has reduced to levels consistent with or better than market averages.

IEA Group Earnings & Customers

Year ended 31 March

EBITDAF and customers have risen from zero at business commencement to A\$69 million and 515,285 accounts respectively.



Year ended 31 March	2014	2013
Lumo customer accounts	515,285	490,770
Generation capacity	285MW	285MW
Lumo earnings contribution	A\$53m	A\$58m
Generation earnings contribution	A\$3m	A\$9m
Perth earnings contribution	A\$15m	A\$14m
Other	(A\$2m)	(A\$4m)
EBITDAF¹	A\$69m	A\$77m
Hedge revaluations	(A\$16m)	A\$4m
Depreciation and asset revaluations	(A\$16m)	(A\$15m)
Amortisation	(A\$16m)	(A\$14m)
External interest	(A\$7m)	(A\$7m)
Tax	(A\$1m)	(A\$11m)
Net current assets (excluding tax and derivatives)	A\$88m	A\$122m
Fixed assets ²	A\$246m	A\$260m
IEA/Lumo external debt	(A\$4m)	(A\$15m)
Perth Energy external debt	(A\$57m)	(A\$70m)
Book value IEA/Lumo³	NZ\$275m	NZ\$350m
Book value Perth Energy	NZ\$74m	NZ\$85m

1. In translating this result through to Infratil the average exchange rate for the year of .8809 was used (.7896 the prior year).
2. IEA's generation was reduced in value by A\$10m reflecting lower generation prices. Perth's generation reduced in value by A\$3m reflecting depreciation of A\$6m and revaluation gains of A\$3m.
3. The rate used for balance sheet conversions was .9364 (.8014 the prior year). The fall in the NZ\$ book value mainly reflects the 17% decline in the value of the A\$ and a A\$31m reduction in working capital.

Change in the portfolio

Changes in the portfolio occur as valuations for infrastructure assets continue to rise and new positions are established. Demand for infrastructure assets remains high as a growing pool of infrastructure-focused capital chases a limited set of core assets. Infratil sees opportunities in meeting the needs of the aged care sector and working alongside state and local governments to provide development capital for the provision of high-quality long-term social infrastructure.





Metlifecare



Infratil seeks to invest in businesses which are growing, have strong re-investment potential and where the entry price offers a good prospect of above average returns. The purchase of 19.9% of Metlifecare for \$148 million or \$3.53 per share met all these criteria.

Metlifecare is the second largest retirement village operator in New Zealand with very good growth prospects and a scale that provides residents assurance that they are choosing one of the market leaders. New Zealand's population of people over 65 is increasing 4% per annum (about four times the rate of the population as a whole) or 20,000 people per year and good suitable accommodation is in short supply.

The acquisition price was close to Metlifecare's book value which means that relatively little value was placed on future development opportunities. This suggests an opportunity as the Company has firm development plans for more than 1,000 additional residents and is currently expanding its facilities at the rate of 200 units per year.

Two of Infratil's management team have been appointed to Metlifecare's board.

Australian Social Infrastructure Partners Fund

In both Australia and New Zealand, central and local governments are seeking to increase the private provision and funding of social and transport infrastructure, and in Australia this is occurring quickly and in great scale.

Infratil's A\$100 million commitment to the Australian Social Infrastructure Partnership (ASIP) is at least in part a testing of the water. While it is expected to provide attractive returns in its own right, the larger benefit for Infratil will come from being an early investor in an expanding sector.

After 31 March 2014 Infratil made its first cash investment via the ASIP fund when it provided A\$12 million towards the construction of schools in Queensland and a hospital in South Australia.

Infratil Infrastructure Property

IIP was established to ensure that Infratil's property holdings were managed with focused and specialised expertise and the benefits of this approach are now coming through. A number of bus depots have been developed into higher value use sites and a number of new sites have been acquired for use as depots.

In partnership with Auckland Council, IIP has finished the \$30 million first stage of a development in New Lynn. This has been partially on-sold and complete realisation is anticipated later in the year. Work is now underway with Auckland Council on the

development of the balance of the New Lynn site and a new town centre project for Papatoetoe.

IIP provided a gain to Infratil of \$4 million in the year to 31 March 2014.

Z Energy



Z Energy is a story of rapid transformation and growth on the one hand and an excellent outcome for Infratil on the other.

Z Energy produced replacement cost EBITDAF of \$219 million for the year ended 31 March 2014 which graphically illustrates the Company's transformation from a small part of a global multinational to an independent New Zealand managed company. Over the five years prior to Infratil, and The New Zealand Superannuation Fund's purchase of Shell New Zealand's downstream operations, they produced average replacement cost EBITDAF of \$120 million.

Z Energy is projecting an additional \$40-50 million EBITDAF will be achieved by 2018 through further increases to the number of service stations, improved non-fuel offerings, the construction of a bio-fuel plant to convert tallow into diesel, and a joint-venture with BP to lower the cost of imported crude and refining.

For Infratil the returns on the investment, which originally cost \$210 million in March 2010 have been impressive:

- \$210 million outlay March 2010.
- \$81 million cash income over the three years to 31 March 2013.
- \$442 million cash received in the year ended 31 March 2014 (\$398 million net proceeds on shares sold and \$43 million as dividend and interest).
- \$312 million NZX value of the retained 20% stake as at 31 March 2014.

The net result is \$523 million of cash returns and an asset worth \$312 million for an initial outlay of \$210 million.

Snapper Services



Snapper continues to grow its transaction volumes in the Wellington region and to build additional capability.

Its track record as a technology start-up is remarkable. In its core functions of providing payment tools for transport it can be used to catch a GO Wellington bus, a Valley Flyer bus, any of Wellington's 800 taxis (five taxi companies), the cable car, the harbour ferries and the buses in Whangarei.

Outside of this core it can be used to pay for roadside car parking in Wellington City, merchandise at anyone of 250 retailers and its payment capability can be loaded onto 2Degrees mobile phones.

The next goal is expansion on to other Wellington region public transport services, in particular the trains.

iSite



iSite is New Zealand's largest "out of home" advertising company (mainly this means billboards) and it benefitted from a strengthening domestic economy and higher advertising spend.

The Company achieved record revenues and EBITDAF lifted to \$5 million from \$3 million the prior year.

iSite is also benefitting from the investment it has made in its product and improved customer services.

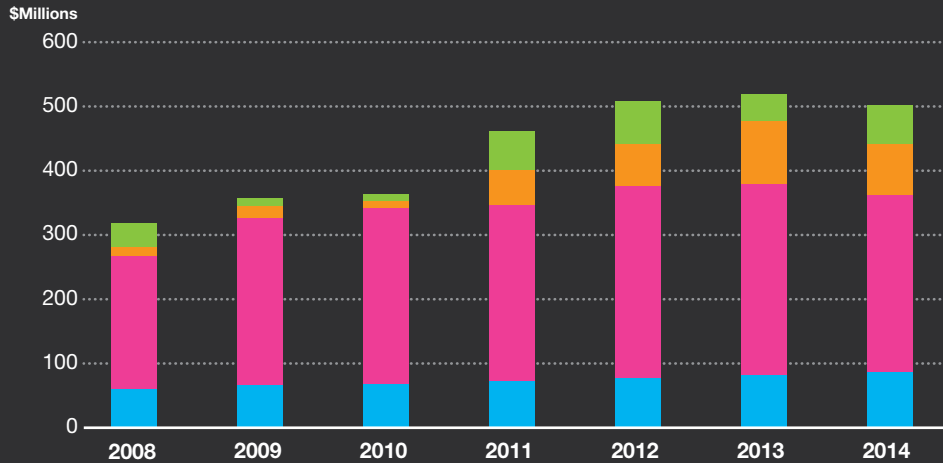
Summary Financial Results

The graphs below provide a record of performance over the last seven years through to 31 March 2014. They show the increase in EBITDAF, cash flows and dividends, and the evolution of Infratil's assets and funding.

Earnings

Year ended 31 March

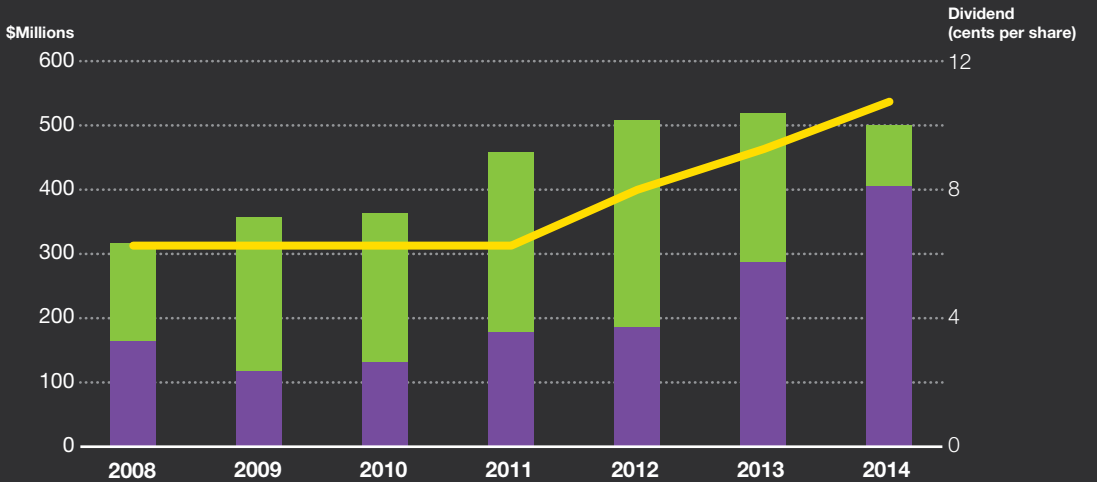
- NZ Bus and Other
- Infratil Energy Australia
- Trustpower
- Wellington Airport



Operating Cash Flows & Dividends

Year ended 31 March

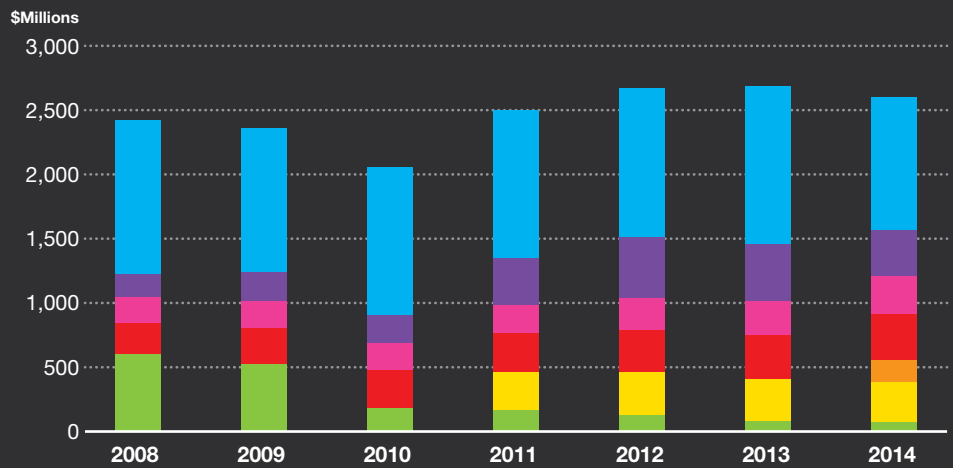
- Dividend (rhs)
- Interest, tax, working capital
- Operating Cash Flow



Infratil's Assets

Year ended 31 March

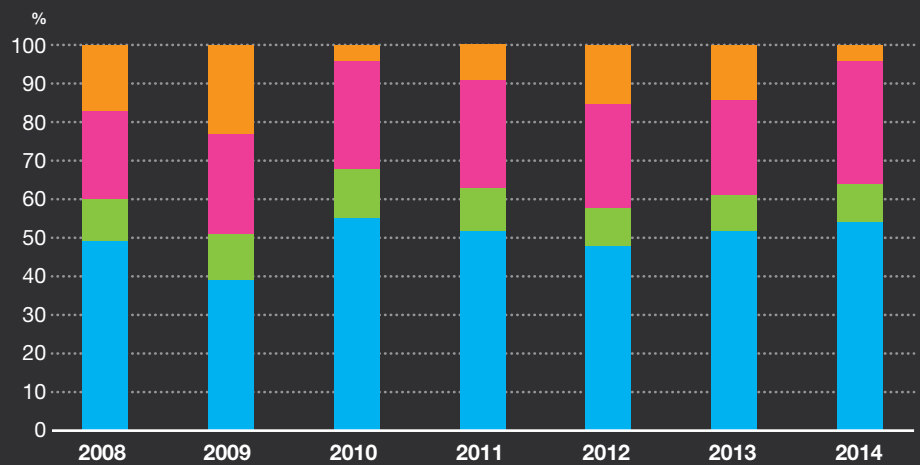
- Trustpower
- Infratil Energy Australia
- NZ Bus
- Wellington Airport
- Metlifecare
- Z Energy
- Other



Infratil's Capital Structure

Year ended 31 March

- Bank
- Dated Bond
- Perpetual Bond
- Equity (market value)



Infratil's Consolidated Results

The tables below give Infratil's Consolidated Results and the derivation of net parent surplus. On the facing page are shown the breakdown of EBITDAF and net surplus before revaluations for the last two years.

Year ended 31 March \$Millions	2014	2013	Comment on major factors
Total income	\$2,384	\$2,400	Weak A\$ reduced IEA/Lumo and TPW NZ\$ rev
Operating expenditure	(\$1,884)	(\$1,872)	
EBITDAF¹	\$500	\$528	
Net interest	(\$181)	(\$195)	Lower levels of debt
Depreciation and amortisation	(\$152)	(\$149)	
Tax	(\$63)	(\$24)	Tax effect of hedge and fair value movements
Net surplus before revaluations	\$104	\$160	
Revaluation of hedges	\$53	(\$14)	\$38m realised FX hedge gain
Investment realisations/revaluations	\$219	(\$7)	\$183m Z Energy gain. \$33m Metlifecare gain
Discontinued operations	(\$101)	(\$62)	\$69m reclassification of prior period FX losses
Minority interests	(\$76)	(\$74)	
Net parent surplus	\$199	\$3	

1. Consolidated group earnings before interest, tax, depreciation, amortisation, movements in the value of financial derivatives, realisations and impairments. These figures exclude discontinued operations; that is the two UK airports. EBITDAF is presented to provide further information on the operating performance of the Group. EBITDAF is a useful non-GAAP financial measure showing operating earnings prior to non-cash items such as revaluations, depreciation and amortisation as well as tax and interest.

- EBITDAF was lower than the prior year due to \$19 million reduced contribution from IEA/Lumo (50% from the lower Australian dollar and 50% from earnings) and \$18 million less from Trustpower reflecting low New Zealand generation and wholesale prices.
- The net interest reduction was due to lower levels of debt.
- \$30 million of the tax increase related to unrealised fair value movements and hedges. Other activities contributed a net \$9m more than the prior year.

Reconciliation of EBITDAF to operating cash flow

Year ended 31 March \$Millions	2014	2013	Comment on major factors
EBITDAF	\$500	\$528	
Net interest	(\$168)	(\$181)	
Tax paid	(\$43)	(\$53)	
Working capital/other	\$127	\$4	\$107m of distributions related to Z Energy. \$38 million was received from closing currency hedges.
Discontinued operations	(\$9)	(\$10)	
Operating cash flow	\$407	\$288	

Breakdown of Consolidated EBITDAF and Net Surplus Before Revaluations

The following tables show the breakdown of Infratil's EBITDAF, depreciation and amortisation, interest and tax by business.

Year Ended 31 March 2014 \$Millions	EBITDAF	D&A	Interest	Tax	Total	Ownership
Parent/Other	(\$19)	(\$4)	(\$94)	(\$11)	(\$127)	100%
NZ Bus	\$40	(\$27)	-	(\$1)	\$12	100%
IEA/Lumo	\$61	(\$25)	(\$1)	-	\$35	100%
Perth Energy	\$17	(\$7)	(\$6)	(\$1)	\$3	80%
Wellington Airport	\$86	(\$16)	(\$19)	(\$13)	\$38	66%
Trustpower	\$277	(\$72)	(\$62)	(\$38)	\$106	51%
Z Energy	\$33	-	-	-	\$33	20%
Metlifecare	\$5	-	-	-	\$5	20%
Total	\$500	(\$152)	(\$181)	(\$63)	\$104	
European Airports	(\$9)	(\$3)	-	\$11	(\$1)	100%
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%
Perth Energy	\$18	(\$10)	(\$8)	-	-	80%
Wellington Airport	\$83	(\$16)	(\$19)	(\$9)	\$39	66%
Trustpower	\$295	(\$66)	(\$63)	(\$37)	\$129	51%
Z Energy	\$31	-	-	-	\$31	50%
Total	\$528	(\$149)	(\$195)	(\$24)	\$160	
European Airports	(\$10)	(\$4)	-	\$4	(\$10)	100%

Infratil's Assets

The table gives the book value of Infratil's assets except for those which are listed and shown at NZX values.

As at 31 March \$Millions	2014	2013	Comment on major factors
Trustpower	\$1,037	\$1,226	Share price fell from \$7.70 to \$6.49
Z Energy	\$312	\$324	2014 value at \$3.90 per share and reflects 20% stake (2013: 50%)
Metlifecare	\$171	-	\$4.07 per share
Wellington Airport	\$352	\$342	
NZ Bus	\$303	\$270	
Infratil Energy Australia Group	\$349	\$435	
European Airports	-	\$21	
Other	\$77	\$65	
Total	\$2,601	\$2,683	

Values exclude 100% subsidiaries' cash balances and deferred tax where capital gains tax does not apply.

Changes in the value of Wellington Airport and NZ Bus reflect the difference between the companies' net earnings over the period, any additional capital provided, and payments to shareholders. Infratil Energy Australia Group's value change is due to the 17% strengthening of the NZ\$/A\$ exchange rate, a \$33 million reduction in working capital and a \$19 million decrease in the value of plant and property.

The UK Airports were sold. Other investments are mainly iSite, Snapper and Infratil Infrastructure Property.

Capital Expenditure & Investment

Year ended 31 March \$Millions	2014	2013	The last five years
Trustpower	\$350	\$214	\$751
Z Energy	-	\$71	\$384
Metlifecare	\$148	-	\$148
Wellington Airport	\$20	\$12	\$93
NZ Bus	\$68	\$57	\$222
Infratil Energy Australia Group	\$22	\$28	\$304
Other	\$6	\$32	\$71
Total	\$614	\$414	\$1,973

Infratil's Funding

As at 31 March 2014 Infratil and 100% subsidiaries had \$784 million of bank facilities against which \$122 million was drawn (and \$38 million used for guarantees). \$50 million cash was on deposit. \$1 million was borrowed as vendor funding.

The table shows the borrowing of Infratil and 100% subsidiaries net of deposits and the market value of Infratil's equity.

As at 31 March \$Millions	2014	2013	Comment on major factors
Bank and vendor debt	\$73	\$364	
Fixed maturity bonds	\$754	\$677	\$85m of bonds were repaid, \$162m six and nine year bonds were issued
Perpetual bonds	\$235	\$235	
Market value equity	\$1,269	\$1,382	21.9m (net) shares were repurchased for \$52.4m
Total capital	\$2,331	\$2,658	
Dated debt/total capital	35%	39%	
Total debt/total capital	46%	48%	

Shareholder Returns & Ownership

As at 31 March	2014		2013	
Infratil share ownership	Million shares	%	Million shares	%
NZ Retail investors	239	42	240	41
NZ Institutional investors	138	25	150	26
Utilico and Associates	49	9	79	14
Management, past and present	51	9	58	10
Offshore (not otherwise noted)	85	15	57	9
Total	562		584	

Approximately 15% of Infratil's shares changed hands over the year (10% the prior year). New Zealand domiciled shareholdings were stable at 76%. Infratil has approximately 23,000 shareholders and 16,000 bondholders.

During an average week three million Infratil shares are traded on the NZX.

26 million shares were repurchased under the shareholder approved buyback programme. 4.1 million shares were issued under the dividend reinvestment scheme and 0.2 million under management incentive schemes.

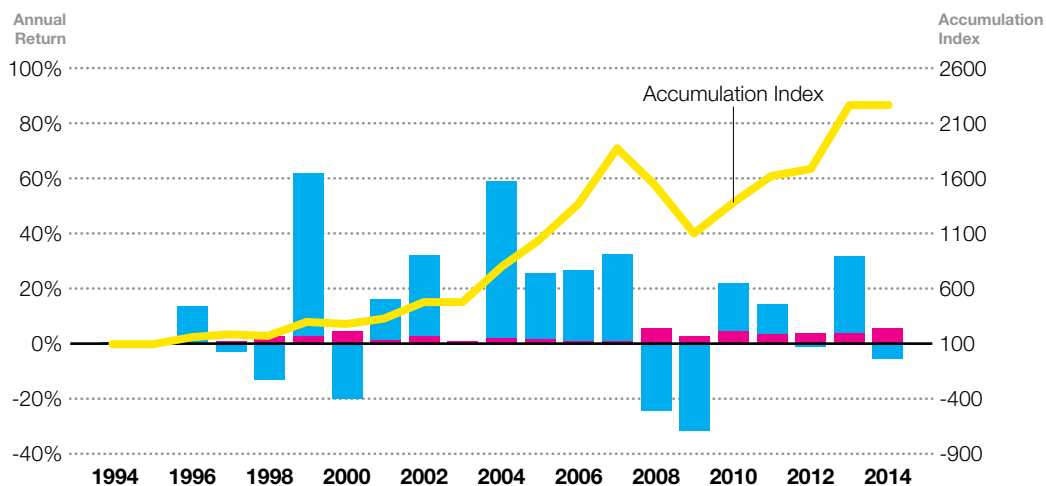
Over the year the share price fell from \$2.37 to \$2.27 and fully imputed dividends of 9.25 cents per share were paid. A shareholder who reinvested the dividends via the DRP scheme achieved a return over the year of 0% with the dividend yield offsetting the decline in share price (a positive 30% return in the prior year).

Over the last five years Infratil has returned 13.6% per annum and since listing 17.0% per annum. An investor who invested \$1,000 in the initial float and reinvested all distributions would have a holding worth \$22,380 as at 31 March 2014.

Infratil Track Record

Year ended 31 March

- Capital Return
- Dividend Return



**Financial
Statements**





Statement of Comprehensive Income

For the year ended 31 March 2014


	Notes	Consolidated		Parent	
		2014 \$Millions	2013 \$Millions	2014 \$Millions	2013 \$Millions
Operating revenue		2,345.4	2,368.7	15.5	15.9
Dividends		0.9	0.3	26.0	136.9
Total revenue		2,346.3	2,369.0	41.5	152.8
Share of earnings of associate companies	11	70.8	31.0	-	-
Total income		2,417.1	2,400.0	41.5	152.8
Depreciation	9	117.9	117.1	-	-
Amortisation of intangibles	10	33.9	31.6	-	-
Employee benefits		244.4	218.0	-	-
Other operating expenses	5	1,639.3	1,654.4	26.9	26.4
Total operating expenditure		2,035.5	2,021.1	26.9	26.4
Operating surplus before financing, derivatives, realisations and impairments		381.6	378.9	14.6	126.4
Net gain/(loss) on foreign exchange and derivatives		53.1	(14.4)	8.4	(3.0)
Net gain on Z Energy Limited IPO	11	182.5	-	-	-
Net realisations, revaluations and (impairments)		2.5	(5.9)	-	(76.2)
Interest income		5.7	4.8	50.2	70.1
Interest expense		186.7	200.2	72.8	68.5
Net financing expense/(income)		181.0	195.4	22.6	(1.6)
Net surplus before taxation		438.7	163.2	0.4	48.8
Taxation expense / (credit)	6	63.2	24.1	(6.1)	(11.2)
Net surplus for the year from continuing operations	3	375.5	139.1	6.5	60.0
Net loss from discontinued operation after tax	4	(100.9)	(62.1)	-	-
Net surplus for the year		274.6	77.0	6.5	60.0
Net surplus attributable to owners of the Company		198.9	3.4	6.5	60.0
Net surplus attributable to non-controlling interest		75.7	73.6	-	-
Other comprehensive income, after tax					
Items that will not be reclassified to profit and loss					
Net change in fair value of property, plant & equipment recognised in equity		(22.9)	(12.0)	-	-
Share of associates other comprehensive income		7.2	(0.1)	-	-
Fair value movements in relation to the executive share scheme		0.1	0.1	0.1	0.1
Income tax effect of the above items		4.1	4.0	-	-
Items that may subsequently be reclassified to profit and loss					
Differences arising on translation of foreign operations		(49.7)	(9.4)	-	-
Realised foreign exchange losses reclassified to profit and loss on disposal of subsidiary		80.1	-	-	-
Ineffective portion of hedges taken to profit and loss		-	0.7	-	-
Effective portion of changes in fair value of cash flow hedges		30.2	(21.0)	-	-
Recognition of previously unrecognised deferred tax losses		-	5.1	-	-
Income tax effect of the above items		(32.8)	8.5	-	-
Total other comprehensive income for the year after tax		16.3	(24.1)	0.1	0.1
Total comprehensive income for the year		290.9	52.9	6.6	60.1
Total comprehensive income for the year attributable to owners of the Company		223.9	(14.6)	6.6	60.1
Total comprehensive income for the year attributable to non-controlling interest		67.0	67.5	-	-
Earnings per share					
Basic (cents per share)	21	34.4	0.6	-	-
Diluted (cents per share)	21	34.4	0.6	-	-

Statement of Financial Position

As at 31 March 2014

	Notes	Consolidated		Parent	
		2014 \$Millions	2013 \$Millions	2014 \$Millions	2013 \$Millions
Cash and cash equivalents	8	144.2	144.3	-	-
Trade and other accounts receivable and prepayments	15	356.5	422.8	1.1	1.6
Derivative financial instruments	15	6.1	21.1	-	-
Inventories		9.9	12.4	-	-
Income tax receivable		10.1	6.4	1.4	3.8
Investment properties		15.6	27.7	-	-
Disposal group assets classified as held for sale	4	-	35.3	-	-
Current assets		542.4	670.0	2.5	5.4
Trade and other accounts receivable and prepayments		9.7	21.8	-	-
Property, plant and equipment	9	4,175.6	4,025.1	-	-
Investment properties		60.0	54.6	-	-
Derivative financial instruments	15	16.0	5.7	-	-
Intangible assets	10	100.3	86.0	-	-
Deferred tax asset	6	-	-	16.3	9.4
Goodwill	10	251.7	242.0	-	-
Investments in associates	11	292.2	326.2	-	-
Other investments		1.9	8.0	-	-
Investments in and advances to subsidiaries	16	-	-	1,522.0	1,565.9
Non current assets		4,907.4	4,769.4	1,538.3	1,575.3
Total assets		5,449.8	5,439.4	1,540.8	1,580.7
Accounts payable		196.1	232.4	0.3	2.7
Accruals and other liabilities		108.4	118.8	9.5	8.2
Interest bearing loans and borrowings	12	217.6	139.8	-	-
Derivative financial instruments	15	15.5	11.1	0.1	-
Income tax payable		11.0	7.7	-	-
Infrastructure bonds	13	-	85.3	-	85.3
Wellington International Airport bonds	14	-	99.8	-	-
Trustpower bonds	14	75.0	54.7	-	-
Disposal group liabilities classified as held for sale	4	-	15.3	-	-
Total current liabilities		623.6	764.9	9.9	96.2
Interest bearing loans and borrowings	12	684.5	822.2	-	-
Other liabilities		19.2	7.7	-	-
Deferred tax liability	6	413.7	385.7	-	-
Derivative financial instruments	15	42.6	104.5	14.1	26.2
Infrastructure bonds	13	747.3	586.8	747.3	586.8
Perpetual Infratil Infrastructure bonds	13	232.6	232.2	232.6	232.2
Wellington International Airport bonds	14	273.7	149.4	-	-
Trustpower bonds	14	376.7	450.5	-	-
Non current liabilities		2,790.3	2,739.0	994.0	845.2
Attributable to owners of the Company		1,119.3	1,004.4	536.9	639.3
Non controlling interest in subsidiaries		916.6	931.1	-	-
Total equity		2,035.9	1,935.5	536.9	639.3
Total equity and liabilities		5,449.8	5,439.4	1,540.8	1,580.7
Net tangible assets per share (\$ per share)		1.37	1.16		

Approved on behalf of the Board on 12 May 2014


Mark Tume
Director


Marko Bogoevski
Director

Statement of Cash Flows

For the Year Ended 31 March 2014

	Notes	Consolidated		Parent	
		2014 \$Millions	2013 \$Millions	2014 \$Millions	2013 \$Millions
Cash flows from operating activities					
<i>Cash was provided from:</i>					
Receipts from customers		2,395.7	2,327.9	0.5	0.3
Distributions received from associates		107.4	38.1	-	-
Other dividends		0.8	0.3	26.0	136.9
Interest received		5.7	4.8	0.2	0.1
		2,509.6	2,371.1	26.7	137.3
<i>Cash was disbursed to:</i>					
Payments to suppliers and employees		(1,886.5)	(1,844.2)	(31.5)	(25.1)
Interest paid		(173.2)	(186.1)	(70.9)	(68.5)
Taxation (paid) / refunded		(42.7)	(52.8)	1.6	(5.2)
		(2,102.4)	(2,083.1)	(100.8)	(98.8)
Net cash inflow / (outflow) from operating activities	18	407.2	288.0	(74.1)	38.5
Cash flows from investing activities					
<i>Cash was provided from:</i>					
Proceeds from repayment of associate financing		179.8	-	-	-
Proceeds from sale of property, plant and equipment		26.1	1.0	-	-
Cash arising on obtaining control of subsidiaries		160.2	-	-	-
Return of security deposits		9.3	9.7	-	-
Cash advanced from subsidiary		-	-	137.0	-
		375.4	10.7	137.0	-
<i>Cash was disbursed to:</i>					
Purchase of investments		(147.9)	-	(27.8)	-
Lodgement of security deposits		(11.0)	(9.8)	-	-
Purchase of intangible assets		(31.5)	(19.1)	-	-
Interest capitalised on construction of fixed assets		(15.5)	(4.9)	-	-
Capitalisation of customer acquisition costs		(19.9)	(14.1)	-	-
Purchase of property, plant and equipment		(407.4)	(296.7)	-	-
Advanced to subsidiaries		-	-	-	(25.8)
		(633.2)	(344.6)	(27.8)	(25.8)
Net cash (outflow) / inflow from investing activities		(257.8)	(333.9)	109.2	(25.8)
Cash flows from financing activities					
<i>Cash was provided from:</i>					
Proceeds from issue of shares		9.7	5.8	9.7	5.8
Proceeds from issue of shares to non-controlling shareholders		-	2.3	-	-
Bank borrowings		867.3	635.6	-	-
Issue of bonds		287.2	251.3	162.2	111.4
		1,164.2	895.0	171.9	117.2
<i>Cash was disbursed to:</i>					
Repayment of bank debt		(844.5)	(493.8)	-	-
Loan establishment costs		(9.9)	(5.2)	-	-
Repayment of bonds/Perpetual Infratil Infrastructure bonds buyback		(240.0)	(166.4)	(85.3)	(57.9)
Infrastructure bond issue expenses		(4.1)	(3.9)	(3.0)	(2.0)
Share buyback		(61.7)	(21.8)	(61.7)	(21.8)
Share buyback of non-wholly owned subsidiary		(7.1)	(0.1)	-	-
Dividends paid to non-controlling shareholders in subsidiary companies		(72.5)	(70.6)	-	-
Dividends paid to owners of the Company		(57.0)	(48.2)	(57.0)	(48.2)
		(1,296.8)	(810.0)	(207.0)	(129.9)
Net cash inflow / (outflow) from financing activities		(132.6)	85.0	(35.1)	(12.7)
Net increase in cash and cash equivalents		16.8	39.1	-	-
Foreign exchange gains / (losses) on cash and cash equivalents		(15.7)	0.6	-	-
Cash and cash equivalents at beginning of year		144.3	107.0	-	-
Adjustment for cash reclassified to disposal group assets held for sale		(1.2)	(2.4)	-	-
Cash and cash equivalents at end of year		144.2	144.3	-	-

Statement of Changes in Equity

For The Year Ended 31 March 2014

Attributable to equity holders of the Company

	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
Consolidated								
Balance as at 1 April 2013	421.3	551.7	(62.1)	(3.8)	97.3	1,004.4	931.1	1,935.5
Total comprehensive income for the year								
Net surplus for the year	-	-	-	-	198.9	198.9	75.7	274.6
Other comprehensive income, after tax								
Differences arising on translation of foreign operations	-	-	(52.7)	(3.1)	-	(55.8)	(7.2)	(63.0)
Realised foreign exchange losses reclassified to profit and loss on disposal of subsidiary	-	-	68.8	-	-	68.8	-	68.8
Ineffective portion of hedges taken to profit and loss	-	-	-	-	-	-	-	-
Effective portion of changes in fair value of cash flow hedges	-	-	-	16.3	-	16.3	5.7	22.0
Recognition of previously unrecognised deferred tax losses	-	-	-	-	-	-	-	-
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	-	(11.6)	-	-	-	(11.6)	(7.2)	(18.8)
Share of associates other comprehensive income	-	-	-	-	7.2	7.2	-	7.2
Total other comprehensive income	-	(11.6)	16.1	13.3	7.2	25.0	(8.7)	16.3
Total comprehensive income for the year	-	(11.6)	16.1	13.3	206.1	223.9	67.0	290.9
Contributions by and distributions to non-controlling interest								
Issue of shares to outside equity interest	-	-	-	-	-	-	-	-
Minority interest arising on acquisition of subsidiary	-	-	-	-	-	-	1.6	1.6
Repurchase/acquisition of shares held by outside equity interest	-	-	-	-	-	-	(10.6)	(10.6)
Total contributions by and distributions to non-controlling interest	-	-	-	-	-	-	(9.0)	(9.0)
Contributions by and distributions to owners								
Share buyback	(61.7)	-	-	-	-	(61.7)	-	(61.7)
Treasury Stock reissued under dividend reinvestment plan	9.4	-	-	-	-	9.4	-	9.4
Conversion of executive redeemable shares	0.3	-	-	-	-	0.3	-	0.3
Dividends to equity holders	-	-	-	-	(57.0)	(57.0)	(72.5)	(129.5)
Total contributions by and distributions to owners	(52.0)	-	-	-	(57.0)	(109.0)	(72.5)	(181.5)
Balance at 31 March 2014	369.3	540.1	(46.0)	9.5	246.4	1,119.3	916.6	2,035.9

Statement of Changes In Equity

For the Year Ended 31 March 2014

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	428.7	561.5	(61.4)	3.6	142.2	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)
Realised foreign exchange losses reclassified to profit and loss on disposal of subsidiary	-	-	-	-	-	-	-	-
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
Minority interest arising on acquisition of subsidiary	-	-	-	-	-	-	-	-
Repurchase/acquisition 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								
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	421.3	551.7	(62.1)	(3.8)	97.3	1,004.4	931.1	1,935.5

Statement of Changes in Equity

For the Year Ended 31 March 2014

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 2013	414.1	-	-	0.4	224.8	639.3	-	639.3
Total comprehensive income for the year								
Net surplus for the year	-	-	-	-	6.5	6.5	-	6.5
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	6.5	6.6	-	6.6
Contributions by and distributions to owners								
Share buyback	(61.7)	-	-	-	-	(61.7)	-	(61.7)
Treasury Stock reissued under dividend reinvestment plan	9.4	-	-	-	-	9.4	-	9.4
Conversion of executive redeemable shares	0.3	-	-	-	-	0.3	-	0.3
Dividends to equity holders	-	-	-	-	(57.0)	(57.0)	-	(57.0)
Total contributions by and distributions to owners	(52.0)	-	-	-	(57.0)	(109.0)	-	(109.0)
Balance at 31 March 2014	362.1	-	-	0.5	174.3	536.9	-	536.9
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

Notes To The Financial Statements

For The Year Ended 31 March 2014

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 53 to 90 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 property valued in accordance with accounting policy (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 significant 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 valuation 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 or cost.

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.

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 2014 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 New Zealand and Australia, 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, 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 interest, taxation, depreciation, revaluations and impairments. EBITDAF is a non-GAAP measure presented to show management's view of underlying business performance.

	Note	Consolidated		Parent	
		2014 \$Millions	2013 \$Millions	2014 \$Millions	2013 \$Millions
Net surplus for the year from continuing operations		375.5	139.1	6.5	60.0
Net financing expense/(income)		181.0	195.4	22.6	(1.6)
Taxation expense	6	63.2	24.1	(6.1)	(11.2)
Depreciation		117.9	117.1	-	-
Amortisation of intangibles		33.9	31.6	-	-
Net (gain)/loss on foreign exchange and derivatives		(53.1)	14.4	(8.4)	3.0
Fair value gain on acquisition of associate (included within equity accounted earnings of associates)	11	(33.1)	-	-	-
Net realisations, revaluations and impairments		(185.0)	5.9	-	76.2
Earnings before interest, tax, depreciation, amortisation, fair value movements, realisations and impairments		500.3	527.6	14.6	126.4

4) Disposal group held for sale

The Infratil Airports Europe segment comprising Glasgow Prestwick and Manston Airports is presented as a discontinued operation of the Group as the sale of these businesses was completed on 25 November 2013 and 29 November 2013 respectively.

	2014 \$Millions	2013 \$Millions
Results of discontinued operation		
Revenue	27.3	36.1
Employee benefits	(11.6)	(21.4)
Other operating expenses	(25.0)	(24.7)
Results from operating activities	(9.3)	(10.0)
Depreciation	(2.5)	(3.6)
Net realisations, revaluations and (impairments)	(20.2)	(52.6)
Interest expense	(0.1)	(0.1)
Realised foreign exchange losses reclassified to profit and loss on disposal	(80.1)	-
Loss before tax of discontinued operation	(112.2)	(66.3)
Taxation credit	11.3	4.2
Net loss from discontinued operation after tax	(100.9)	(62.1)
Basic earnings per share (cents per share)	(17.4)	(10.6)
Diluted earnings per share (cents per share)	(17.4)	(10.6)
Cash flows from (used in) discontinued operation		
Net cash used in operating activities	(13.9)	(12.7)
Net cash from investing activities	(2.5)	(5.8)
Net cash from financing activities	-	-
Net cash flows for the year	(16.4)	(18.5)
Effect of reclassification of the disposal group on the financial position of the Group		
Bank overdraft	-	1.2
Trade, accounts receivable and prepayments	-	(4.0)
Inventory	-	(0.6)
Property, plant and equipment	-	(14.4)
Investment properties	-	(17.5)
Accounts payable, accruals and other liabilities	-	7.0
Other liabilities	-	8.3
Deferred tax	-	-
Net reclassification of (assets) and liabilities	-	(20.0)

The cumulative income recognised in other comprehensive income relating to the disposal group at 31 March 2014 is nil (2013: \$2.9 million).

5) Other operating expenses

		Consolidated		Parent	
		2014 \$Millions	2013 \$Millions	2014 \$Millions	2013 \$Millions
Fees paid to the Group auditor		0.9	1.8	0.2	0.9
Audit fees paid to other auditors		0.4	0.4	-	-
Bad debts written off		17.1	17.1	-	-
Increase in provision for doubtful debts	15	2.5	4.6	-	-
Directors' fees	19	2.6	2.5	0.6	0.5
Administration and other corporate costs		10.8	9.2	10.5	9.1
Management fee (to related party Morrison & Co Infrastructure Management)	25	19.0	19.7	15.6	15.9
<i>Trading operations</i>					
Energy and wholesale costs		709.8	724.8	-	-
Line, distribution and network costs		552.4	565.9	-	-
Other energy business costs		210.6	203.5	-	-
Transportation business costs		75.0	74.2	-	-
Airport business costs		15.7	13.6	-	-
Other operating business costs		22.5	17.1	-	-
Total other operating expenses		1,639.3	1,654.4	26.9	26.4
		2014 \$000's	2013 \$000's	2014 \$000's	2013 \$000's
<i>Fees paid to the Group auditor</i>					
Audit and review of financial statements		670.5	803.3	152.9	181.6
Regulatory audit work		25.0	14.0	-	-
Other assurance services		27.1	26.4	6.6	-
Taxation services		77.8	112.8	-	-
Other services		73.8	803.0	-	748.4
Total fees paid to the Group auditor		874.2	1,759.5	159.5	930.0

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

Other services relate to tax advisory services provided to a subsidiary of the group (2013 other services relates to investment due diligence work).

Donations of \$0.7 million (2013: \$1.3 million) were made during the year by the Group.

6) Taxation

	Consolidated		Parent	
	2014 \$Millions	2013 \$Millions	2014 \$Millions	2013 \$Millions
Net surplus before taxation	438.7	163.2	0.4	48.8
Taxation on the surplus for the year @ 28%	122.8	45.7	0.1	13.7
<i>Plus/(less) taxation adjustments:</i>				
Effect of tax rates in foreign jurisdictions	0.1	0.6	-	-
Net benefit of imputation credits	(29.4)	(7.6)	-	-
Exempt dividends	-	-	(7.3)	(38.3)
Tax losses utilised	(3.4)	-	-	-
Recognition of previously unrecognised deferred tax	-	(11.0)	-	(6.5)
Equity accounted earnings of associates	20.8	1.2	-	-
Temporary differences not recognised	-	0.1	0.1	-
(Over)/Under provision in prior years	1.2	(5.5)	0.8	(1.8)
Net investment realisations	(51.3)	-	-	21.4
Other permanent differences	2.4	0.6	0.2	0.3
Taxation expense on continuing operations	63.2	24.1	(6.1)	(11.2)
Current taxation	45.6	44.7	0.8	(1.8)
Deferred taxation	17.6	(20.6)	(6.9)	(9.4)
Tax on discontinued operations	(11.3)	(4.2)	-	-

Income tax recognised in other comprehensive income

	Consolidated 2014		
	Before tax \$Millions	Tax (expense) /benefit \$Millions	Net of tax \$Millions
Differences arising on translation of foreign operations	(49.7)	(13.3)	(63.0)
Realised foreign exchange losses reclassified to profit and loss on disposal of subsidiary	80.1	(11.3)	68.8
Ineffective portion of hedges taken to profit and loss	-	-	-
Effective portion of changes in fair value of cash flow hedges	30.2	(8.2)	22.0
Recognition of previously unrecognised deferred tax losses	-	-	-
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	(22.9)	4.1	(18.8)
Share of associates other comprehensive income	7.2	-	7.2
Balance at the end of the year	45.0	(28.7)	16.3

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)
Realised foreign exchange losses reclassified to profit and loss on disposal of subsidiary	-	-	-
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)

Deferred Tax

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

	Consolidated		Parent	
	2014 \$Millions	2013 \$Millions	2014 \$Millions	2013 \$Millions
Balance at the beginning of the year	(385.7)	(424.2)	9.4	-
Charge for the year	(17.6)	20.6	6.9	9.4
Charge relating to discontinued operations	11.3	4.2	-	-
Deferred tax recognised in equity	(17.4)	17.6	-	-
Effect of change in corporate income tax rate on comprehensive income	-	-	-	-
Acquired with Business Combination	(4.2)	-	-	-
Effect of movements in foreign exchange rates	(0.1)	0.3	-	-
Transferred to liabilities held for sale	-	(4.2)	-	-
Balance at the end of the year	(413.7)	(385.7)	16.3	9.4

The Infratil New Zealand Group is forecasting to derive taxable profits in future periods, sufficient 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	
	2014 \$Millions	2013 \$Millions	2014 \$Millions	2013 \$Millions
Property, plant and equipment	1.3	1.9	-	-
Investment property	-	-	-	-
Derivative financial instruments	10.5	31.4	4.0	7.4
Employee benefits	4.2	4.0	-	-
Customer base assets	-	-	-	-
Provisions	7.3	5.4	0.1	-
Tax losses carried forward	16.4	7.8	12.6	2.0
Other items	12.3	31.7	-	-
Deferred tax assets	52.0	82.2	16.7	9.4

	Consolidated Liabilities		Parent Liabilities	
	2014 \$Millions	2013 \$Millions	2014 \$Millions	2013 \$Millions
Property, plant and equipment	(431.9)	(437.9)	-	-
Investment property	(8.1)	(7.6)	-	-
Derivative financial instruments	(0.2)	(4.8)	-	-
Employee benefits	-	-	-	-
Customer base assets	(9.8)	(8.9)	-	-
Provisions	-	-	-	-
Tax losses carried forward	-	-	-	-
Other items	(15.7)	(8.7)	(0.4)	-
Deferred tax liabilities	(465.7)	(467.9)	(0.4)	-

	Consolidated Net		Parent Net	
	2014 \$Millions	2013 \$Millions	2014 \$Millions	2013 \$Millions
Property, plant and equipment	(430.6)	(436.0)	-	-
Investment property	(8.1)	(7.6)	-	-
Derivative financial instruments	10.3	26.6	4.0	7.4
Employee benefits	4.2	4.0	-	-
Customer base assets	(9.8)	(8.9)	-	-
Provisions	7.3	5.4	0.1	-
Tax losses carried forward	16.4	7.8	12.6	2.0
Other items	(3.4)	23.0	(0.4)	-
Net deferred tax assets/(liabilities)	(413.7)	(385.7)	16.3	9.4

Changes in temporary differences affecting tax expense

	Consolidated			
	Tax expense		Other comprehensive income	
	2014 \$Millions	2013 \$Millions	2014 \$Millions	2013 \$Millions
Property, plant and equipment	(2.7)	0.6	4.1	4.0
Investment property	(0.5)	(2.6)	-	-
Derivative financial instruments	(8.3)	12.0	(8.2)	5.7
Employee benefits	0.3	(0.8)	-	-
Customer base assets	2.8	0.3	-	-
Provisions	2.5	2.3	-	-
Tax losses carried forward	(0.4)	7.8	-	-
Other items	(11.3)	1.0	(13.3)	7.9
	(17.6)	20.6	(17.4)	17.6

Changes in temporary differences affecting tax expense

	Parent			
	Tax expense		Other comprehensive income	
	2014 \$Millions	2013 \$Millions	2014 \$Millions	2013 \$Millions
Derivative financial instruments	(3.4)	7.4	-	-
Provisions	0.1	-	-	-
Other items	(0.4)	-	-	-
Tax losses carried forward	10.6	2.0	-	-
	6.9	9.4	-	-

	Parent	
	2014 Millions	2013 Millions
Balance at the end of the year	11.6	25.2
Imputation credits that will arise on the payment/(refund) of tax provided for	(1.4)	(2.7)
Imputation credits that will arise on the (payment)/receipt of dividends accrued at year end	-	-
Imputation credits available for use	10.2	22.5

7) Infratil shares and warrants

Ordinary shares (fully paid)	Consolidated & Parent	
	2014	2013
Total issued capital at the beginning of the year	583,321,349	586,930,830
<i>Movements in issued and fully paid ordinary shares during the year:</i>		
Share buyback (held as treasury stock)	(25,983,615)	(6,425,000)
Treasury Stock reissued under dividend reinvestment plan	4,096,777	2,688,534
Conversion of executive redeemable shares	183,226	126,985
Total issued capital at the end of the year	561,617,737	583,321,349

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	
	2014	2013
Total warrants at the beginning of the year	-	52,825,458
Warrants lapsed	-	(52,825,458)
Total warrants at the end of the year	-	-

Dividends paid on ordinary shares	Consolidated & Parent		Consolidated & Parent	
	2014 cents per share	2013 cents per share	2014 \$Millions	2013 \$Millions
<i>Dividends declared and paid by the Company for the year were as follows:</i>				
Final dividend prior year	6.00	5.00	35.0	29.2
Interim dividend paid current year	3.75	3.25	22.0	19.0
	9.75	8.25	57.0	48.2

Executive redeemable shares	Consolidated & Parent	
	2014	2013
Balance at the beginning of the year	1,738,015	1,455,000
Shares issued	415,000	410,000
Shares converted to ordinary shares	(183,226)	(126,985)
Balance at end of year	1,969,789	1,738,015

During the year, certain executives left the Group, forfeiting their right to 15,000 shares (2013: 55,000) under the Scheme, which are held by the Trustee. 1,067,500 shares remain outstanding and available to Executives (2013: 1,007,500).

8) Cash and cash equivalents

	Consolidated	
	2014 \$Millions	2013 \$Millions
Call deposits	126.3	117.9
Cash deposits held as security for retail energy market contracts & bank financing agreements	17.9	26.4
Total	144.2	144.3

The Group conducts some of its electricity wholesale price hedging via the Sydney Futures Exchange and is required to maintain accounts with its brokers, which contain payments for Initial Margin Cash Deposits and payments or receipts for cash 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 call deposits. At 31 March 2014, \$17.9 million (2013: \$26.4 million) of cash deposits are "restricted" and not immediately available for use by the Group.

9) Property, plant and equipment

	Consolidated							
2014	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	489.6	328.7	447.4	234.1	79.7	2,480.3	307.4	4,367.2
Additions	3.3	4.6	81.2	320.9	0.7	-	0.4	411.1
Disposals	-	(0.3)	(40.0)	-	-	(0.3)	-	(40.6)
Impairment	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	(3.7)	(15.3)	(19.0)
Transfers between categories	4.1	6.4	6.2	(16.7)	-	-	-	-
Transfer to assets held for sale	-	(0.9)	-	-	-	-	-	(0.9)
Transfers to intangible assets	-	-	-	(1.1)	-	-	-	(1.1)
Transfers from/(to) investment properties	(0.2)	(0.4)	(0.1)	(4.3)	-	-	-	(5.0)
Effect of movements in foreign exchange rates	(1.8)	-	(2.5)	(35.7)	-	(44.8)	(43.5)	(128.3)
Balance at end of year	495.0	338.1	492.2	497.2	80.4	2,431.5	249.0	4,583.4
Accumulated depreciation								
Balance at beginning of year	12.1	18.8	213.6	-	47.8	49.8	-	342.1
Depreciation for the year	5.0	8.5	35.0	-	5.7	52.2	11.5	117.9
Transfer to investment properties	-	-	0.3	-	(0.1)	-	-	0.2
Revaluation	-	-	0.1	-	-	-	(11.5)	(11.4)
Disposals	-	(0.2)	(36.3)	-	-	(0.2)	-	(36.7)
Transfer to assets held for sale	-	(0.2)	-	-	-	-	-	(0.2)
Effect of movements in foreign exchange rates	-	-	(1.0)	-	-	(3.1)	-	(4.1)
Balance at end of year	17.1	26.9	211.7	-	53.4	98.7	-	407.8
Carrying value at 31 March 2014	477.9	311.2	280.5	497.2	27.0	2,332.8	249.0	4,175.6

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	422.0	30.4	76.6	2,488.4	352.2	4,172.8
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 foreign exchange rates	(0.2)	-	(0.4)	-	-	(8.0)	(5.6)	(14.2)
Balance at end of year	489.6	328.7	447.4	234.1	79.7	2,480.3	307.4	4,367.2
Accumulated depreciation								
Balance at beginning of year	6.4	11.8	198.1	-	42.3	-	-	258.6
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 foreign exchange rates	-	-	(0.2)	-	-	(0.5)	-	(0.7)
Balance at end of year	12.1	18.8	213.6	-	47.8	49.8	-	342.1
Carrying value at 31 March 2013	477.5	309.9	233.8	234.1	31.9	2,430.5	307.4	4,025.1

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 \$121.9 million as at 31 March 2014 (2013: \$154.8 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 \$127.2 million as at 31 March 2014 (2013: \$152.6 million) by BDO Corporate Finance (QLD) using a discounted cash flow methodology.

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 2014.

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 2014.

At 31 March 2014 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 asset's fair value. The discounted cash flow analysis showed there was no material change in the value of the vehicle business assets.

Property, plant and equipment valuations - key assumptions in determining fair value

The following tables summarise the significant valuation techniques and inputs used by valuers to arrive at the fair value for the Group's property, plant and equipment. All of the Group's property, plant and equipment valued at fair value is classified within the fair value hierarchy as level 3. The fair value hierarchy is further discussed in note 15 and defines level 3 assets or liabilities as being valued with reference to inputs that are not based on observable market data.

Generation renewable	Low	High	Valuation Impact vs. midpoint
<i>New Zealand Assets</i>			
Forward electricity price path	Decreasing in real terms from \$98/MWh to \$85MWh by 2015 then constant.	Decreasing in real terms from \$98/MWh to \$85MWh by 2015 then increasing to \$95/MWh by 2020, thereafter held constant.	-/+ \$98.0 million
Generation volume	2,167 GWh	2,649 GWh	-/+ \$245.0 million
Operating costs	\$29.6 million p.a.	\$32.6 million p.a.	+/- \$38.0 million
Weighted average cost of capital	7.8%	8.3%	+ \$82.0 million / - \$75.0 million
<i>Australian Assets</i>			
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\$11.0 million / + A\$33.0 million
Generation volume	350 GWh	428 GWh	-/+ A\$30.0 million
Weighted average cost of capital	7.7%	8.2%	+ A\$6.0 million / - A\$5.0 million
Generation non-renewable (Infratil Energy Australia)			
Weighted average cost of capital	8.5%	9.5%	+/-A\$5.9 million
Forecast Long Run \$300 MWh cap price	A\$15.50	A\$17.50	+/- A\$3.0 million
Plant reliability	99%	99%	
Despatch	95%	95%	
Generation non-renewable (Perth Energy)			
Weighted average cost of capital	8.0%	9.0%	+/- A\$5.3 million
Reserve capacity price per MW	A\$135,786	A\$135,786	
Plant reliability	98%	98%	
Despatch	100%	100%	

Wellington International Airport

Asset classification and description	Valuation approach	Key valuation assumptions	+/- 5% Valuation Impact
<p><i>Land</i></p> <p>Aeronautical land - used for airport activities and specialised aeronautical assets</p> <p>Non-aeronautical land - used for non-aeronautical purposes e.g. industrial, service, retail and land associated with the vehicle business</p>	<p>Market value existing use approach - comprising market value alternative use valuation plus development and holding costs to provide land suitable for airport use.</p> <p>The development and holding costs are derived by the valuer using assumptions regarding the discount rate, holding period and direct costs of holding the land for conversion to airport use. The valuer makes use of expert advice from Sapere Research Group in relation to the discount rate used. These inputs are deemed unobservable.</p>	<p>Adopted rate per hectare prior to holding costs: \$1.37 million per ha</p> <p>Discount rate: 12.88%</p> <p>Holding period: 5 years</p>	<p>+/- \$21.1 million (of a 5% change in discount rate)</p>
<p><i>Civil</i></p> <p>Civil works includes sea protection and site services, excluding such site services to the extent that they would otherwise create duplication of value</p>	<p>Optimised depreciated replacement cost - the cost of constructing a modern equivalent asset at current market based input cost rates, adjusted for the remaining useful life of the assets (depreciation) and any sub-optimal usage of the assets in their current application (optimisation). These inputs are deemed unobservable.</p>	<p>Average cost rates including concrete \$740 per m³, asphalt \$833 per m³, base course \$83 per m³ and foundations \$15 per m³</p>	<p>+/- \$6.8 million (of a 5% change in cost estimate)</p>
<p><i>Buildings</i></p> <p>Specialised buildings used for identified airport activities</p> <p>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.</p>	<p>Optimised depreciated replacement cost derived from modern equivalent asset rate</p> <p>Optimised depreciated replacement cost derived from modern equivalent asset rate, as described for Civil above.</p>	<p>Modern equivalent asset rates ranging from \$175 to \$5,000 per m², with a weighted average of \$4,050 per m²</p> <p>Modern equivalent asset rates ranging from \$550 to \$1,900 per m², with a weighted average of \$1,364 per m²</p>	<p>+/- \$9.3 million (of a 5% change in cost estimate)</p>
<p><i>Vehicle business assets</i></p> <p>Assets associated with car parking and taxi, shuttle and bus services (excluding land)</p>	<p>Discounted cash flow valuation performed by management and based on:</p> <p>Internal management information such as forecast future revenues, costs and capital expenditure. This information is derived from WIAL's financial and car park management systems and is subject to WIAL's overall control environment.</p> <p>Assumptions such as the discount rate are based on management's professional judgement and arrived at in consultation with external experts.</p> <p>Both the internal management information and the discount rate are deemed to be unobservable inputs.</p>	<p>Revenue growth 3% p.a.</p> <p>Cost growth 3% p.a.</p> <p>Discount rate 13%</p>	<p>+/- \$2.8 million (of a 5% change in discount rate)</p>

Effect of level 3 fair value measurements on profit or loss and other comprehensive income

The following table summarises for assets measured at fair value, classified as level 3, the effect of the fair value movements on profit or loss and other comprehensive income for the period.

2014			
Level 3 Fair Value movements	Recognised in profit or loss \$ Millions	Recognised in other comprehensive income \$ Millions	Total \$ Millions
Generation Plant (renewable)	-	(3.8)	(3.8)
Generation Plant (non renewable)	(4.1)	0.3	(3.8)
Land and civil works	-	-	-
Buildings	-	-	-
Vehicle business assets	-	-	-
	(4.1)	(3.5)	(7.6)

2013			
Level 3 Fair Value movements	Recognised in profit or loss \$ Millions	Recognised in other comprehensive income \$ Millions	Total \$ Millions
Generation Plant (renewable)	-	-	-
Generation Plant (non renewable)	(0.2)	(26.2)	(26.4)
Land and civil works	-	-	-
Buildings	-	16.1	16.1
Vehicle business assets	-	-	-
	(0.2)	(10.1)	(10.3)

There were no transfers between property, plant and equipment assets classified as level 1 or level 2, and level 3 of the fair value hierarchy during the year ended 31 March 2014 (2013: none).

Revalued assets at deemed cost

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:

2014	Cost \$Millions	Assets under construction \$Millions	Accumulated depreciation \$Millions	Net book value \$Millions
Generation Plant (renewable)	1,726.2	220.8	(409.9)	1,537.1
Generation Plant (non renewable)	289.9	-	(43.3)	246.6
Land and civil works	209.7	4.1	(34.4)	179.4
Buildings	232.4	4.1	(58.9)	177.6
Vehicles, plant and equipment	39.2	1.6	(23.9)	16.9
Capital work in progress	10.5	-	-	10.5
	2,507.9	230.6	(570.4)	2,168.1

2013	Cost \$Millions	Assets under construction \$Millions	Accumulated depreciation \$Millions	Net book value \$Millions
Generation Plant (renewable)	1,529.3	191.9	(360.5)	1,360.7
Generation Plant (non renewable)	294.6	-	(32.2)	262.4
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
	2,310.5	191.9	(498.1)	2,004.3

10) Goodwill & intangible assets

Consolidated

	2014 \$Millions	2013 \$Millions
Goodwill		
Balance at beginning of the year	243.6	243.6
Goodwill arising on acquisitions	9.9	-
Goodwill disposed of during the period	(0.2)	-
Balance at the end of the year	253.3	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	251.7	242.0
Other intangible assets – lease agreements/software		
Balance at beginning of the year	163.7	146.4
Foreign exchange adjustment on opening balance	(3.9)	(0.4)
Additions	31.0	19.1
Disposals	(13.6)	(0.4)
Transfers from property, plant and equipment	1.1	-
Impairment loss	-	(1.0)
Balance at the end of the year	178.3	163.7
Other intangible assets – customer base assets		
Balance at beginning of the year	72.4	59.4
Foreign exchange adjustment on opening balance	(10.8)	(1.1)
Additions	19.6	14.1
Balance at the end of the year	81.2	72.4
Amortisation and impairment losses		
Balance at beginning of the year	(150.1)	(119.9)
Amortisation for the year	(33.9)	(31.6)
Disposals	13.4	0.4
Foreign exchange adjustment	11.4	1.0
Balance at the end of the year	(159.2)	(150.1)
Total other intangible assets	100.3	86.0
Total intangible assets	352.0	328.0
<i>The aggregate carrying amounts of goodwill allocated to each cash generating unit are as follows:</i>		
The following units have significant carrying amounts of goodwill		
NZ Bus	55.0	55.2
Trustpower	113.0	108.9
Lumo Energy	66.2	66.2
Units with insignificant goodwill	17.5	11.7
	251.7	242.0

Goodwill amounts have been reviewed during the year and there are no impairments (2013: nil).

Goodwill arising on acquisition of subsidiaries during the year relates to PayGlobal and Energy Direct NZ. Goodwill in respect of PayGlobal arose due to a shareholder restructure, while Goodwill in respect of Energy Direct NZ, an electricity and gas retailer, arose after the Group purchased the assets and liabilities of that company.

Recoverable amounts are determined based on the following analysis and key assumptions:

NZ Bus

The assessment of the recoverable amount of goodwill is based on value in use calculations. These 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. The projected cash flows are for the period to 2025 and include a terminal value based on 2025 EBITDAF growing 1% in perpetuity and separately costs 5 cycles of capital expenditure to reflect the uneven age profile of NZ Bus' fleet. A pre-tax discount rate of 9.7% (2013: 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

The assessment of the recoverable amount of goodwill is based on value in use calculations. These calculations 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 and a pre-tax discount rate of 13% (2013: 13%).

11) Investments

Investment in associates

	Consolidated	
	2014 \$Millions	2013 \$Millions
<i>Investments in associates are as follows:</i>		
Z Energy Limited	104.1	324.0
Metlifecare Limited	186.0	-
Mana Coach Holdings Limited	2.1	2.2
	292.2	326.2
<i>Equity accounted earnings of associates are as follows:</i>		
Z Energy Limited	32.7	31.0
Metlifecare Limited	38.1	-
Mana Coach Holdings Limited	-	-
	70.8	31.0

Z Energy Limited

Z Energy Limited ('ZEL') operates within the downstream oil industry. On 21 August 2013, ZEL was listed on the New Zealand and Australian Stock Exchanges with opening share prices of \$3.50 and A\$3.26 respectively. The shareholders in ZEL (Infratil Limited and The Guardians of New Zealand Superannuation ('GNZS')) sold 60% of their holding in ZEL, recognising a net gain on IPO after costs and asset revaluations of \$365.0 million, of which the Group's 50% share was \$182.5 million.

On acquisition, the Group's interest in ZEL was held through a 50% owned associate Aotea Energy Holdings Limited and its subsidiaries ('AEHL'), with the remaining 50% owned by GNZS. Subsequent to the IPO of ZEL, 50% of the investment in ZEL was sold to GNZS, and the Group acquired the remaining 50% shareholding in AEHL. Following this restructure of AEHL, the Group continues to equity account for its investment in ZEL.

Movement in the carrying amount of investment in ZEL:

	2014 \$Millions	2013 \$Millions
Carrying value at 1 April	324.0	331.2
Share of associate's surplus before income tax	38.4	32.0
Share of associate's income tax (expense)	(11.0)	(14.5)
Share of associate's net profit after tax	27.4	17.5
Interest on shareholder loan (including accruals)	3.3	8.4
Dividend on redeemable preference shares (including accruals)	2.0	5.1
Total share of associate's earnings in the period	32.7	31.0
Share of associate's other comprehensive income	7.2	(0.1)
Share of net gain on IPO of ZEL	182.5	-
less: repayment of redeemable preference shares	(57.5)	-
less: repayment of shareholder loan	(122.3)	-
less: distributions received	(107.2)	(38.1)
less: assets acquired on the restructure of AEHL	(155.3)	-
Carrying value of investment in associate	104.1	324.0

The Group's share of the net gain on IPO is calculated as follows:

	2014 \$Millions
Gross sale proceeds	840.0
less: IPO costs	(43.9)
Net sales proceeds	796.1
Z Energy Limited carrying value of net assets sold	(393.6)
Impairment of assets associated with Z Energy IPO	
Associate investment in NZR previously carried at ZEL valuation	(33.4)
Other assets previously carried at ZEL valuations	(4.1)
Net gain on IPO	365.0
Infratil Group 50% share of gain on IPO	182.5

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

	2014 \$Millions	2013 \$Millions
Current assets	885.0	1,002.2
Non-current assets	655.0	667.5
Total Assets	1,540.0	1,669.7
Current liabilities	449.0	516.8
Shareholder loans	-	244.5
Shareholder Redeemable Preference Shares	-	115.0
Non-current liabilities	500.0	505.5
Total liabilities	949.0	1,381.8
Revenues	2,825.0	2,989.3
Net profit after tax	95.0	35.0
Total other comprehensive income	144.0	(0.1)

At 31 March 2014 the Group's investment in ZEL had a fair value of \$312.0 million based on the quoted market price of ZEL shares on the NZX at that date (2013: n/a)

Metlifecare Limited

On 28 November 2013, the Group acquired a 19.9% shareholding in Metlifecare Limited for \$147.9 million. The fair value of the shares on the acquisition date determined by reference to the listed share price was \$181.0 million, resulting in a gain on acquisition of \$33.1 million. Metlifecare is a NZX and ASX listed retirement village and aged care provider in New Zealand.

Movement in the carrying amount of investment in Metlifecare Limited:

	2014 \$Millions	2013 \$Millions
Carrying value at 1 April	-	-
Cost of investment in Metlifecare	147.9	-
Share of associate's surplus before income tax	5.0	-
Fair value gain on acquisition of associate	33.1	-
Share of associate's income tax (expense)	-	-
Total share of associate's earnings in the period	38.1	-
Share of associate's other comprehensive income	-	-
<i>less: distributions received</i>	-	-
Carrying value of investment in associate	186.0	-

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

The summary information provided is taken from the most recent NZ IFRS audited annual financial statements of Metlifecare Limited which have a balance date of 30 June 2013 and is reported as at that date.

	30 June 2013 \$Millions
Current assets	14.4
Non-current assets	1,889.9
Total Assets	1,904.3
Current liabilities	17.2
Non-current liabilities	1,169.3
Total liabilities	1,186.5
Revenues	92.2
Net profit after tax	120.3
Total other comprehensive income	(0.3)

At 31 March 2014 the Group's investment in Metlifecare had a fair value of \$170.6 million based on the quoted market price of Metlifecare shares on the NZX at that date (2013: n/a)

12) Interest bearing 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	
	2014 \$Millions	2013 \$Millions
<i>Current liabilities</i>		
Unsecured loans	210.2	34.5
Secured bank facilities	6.2	88.3
less: Capitalised loan establishment costs	(0.1)	(0.7)
	216.3	122.1
<i>Non-current liabilities</i>		
Unsecured loans	638.0	688.6
Secured bank facilities	55.3	140.0
less: Capitalised loan establishment costs	(8.8)	(7.9)
	684.5	820.7
<i>Facilities utilised at reporting date</i>		
Unsecured bank loans	848.2	723.1
Unsecured guarantees	47.7	30.6
Secured bank loans	61.5	228.3
Secured guarantees	0.2	0.4
<i>Facilities not utilised at reporting date</i>		
Unsecured bank loans	754.9	998.6
Secured bank loans	140.0	6.5
Unsecured bank guarantees	2.7	8.9
<i>Vendor financing</i>		
Vendor financing - current	1.3	17.7
Vendor financing - non current	-	1.5
<i>Total</i>		
Interest bearing loans and borrowings - current	217.6	139.8
Interest bearing loans and borrowings - non current	684.5	822.2
Total interest bearing loans and borrowings	902.1	962.0

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 3.0% to 7.4% (2013: 2.9% to 8.1%).

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

The Group's \$140 million redeemable preference shares were refinanced in March 2013 with a \$140 million debt facility, secured by a general security charge over the assets of a subsidiary company which include the 48.5 million Trustpower shares held by that subsidiary company.

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

13) Infrastructure bonds

	Consolidated & Parent	
	2014 \$Millions	2013 \$Millions
Balance at the beginning of the year	904.3	851.6
Issued during the year	162.2	111.4
Matured during the year	(85.3)	(21.0)
Exchanged during the year	-	(36.4)
Purchased by Infratil during the year	(0.1)	(0.8)
Bond issue costs capitalised during the year	(3.1)	(1.9)
Bond issue costs amortised during the year	1.9	1.4
Balance at the end of the year	979.9	904.3
Current	-	85.3
Non current fixed coupon	747.3	586.8
Non current perpetual variable coupon	232.6	232.2
Balance at the end of the year	979.9	904.3
<i>Repayment terms and interest rates:</i>		
Maturing in September 2013, 8.50% per annum fixed coupon rate	-	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	111.4
Maturing in November 2019, 6.75% per annum fixed coupon rate	68.5	-
Maturing in February 2020, 8.50% per annum fixed coupon rate	80.5	80.5
Maturing in June 2022, 6.85% per annum fixed coupon rate	93.7	-
Perpetual Infratil infrastructure bonds	234.9	234.9
<i>less: Bond issue costs capitalised and amortised over term</i>	(9.3)	(8.1)
Balance at the end of the year	979.9	904.3

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 234,857,200 (2013: 234,943,200) 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 2014 the coupon is fixed at 4.53% 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. 86,000 (2013: 819,000) of PIIBs were repurchased by Infratil Limited during the year.

At 31 March 2014 the Infratil Infrastructure bonds (including PIIBs) had a fair value of \$955.3 million (31 March 2013: \$858.6 million).

14) Unsecured bonds

Unsecured subordinated bonds

Consolidated

	2014 \$Millions	2013 \$Millions
Trustpower bonds		
<i>Repayment terms and interest rates:</i>		
Maturing in March 2014, 8.5% per annum fixed coupon rate	-	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	140.0
<i>less: Bond issue costs capitalised and amortised over term</i>	(1.8)	(2.3)
Balance at the end of the year	238.2	292.4
Current	-	54.7
Non current	238.2	237.7
Balance at the end of the year	238.2	292.4

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 2014 the bonds had a fair value of \$247.5 million (31 March 2013: \$312.9 million).

Unsecured senior bonds

Consolidated

	2014 \$Millions	2013 \$Millions
Trustpower bonds		
<i>Repayment terms and interest rates:</i>		
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
<i>less: Bond issue costs capitalised and amortised over term</i>	(1.5)	(2.2)
Balance at the end of the year	213.5	212.8
Current	75.0	-
Non current	138.5	212.8
Balance at the end of the year	213.5	212.8

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 2014 the bonds had a fair value of \$225.1 million (31 March 2013: \$230.7 million).

Unsecured subordinated bonds

	Consolidated	
	2014 \$Millions	2013 \$Millions
Wellington International Airport bonds		
<i>Repayment terms and interest rates:</i>		
Retail bonds maturing in November 2013, 7.50% per annum fixed coupon rate	-	100.0
Wholesale bonds maturing August 2017, 3.12% per annum to 1 May 2014, then repriced quarterly at BKBM plus 25bps	150.0	150.0
Wholesale bonds maturing June 2019, 4.39% per annum to 17 June 2014, then repriced quarterly at BKBM plus 130bp	25.0	-
Wholesale bonds maturing June 2020, 5.27% per annum fixed coupon rate	25.0	-
Retail bonds maturing May 2021, 6.25% per annum fixed coupon rate	75.0	-
<i>less: Bond issue costs capitalised and amortised over term</i>	(1.3)	(0.8)
Balance at the end of the year	273.7	249.2
Current	-	99.8
Non current	273.7	149.4
Balance at the end of the year	273.7	249.2

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 2014 the bonds had a fair value of \$274.7 million (31 March 2013: \$254.6 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	
	2014 \$Millions	2013 \$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	134.6	126.3
Financial institutions with 'A' credit ratings from Standard & Poors or equivalent rating agencies	9.4	17.8

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 and Australia.

Ageing of trade receivables

	Consolidated		Parent	
	2014 \$Millions	2013 \$Millions	2014 \$Millions	2013 \$Millions
<i>The ageing analysis of trade receivables is as follows:</i>				
Not past due	224.9	268.5	-	0.9
Past due 0-30 days	18.4	16.2	-	-
Past due 31-90 days	8.9	14.6	-	-
Greater than 90 days	20.5	20.4	-	-
Total	272.7	319.7	-	0.9
<i>The ageing analysis of impaired trade receivables is as follows:</i>				
Not past due	(3.1)	(3.2)	-	-
Past due 0-30 days	(1.7)	(1.5)	-	-
Past due 31-90 days	(3.5)	(4.6)	-	-
Greater than 90 days	(14.0)	(13.6)	-	-
Total	(22.3)	(22.9)	-	-
<i>Movement in the provision for impairment of trade receivables for the year was as follows:</i>				
Balance as at 1st April	22.9	18.5	-	-
Foreign exchange adjustment on opening balance	(3.1)	(0.2)	-	-
Impairment loss recognised	2.5	4.6	-	-
Balance as at 31 March	22.3	22.9	-	-
Other current prepayments and receivables	106.1	126.0	1.1	0.7
Total Trade, accounts receivable and current prepayments	356.5	422.8	1.1	1.6

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. Perpetual Infratil Infrastructure Bonds cash flows have been determined by reference to the longest dated Infratil bond maturity of 2022.

	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
Consolidated							
2014							
Accounts payable, accruals and other liabilities	323.7	325.1	307.9	1.7	5.4	7.1	3.0
Unsecured/Secured bank facilities and vendor financing	902.1	978.2	26.7	16.4	82.9	602.0	250.2
Infrastructure bonds	747.3	990.1	29.6	29.6	207.1	451.6	272.2
Perpetual Infratil Infrastructure bonds	232.6	322.1	5.3	5.3	10.6	31.9	269.0
Wellington International Airport bonds	273.7	353.7	6.5	6.9	14.8	186.4	139.1
Trustpower bonds	451.7	558.2	17.2	89.2	126.4	180.6	144.8
Derivative financial instruments	58.1	64.0	15.2	18.0	14.3	16.1	0.4
	2,989.2	3,591.4	408.4	167.1	461.5	1,475.7	1,078.7
2013							
Accounts payable, accruals and other liabilities	358.9	356.6	336.5	15.7	0.5	0.6	3.3
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	209.6
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	160.3	-
Trustpower bonds	505.2	654.6	19.5	74.0	157.7	403.4	-
Derivative financial instruments	115.6	121.1	17.0	20.1	30.6	47.3	6.1
	3,095.2	3,662.8	616.4	269.5	316.5	1,870.4	590.0
Parent							
2014							
Accounts payable, accruals and other liabilities	9.8	9.8	9.8	-	-	-	-
Infrastructure bonds	747.3	990.1	29.6	29.6	207.1	451.6	272.2
Perpetual Infratil Infrastructure bonds	232.6	322.1	5.3	5.3	10.6	31.9	269.0
Derivative financial instruments	14.2	14.2	2.5	2.0	3.0	6.3	0.4
	1,003.9	1,336.2	47.2	36.9	220.7	489.8	541.6
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

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. Infracore 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	
	2014 \$Millions	2013 \$Millions	2014 \$Millions	2013 \$Millions
<i>At balance date the face value of interest rate contracts outstanding were:</i>				
Interest rate swaps	1,227.1	1,468.7	125.0	145.0
Fair value of interest rate swaps	(33.0)	(86.4)	(14.1)	(26.2)
<i>The termination dates for the interest rate swaps are as follows:</i>				
Between 0 to 1 year	218.3	313.8	-	-
Between 1 to 2 years	240.5	169.7	-	-
Between 2 to 5 years	521.4	455.8	50.0	-
Over 5 years	246.9	529.5	75.0	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	
	2014 \$Millions	2013 \$Millions	2014 \$Millions	2013 \$Millions
Profit or loss				
100 bp increase	28.4	36.9	5.8	7.6
100 bp decrease	(29.0)	(39.0)	(6.2)	(8.2)
Other comprehensive income				
100 bp increase	16.2	1.3	-	-
100 bp decrease	(17.2)	(1.7)	-	-

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		Parent	
	2014 \$Millions	2013 \$Millions	2014 \$Millions	2013 \$Millions
<i>At balance date the aggregate notional principal amounts of the outstanding forward foreign exchange contracts were:</i>				
Foreign exchange contracts	46.5	636.3	12.6	-
Fair value of foreign exchange contracts	1.8	3.7	(0.1)	-
<i>The termination dates for foreign exchange contracts are as follows:</i>				
Between 0 to 1 year	46.5	601.2	12.6	-
Between 1 to 2 years	-	35.1	-	-
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		Parent	
	2014 \$Millions	2013 \$Millions	2014 \$Millions	2013 \$Millions
Profit or loss				
Strengthened by 10 per cent	1.2	(26.0)	-	-
Weakened by 10 per cent	(1.2)	26.0	-	-
Other comprehensive income				
Strengthened by 10 per cent	(2.1)	(24.8)	-	-
Weakened by 10 per cent	2.3	24.7	-	-

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	
	2014 \$Millions	2013 \$Millions
<i>Cash, short term deposits and trade receivables</i>		
Australian Dollars (AUD)	214.1	278.2
<i>Bank overdraft, bank debt and accounts payable</i>		
Australian Dollars (AUD)	180.2	370.1

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	
	2014	2013
<i>At balance date the aggregate notional volume of outstanding energy derivatives were:</i>		
Electricity (GWh)	6,427	5,899
Gas (Tj)	1,220	-
Oil (barrels '000)	915	41
Fair value of energy derivatives (\$m)	(4.8)	(6.1)

As at 31 March 2014, 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 2014 will be continuously released to the income statement in each period in which the underlying purchase transactions are recognised in the profit or loss.

	Consolidated	
	2014 \$Millions	2013 \$Millions
<i>The termination dates for the energy derivatives are as follows:</i>		
Between 0 to 1 year	545.5	392.5
Between 1 to 2 years	129.8	227.5
Between 2 to 5 years	87.7	78.2
Over 5 years	-	-
	763.0	698.2

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	
	2014 \$Millions	2013 \$Millions
Profit or loss		
10% decrease in energy forward prices	(5.1)	(9.2)
10% increase in energy forward prices	5.5	11.6
Other comprehensive income		
10% decrease in energy forward prices	(1.3)	(9.6)
10% increase in energy forward prices	1.3	9.6

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 2014 of \$1,707.2 million (31 March 2013: \$1,656.8 million) compared to a carrying value of \$1,705.3 million (31 March 2013: \$1,658.7 million).

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

	Consolidated		Parent	
	2014 \$Millions	2013 \$Millions	2014 \$Millions	2013 \$Millions
Assets				
Derivative financial instruments - energy	14.6	8.8	-	-
Derivative financial instruments - foreign exchange	2.8	12.7	-	-
Derivative financial instruments - interest rate	4.7	5.3	-	-
	22.1	26.8	-	-
<i>Split as follows:</i>				
Current	6.1	21.1	-	-
Non-current	16.0	5.7	-	-
	22.1	26.8	-	-
Liabilities				
Derivative financial instruments - energy	19.4	14.9	-	-
Derivative financial instruments - foreign exchange	1.0	9.0	0.1	-
Derivative financial instruments - interest rate	37.7	91.7	14.1	26.2
	58.1	115.6	14.2	26.2
<i>Split as follows:</i>				
Current	15.5	11.1	0.1	-
Non-current	42.6	104.5	14.1	26.2
	58.1	115.6	14.2	26.2

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 4.1% to 5.2% (2013: 3.8% to 4.9%)

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

Fair value hierarchy

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

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

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

Consolidated

	Level 1 \$Millions	Level 2 \$Millions	Level 3 \$Millions	Total \$Millions
2014				
Assets per the statement of financial position				
Derivative financial instruments - energy	12.0	-	2.6	14.6
Derivative financial instruments - foreign exchange	-	2.8	-	2.8
Derivative financial instruments - interest rate	-	4.7	-	4.7
	12.0	7.5	2.6	22.1
Liabilities per the statement of financial position				
Derivative financial instruments - energy	3.1	7.0	9.3	19.4
Derivative financial instruments - foreign exchange	-	1.0	-	1.0
Derivative financial instruments - interest rate	-	37.7	-	37.7
	3.1	45.7	9.3	58.1
2013				
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
	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
	-	100.7	14.9	115.6

The parent of the Infratil Group has interest rate swap derivatives that are classified as Level 2 and have a fair value liability of \$14.1 million at 31 March 2014 (31 March 2013: \$26.2 million).

There were no transfers between derivative financial instrument assets or liabilities classified as level 1 or level 2, and level 3 of the fair value hierarchy during the year ended 31 March 2014 (2013: none).

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

	2014 \$Millions	2013 \$Millions
Assets per the statement of financial position		
Opening balance	5.9	8.4
Foreign exchange movement on opening balance	(0.4)	(0.1)
Gains and (losses) recognised in profit or loss	(2.9)	(2.4)
Gains and (losses) recognised in other comprehensive income	-	-
Closing balance	2.6	5.9
Total gains or (losses) for the period included in profit or loss for assets held at the end of the reporting period	(2.3)	9.2
Liabilities per the statement of financial position		
Opening balance	14.9	4.7
Foreign exchange movement on opening balance	(0.1)	-
(Gains) and losses recognised in profit or loss	5.7	(6.9)
(Gains) and losses recognised in other comprehensive income	(11.2)	17.1
Closing balance	9.3	14.9
Total (gains) or losses for the period included in profit or loss for liabilities held at the end of the reporting period	6.2	6.0
Settlements during the year	(2.1)	4.1

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 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 facilities between one and five years, with no more than 35% of facilities maturing in any six month period. Discussions on refinancing of facilities will normally commence at least six months before maturity with facility terms agreed at least two months prior to maturity. Facilities are maintained with AA- (2013: 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.

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 with exceptions noted below.

Subsidiaries	2014 Holding	2013 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)	58.0%	58.0%	Property	New Zealand
PayGlobal Limited	54.2%	33.8%	Software distribution & support	New Zealand

Subsidiaries	2014 Holding	2013 Holding	Principal activity	Country of incorporation
Transportation activities				
New Zealand				
New Zealand Bus Finance Company 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	66.0%	66.0%	Airport	New Zealand
Wellington Airport Noise Treatment Limited	66.0%	66.0%	Airport	New Zealand
United Kingdom				
Infratil Airports Europe Limited	100%	100%	Asset holding	United Kingdom
Glasgow Prestwick Airport Limited	-	100%	Airport	United Kingdom
Prestwick Airport Limited	-	100%	Property	United Kingdom
Infratil Kent Facilities Limited	-	100%	Property	United Kingdom
Infratil Kent Airport Limited	-	100%	Airport	United Kingdom
The Airport Driving Range Company Limited	-	100%	Property	United Kingdom
Energy activities				
New Zealand				
Trustpower Limited	51.0%	50.7%	Electricity retail and generation	New Zealand
Tararua Wind Power Limited	51.0%	50.7%	Asset holding	New Zealand
Trustpower Australia (New Zealand) Limited	51.0%	50.7%	Asset holding	New Zealand
Trustpower Insurance Limited	51.0%	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	Australia
Lumo Energy (NSW) Pty Limited	100%	100%	Electricity retailer	Australia
Lumo Energy (QLD) Pty Limited	100%	100%	Electricity retailer	Australia
Lumo Energy (SA) Pty Limited	100%	100%	Electricity retailer	Australia
Lumo Energy Australia Pty Limited	100%	100%	Electricity retailer	Australia
Lumo Energy Telecommunications Pty Limited	100%	100%	Electricity retailer	Australia
Lumo Generation NSW Pty Limited	100%	100%	Electricity generation	Australia
Perth Energy Pty Limited	80.0%	80.0%	Electricity retailer	Australia
Snowtown Wind Farm Pty Limited	51.0%	50.7%	Electricity generation	Australia
Snowtown Wind Farm Stage 2 Pty Limited	51.0%	50.7%	Electricity generation	Australia
Snowtown South Wind Farm Pty Limited	51.0%	50.7%	Electricity generation	Australia
TFI Partners Pty Limited	100%	100%	Utility connections	Australia
Trustpower Australia Financing Partnership	51.0%	50.7%	Finance	Australia
Trustpower Australia Holdings Pty Limited	51.0%	50.7%	Generation development	Australia
Trustpower Market Service Pty Limited	51.0%	50.7%	Financial Services	Australia
WA Power Exchange Pty Limited	80.0%	80.0%	Electricity retailer	Australia
Western Energy Pty Limited	80.0%	80.0%	Electricity generation	Australia
Associates				
Mana Coach Holdings Limited	26.0%	26.0%	Public transport	New Zealand
Z Energy Limited	20.0%	50.0%	Fuels distribution and retailing	New Zealand
Metlifecare Limited (financial year end: 30 June)	19.9%	-	Aged care	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	
	2014 \$Millions	2013 \$Millions
<i>Operating lease receivables as lessor</i>		
Between 0 to 1 year	14.8	17.6
Between 1 to 2 years	10.9	10.6
Between 2 to 5 years	12.8	10.7
More than 5 years	11.4	8.7
	49.9	47.6

Electricity lease revenue during the year of \$47.7 million (2013: \$33.7 million), is revenue recognised in connection with Snowtown Wind Farm Pty Limited's, Snowtown Wind Farm Stage 2 Pty Limited's and Snowtown South Wind Farm Pty Limited's (subsidiaries of Trustpower) Power Purchase Agreement to sell all energy generated by their wind farms to a significant Australian electricity retailer (90% of the output in the case of Snowtown Wind Farm Pty Limited). These agreements have been deemed as operating leases of the wind farms 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 wind farms, the future minimum payments under the term of the contracts, that expire between 31 December 2018 and 31 December 2030, 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	
	2014 \$Millions	2013 \$Millions
<i>Operating lease commitments as lessee</i>		
Between 0 to 1 year	34.8	39.0
Between 1 to 2 years	38.0	36.9
Between 2 to 5 years	108.8	78.6
More than 5 years	49.4	64.1
	231.0	218.6

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

	Consolidated		Parent	
	2014 \$Millions	2013 \$Millions	2014 \$Millions	2013 \$Millions
Net surplus for the year	274.6	77.0	6.5	60.0
<i>(Add) / Less items classified as investing activity</i>				
(Gain) / Loss on investment realisations and impairments	(164.3)	60.9	-	76.2
<i>Add items not involving cash flows</i>				
Movement in financial derivatives taken to the profit or loss	27.0	14.4	(8.4)	3.0
Decrease in deferred tax liability excluding transfers to reserves	6.3	(24.8)	5.7	(9.4)
Changes in fair value of investment properties	(0.5)	(2.4)	-	-
Equity accounted earnings of associate net of distributions received	36.6	7.1	-	-
Non cash movements in advance to subsidiaries	-	-	(65.5)	(85.9)
Depreciation	120.4	120.7	-	-
Movement in provision for bad debts	19.6	21.8	-	-
Amortisation of intangibles	33.9	31.6	-	-
Other	9.3	14.5	1.9	1.6
<i>Movements in working capital</i>				
Change in receivables	32.3	(61.8)	0.5	0.3
Change in inventories	1.0	18.9	-	-
Change in trade payables	(4.3)	56.9	(2.4)	(0.3)
Change in accruals and other liabilities	12.4	(37.1)	(2.3)	-
Change in current and deferred taxation	2.9	(9.7)	(10.1)	(7.0)
Net cash flow from operating activities	407.2	288.0	(74.1)	38.5

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).

	Consolidated	
	2014 \$Millions	2013 \$Millions
<i>Key management personnel remuneration comprised</i>		
Short-term employee benefits	19.0	17.8
Post employment benefits	-	-
Termination benefits	0.5	-
Other long-term benefits	0.8	0.2
Share based payments	0.5	0.4
	20.8	18.4

Directors fees paid to directors of Infratil Limited and its subsidiaries during the year were \$2.8 million (2013: \$2.8 million). \$0.2 million of the total Directors fees during the year (2013: \$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') in notes 25 and 26.

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.

415,000 Infratil Executive Redeemable Shares were granted at a price of \$2.3180 on 17 December 2013 (2013: 410,000 shares at \$2.2695 on 11 December 2012), 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:

Year ended 31 March	Consolidated	
	2014	2013
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	\$0.392	\$0.288
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

	2014 \$Millions	2013 \$Millions
Net surplus attributable to ordinary shareholders	198.9	3.4
Basic earnings per share:	cps	cps
Basic earnings per share (cps)	34.1	0.6
Weighted average number of ordinary shares	Millions	Millions
Issued ordinary shares at 1 April	584.2	586.9
Effect of new shares issued under Executive Share Scheme	-	-
Effect of shares issued through dividend reinvestment plan	2.7	1.7
Effect of shares bought back	(8.2)	(4.4)
Weighted average number of ordinary shares at end of year	578.7	584.2
Diluted earnings per share recognising warrants on issue	cps	cps
Diluted earnings per share (cps)	34.1	0.6
Weighted average number of ordinary shares (diluted)	Millions	Millions
Weighted average ordinary shares (calculated above)	578.7	584.2
Effect of warrants on issue during the period	-	-
Weighted average number of ordinary shares at end of year (diluted)	578.7	584.2

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 investments in Other are the Group's interest in Z Energy and Metlifecare.

	Notes	Trustpower	Wellington Airport	NZ Bus	Infratil Energy Australia	Infratil Airports Europe Discontinued	All other segments and corporate	Eliminations	Total
		New Zealand \$Millions	New Zealand \$Millions	New Zealand \$Millions	Australia \$Millions	UK \$Millions	New Zealand \$Millions	\$Millions	\$Millions
2014									
Segment revenue		811.7	110.9	222.9	1,154.3	27.3	225.8	(206.6)	2,346.3
Share of earnings and income of associate companies		-	-	-	-	-	37.7	-	37.7
Inter-segment revenue		-	(1.9)	(3.4)	-	-	(174.0)	179.3	-
Segment revenue - external		811.7	109.0	219.5	1,154.3	27.3	89.5	(27.3)	2,384.0
EBITDAF		277.4	86.0	40.0	78.0	(9.3)	18.9	9.3	500.3
Interest revenue		1.5	1.3	0.1	1.5	-	21.6	(20.3)	5.7
Interest expense		(63.2)	(20.0)	(4.0)	(23.0)	(2.1)	(94.7)	20.3	(186.7)
Depreciation and amortisation		(72.0)	(15.8)	(27.2)	(32.4)	(2.5)	(4.4)	2.5	(151.8)
Net gain/(loss) on foreign exchange and derivatives		9.4	10.2	-	(17.9)	(80.1)	51.4	80.1	53.1
Net realisations, revaluations and (impairments)		(0.2)	(0.3)	3.4	(4.1)	(20.2)	186.2	20.2	185.0
Fair value gain on acquisition of associate	11	-	-	-	-	-	33.1	-	33.1
Taxation expense		(37.8)	(2.6)	(1.3)	(0.9)	11.3	(20.6)	(11.3)	(63.2)
Segment result		115.1	58.8	11.0	1.2	(102.9)	191.5	100.8	375.5
Investments in associates		-	-	-	-	-	292.2	-	292.2
Total non-current assets (excluding financial instruments and deferred tax)		3,070.4	799.0	310.2	365.1	-	346.7	-	4,891.4
Total assets		3,255.8	842.3	329.1	598.1	-	424.5	-	5,449.8
Total liabilities		1,632.3	402.0	46.7	223.2	-	1,109.7	-	3,413.9
Capital expenditure/investment (including accruals)		349.7	20.3	68.1	22.0	2.5	5.6	-	468.2
2013									
Segment revenue		805.5	106.2	219.7	1,213.1	36.1	185.1	(196.7)	2,369.0
Share of earnings and income 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)
Net gain/(loss) on foreign exchange and derivatives		(5.6)	(0.7)	-	5.0	-	(13.1)	-	(14.4)
Net realisations, revaluations and (impairments)		-	0.4	(1.5)	(0.2)	(52.5)	(4.6)	52.5	(5.9)
Fair value gain on acquisition of associate	11	-	-	-	-	-	-	-	-
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
Investments 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

Entity wide disclosure - geographical

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

	Notes	New Zealand	Australia	United Kingdom	Eliminations	Total
		\$Millions	\$Millions	\$Millions	\$Millions	\$Millions
2014						
Segment revenue		1,319.9	1,205.7	27.3	(206.6)	2,346.3
Share of earnings and income of associate companies		37.7	-	-	-	37.7
Inter-segment revenue		(179.3)	-	-	179.3	-
Segment revenue - external		1,178.3	1,205.7	27.3	(27.3)	2,384.0
EBITDAF		390.0	110.3	(9.3)	9.3	500.3
Interest revenue		24.1	1.9	-	(20.3)	5.7
Interest expense		(163.2)	(41.7)	(2.1)	20.3	(186.7)
Depreciation and amortisation		(102.7)	(49.1)	(2.5)	2.5	(151.8)
Net gain/(loss) on foreign exchange and derivatives		67.3	(14.2)	(80.1)	80.1	53.1
Net realisations, revaluations and (impairments)		189.1	(4.1)	(20.2)	20.2	185.0
Fair value gain on acquisition of associate	11	33.1	-	-	-	33.1
Taxation expense		(68.3)	5.1	11.3	(11.3)	(63.2)
Segment result		369.4	8.2	(102.9)	100.8	375.5
Investments in associates		292.2	-	-	-	292.2
Total non-current assets (excluding financial instruments and deferred tax)		3,842.8	1,048.6	-	-	4,891.4
Total assets		4,126.5	1,323.3	-	-	5,449.8
Total liabilities		2,570.9	843.0	-	-	3,413.9
Capital expenditure/investment (including accruals)		147.8	317.9	2.5	-	468.2
2013						
Segment revenue		1,278.6	1,251.0	36.1	(196.7)	2,369.0
Share of earnings and income 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)
Net gain/(loss) on foreign exchange and derivatives		(17.5)	3.1	-	-	(14.4)
Net realisations, revaluations and (impairments)		(5.7)	(0.2)	(52.5)	52.5	(5.9)
Fair value gain on acquisition of associate	11	-	-	-	-	-
Taxation expense		(15.4)	(8.7)	4.2	(4.2)	(24.1)
Segment result		120.6	23.3	(66.5)	61.7	139.1
Investments in associates		326.2	-	-	-	326.2
Total 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

The group has no significant reliance on any one customer.

23) Capital Commitments

	Consolidated	
	2014 \$Millions	2013 \$Millions
<i>Capital commitments</i>		
Committed but not contracted for	3.1	8.7
Contracted but not provided for	65.1	407.1
	68.2	415.8

The capital commitments include construction contracts relating to construction of stage two of the Snowtown Wind Farm in South Australia.

24) Contingent liabilities

Certain subsidiaries have performance bonds totalling \$3.8 million (March 2013: \$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 prioritized 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 2014. 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. The European Commission has indicated that it will close all pending cases by September 2014. 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 \$48.0 million (March 2013: \$31.0 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.

Trustpower was successful in its High Court case against Inland Revenue. The Court ruled that Trustpower's existing tax treatment of feasibility expenditure incurred in the 2006 to 2008 financial years was appropriate and disagreed with Inland Revenue's view that the resource consents acquired were capital assets.

Inland Revenue has appealed this decision. The date this appeal will be heard by the Appeal Court has not yet been set. Should Inland Revenue be completely successful in its claim for all three years, the resulting liability would give rise to a tax payment of \$5,924,000 and interest expense of \$2,920,000. Following the statutory disputes process, Inland Revenue has now begun the reassessment of the 2009 and 2010 years, proposing tax payments of \$2,632,000 and interest expense of \$1,088,000. Based on the principle of the assessment and the proposed reassessments, the Group would need to revise its policy for capitalising the costs of resource consents for tax purposes in the 2011 and future years. This would give rise to a further estimated tax payment of \$2,018,000 and interest expense of \$314,000 in respect of the 2011 to 2014 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 \$2,500,000 for all years up to March 2014.

Trustpower has been awarded costs in relation to the High Court case. The parties are unable to agree on the amount and the matter has been referred back to the Court for a decision. This hearing is set to occur on 13 October 2014. The award is likely to be between \$640,000 and \$1,400,000. Subsequent to balance date the Inland Revenue has paid the undisputed \$640,000 portion of the costs. The awarding of costs has also been appealed and is therefore contingent on the outcome of the Appeal Court case noted above.

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 \$19.1 million (2013: \$20.1 million). \$1.6 million (excluding GST) is included in trade creditors at 31 March 2014 (2013: \$2.2 million (excluding GST)). \$0.1 million of the total management fees during the year (2013: \$0.4 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 Partnership ('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 Bogoievski, Mr Saville and Mr Muh have a beneficial interest in MCO.

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

	Consolidated		Parent	
	2014 \$Millions	2013 \$Millions	2014 \$Millions	2013 \$Millions
Executive secondment and consulting	0.6	0.7	-	-
Financial management, accounting, treasury, compliance and administrative services	1.2	1.3	1.2	1.3
Risk management reporting	-	-	-	-
Investment banking services	0.8	0.9	0.8	0.9
Total other fees and services	2.6	2.9	2.0	2.2

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

	2014	2013
Infratil Airports Europe	GBP 20,000	GBP 73,750
Infratil Energy Australia	AUD 60,071	AUD 64,640
iSite	NZD 30,270	NZD 30,000
Lumo Energy	AUD 220,378	AUD 248,303
Metlifecare	NZD 45,161	-
NZ Bus	NZD 164,000	NZD 160,000
Perth Energy	AUD 93,000	AUD 90,000
Snapper Services	NZD 50,450	NZD 50,000
Trustpower	NZD 245,000	NZD 220,000
Wellington International Airport	NZD 182,000	NZD 124,828
Z Energy	NZD 206,042	NZD 177,500

Parent company advances

Advances due from subsidiary companies are repayable on demand and are at interest rates up to 12% (2013: 12%).

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 (2013: \$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 was 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

Dividend

Subsequent to 31 March 2014 the Directors have approved a fully imputed final dividend of 7 cents per share to holders of fully paid ordinary shares to be paid on the 16th of June 2014.

Strategic Review of Infratil Energy Australia Group

The Board has approved a broad strategic review of its National Electricity Market investments within the Infratil Energy Australia Group (Lumo Energy and Direct Connect Australia). The Group will engage with market participants over the coming months to consider proposals that will maximise return on investment in these unique businesses - these may include outright sale, merger or partial divestment options or retention of the status quo. It is expected that this process will be concluded within six months.

Australian Public Private Partnerships

On 20 December 2013, Infratil announced that it had entered into a conditional commitment of A\$100 million to pursue greenfield availability based public-private partnership (PPP) opportunities in Australia via the Australian Social Infrastructure Partners (ASIP) platform.

On 4 April 2014, the conditions to the commitment were fulfilled, and Infratil subscribed for 55.6% of the units in each vehicle. On subscription, Infratil paid an initial contribution of A\$12 million, reflecting Infratil's share of capital called for ASIP's investments and returns to date. The balance of the A\$100m commitment is likely to be called over a 2-3 year period as bids for PPP opportunities are progressed.



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 44 to 90. The financial statements comprise the statements of financial position as at 31 March 2014, 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, regulatory disclosures, advisory and other assurance engagements. Subject to certain restrictions, 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 44 to 90:

- 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 2014 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.

A handwritten signature of the KPMG firm, written in blue ink, appearing as 'KPMG' in a cursive style.

12 May 2014
Wellington

Corporate Governance – June 2014

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 or 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 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 Chairman and Chief Executive must be separate.

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

Attendance at Board meetings was as follows:

D A R Newman (Vacated Office 14 October 2013)	6
M Tume	19
H J D Rolleston	18
D P Saville	18
P Gough	20
M Bogoevski	18
A Muh (alternate to D P Saville)	16

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 has an interest in an entity which is a substantial shareholder in Infratil, and Mr Saville and Mr Bogoevski have interests 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 (five 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-focused 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.

Mr M Bogoievski is the only executive director. He receives no remuneration from Infratil for his role as Chief Executive. This remuneration is paid by the Manager.

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 generally paid through the issue of shares to those Directors. All Directors 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 P Gough (Chairman of the Audit & Risk Committee) and Mr M Tume, 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.

Attendance at Audit and Risk Committee meetings was as follows:

	M Tume	DAR Newman	M Bogoievski	P Gough
Number of meetings attended	4	2	3	2

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. Infratil does not have a separate internal audit function, however 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 and compliance matters. A risk management and compliance policy framework is reviewed annually and is required as part of 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, in their opinion:

- 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;
- This opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively; and
- That system of risk management and internal control is appropriate and effective internal controls and risk management practices are in place to safeguard and protect Infratil's assets, 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 Audit and Risk Committee and individual Directors are subject to a performance appraisal from time to time using a corporate governance best practice model. Annually 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.

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 and presentations, 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.

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 other 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. The Board has evaluated Infratil's performance under this policy as satisfactory.

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 2014, the Infratil Board consisted of five male Directors and no female Directors (31 March 2013: six 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 (senior executives are defined as a CEO or CEO direct report, or a position that effectively carries executive responsibilities):

2014 Position	Number	Proportion
Board	0	0%
Senior Executive Positions ^{1, 2}	19	21%
Organisation	2,045	43%
2013 Position	Number	Proportion
Board	0	0%
Senior Executive Positions ^{1, 2}	10	13%
Organisation	1,098	29%

¹ Senior Executive Positions include MCIM (the Manager).

² The proportion of women in Senior Executive Positions (Infratil Group excluding associates) was 11 executives (16%) in 2014 and 8 executives (12%) in 2013.

Executive 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 15 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, including options over Infratil securities, or other associated products. Transactions which limited the economic risk of participating in any uninvested entitlement under the LTI Scheme would not be approved. 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 2014 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 2014 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:

- M Tume (Chairman);
- M Bogoievski;
- P Gough;
- H J D Rolleston;
- D P Saville; 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 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 with 2010 Amendments, 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 2014):

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

	Beneficial interests	Non beneficial interests
Shares		
A Muh	1,384,556	-
H J D Rolleston	36,332	-
D P Saville	-	49,349,418
M Tume	31,724	-
M Bogoievski	1,618,299	-
P Gough	166,450	-

Dealing in Securities:

The following table shows transactions recorded in respect of those securities during the period from 1 April 2013 to 31 March 2014:

Director	No of securities Bought/(sold)	Cost/(Proceeds) \$
D Saville – non beneficial		
Morrison & Co distribution of shares on restructure – 28/11/13	(36,348,730)	-
ICM Ltd receipt of shares through MCO restructure – 28/11/13	9,783,353	-
ICM Ltd sale of shares through buyback – 5/12/13	(3,139,210)	(\$7,471,320)
ICM Ltd on market sale of shares – 16/1/14	(6,644,143)	(\$15,148,646)
Utilico Investments Limited sale of shares through buyback – 5/12/13	(6,619,021)	(\$15,753,270)
Utilico Investments Limited on market sale of shares – 20/01/14	(17,069,857)	(\$38,919,274)
P Gough – beneficial		
On-market acquisition – 14/11/13 to 18/11/13	108,000	\$259,800
On-market acquisition – 22/11/13	58,450	\$139,388
A Muh – beneficial		
Morrison & Co distribution of shares on restructure – 28/11/13	1,307,713	-
M Bogoievski – beneficial		
Morrison & Co distribution of shares on restructure – 28/11/13	1,618,299	-

Use of Company Information:

During the period 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 as at 31 March 2014:

• D P Saville

Director of H.R.L. Morrison & Co Group GP Limited and various companies wholly owned by the H.R.L. Morrison & Co Group Limited Partnership
Director of ICM Limited

• H J D Rolleston

Director of Property for Industry Limited
Director and shareholder of Mercer Group 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 Ltd.
Director of Asset Management Limited
Director of Spaceships 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 Ltd
Chairman and shareholder of FDJ Murray & Company Holdings Ltd
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
Director of New Zealand Refining Company Ltd
Director of New Zealand Oil and Gas Limited (and various subsidiaries)
Director of Koau Capital Partners Ltd
Director of Rearden Capital Pty Limited
Director of various Infratil wholly owned companies

• M Bogoievski

Director of Zig Zag Farm Limited
Director of Z Energy Limited
Director of Z Energy ESPP Trustee Limited
Director of Z Energy LTI Trustee Limited
Director of Trustpower Limited
Director of various Infratil wholly owned companies
Chief Executive of the H.R.L. Morrison & Co group and Director of H.R.L. Morrison & Co Group GP Limited and companies wholly owned by the H.R.L. Morrison & Co Group Limited Partnership and Morrison Nominees Limited

• A Muh (alternate to Duncan Saville)

Executive of the H.R.L. Morrison & Co group, Director of H.R.L. Morrison & Co Group GP Limited and various companies wholly owned by Morrison Nominees Limited
Director of Clearpool Capital Holdings Limited
Director of Utilico Emerging Markets Limited
Non-Executive Chairman & Non-Executive Director JIDA Capital Partners Limited

• P Gough

Partner of STAR Capital Partners
Director of Star Asset Backed Finance Limited
Director of European Rail Finance (GB) Limited "Eversholt Rail"
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
Director of Tipu Capital Limited

• All Directors

Aotea Energy Limited effected, from 23 July 2013, public offering of securities insurance brokered by Marsh & McLennan Agency Limited for the benefit of Z Energy Limited, Aotea Energy Investments Limited, Aotea Energy Holdings Limited and its subsidiaries, NZSF Aotea Limited and its subsidiaries, Guardians of New Zealand Superannuation as manager and administrator of the New Zealand Superannuation Fund as shareholder of NZSF Aotea Limited, Infratil Limited and its subsidiaries, H.R.L. Morrison & Co Group Limited and its subsidiaries (subject to a professional indemnity exclusion), and the directors and employees of the foregoing. Full details of the POSI policy are available from H.R.L. Morrison & Co Limited.

Remuneration of Directors:

Directors' remuneration in respect of the year ended 31 March 2014 and 2013 paid by the Company was as follows:

	Financial Year 2014 (NZD)	Financial Year 2013 (NZD)
M Tume (Chairman)	129,818	96,299
P Gough	110,256	32,609
M Bogoievski	90,798	88,410
D A R Newman	86,708	157,967
D P Saville	81,160	78,984
H J D Rolleston	81,160	78,984
A Muh	-	-

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 2014	Financial Year 2013
DAR Newman – Wellington International Airport Limited	NZD 47,060	NZD 78,991
DAR Newman – Infratil Airports Europe Limited	GBP 20,625	GBP 41,250
M Tume – Lumo Energy Australia Pty Limited	AUD 59,192	AUD 57,637
M Tume – Infratil Energy Australia Pty Limited	AUD 10,753	AUD 10,474
M Bogoievski – Trustpower Limited	NZD 80,000	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	M Bogoievski, M Tume (appointed 7 November 2013) and DAR Newman (vacated Office 14 October 2013)
Infratil Securities Limited	M Bogoievski, M Tume (appointed 7 November 2013) and DAR Newman (vacated Office 14 October 2013)
Infratil 1998 Limited	M Bogoievski, M Tume (appointed 7 November 2013) and DAR Newman (vacated Office 14 October 2013)
Infratil UK Limited	M Bogoievski, M Tume (appointed 7 November 2013) and DAR Newman (vacated Office 14 October 2013)
Infratil Finance Limited	M Bogoievski, M Tume (appointed 7 November 2013) and DAR Newman (vacated Office 14 October 2013)
NZ Airports Limited	M Bogoievski, M Tume (appointed 7 November 2013) and DAR Newman (vacated Office 14 October 2013)
Infratil Australia Limited	M Bogoievski, M Tume (appointed 7 November 2013) and DAR Newman (vacated Office 14 October 2013)
Swift Transport Limited	M Bogoievski, M Tume (appointed 7 November 2013) and DAR Newman (vacated Office 14 October 2013)
Infratil Gas Limited	M Bogoievski, M Tume (appointed 7 November 2013) and DAR Newman (vacated Office 14 October 2013)
Infratil Ventures Limited	M Bogoievski, M Tume (appointed 7 November 2013) and DAR Newman (vacated Office 14 October 2013)
Infratil Energy Limited	M Bogoievski, M Tume (appointed 7 November 2013) and DAR Newman (vacated Office 14 October 2013)
Infratil Energy New Zealand Limited	K Baker and M Bogoievski
Infratil Europe Limited	M Bogoievski, M Tume (appointed 7 November 2013) and DAR Newman (vacated Office 14 October 2013)
Snapper Services Limited	K Waddell and R Phillippo
Infratil No. 1 Limited	M Bogoievski, M Tume (appointed 7 November 2013) and DAR Newman (vacated Office 14 October 2013)
Infratil Infrastructure Property Limited	M Bogoievski, P Coman and L Petagna
New Lynn Central Limited	P Coman, A Lamb and A Young
Infratil RV Limited	K Baker and M Bogoievski
Infratil PPP Limited	K Baker and M Bogoievski
Infratil Outdoor Media Limited	M Bogoievski
iSite Limited	A Scotland and P Coman
Aotea Energy Holdings Limited	M Bogoievski and M Tume (appointed 28 February 2014). Resigned – K Brooks (appointed 24 July 2013, resigned 28 February 2014), M Whineray (appointed 24 July 2013, resigned 28 February 2014), A Dunn (resigned 24 July 2013), P Fowler (resigned 24 July 2013), P Griffiths (resigned 24 July 2013) and L Petagna (resigned 24 July 2013)
Aotea Energy Holdings No 2 Limited	M Bogoievski and M Tume (appointed 28 February 2014). Resigned – K Brooks (appointed 24 July 2013, resigned 28 February 2014), M Whineray (appointed 24 July 2013, resigned 28 February 2014), A Dunn (resigned 24 July 2013), P Fowler (resigned 24 July 2013), P Griffiths (resigned 24 July 2013) and L Petagna (resigned 24 July 2013)
Aotea Energy Limited	M Bogoievski and M Tume (appointed 28 February 2014). Resigned – K Brooks (appointed 24 July 2013, resigned 28 February 2014), M Whineray (appointed 24 July 2013, resigned 28 February 2014), A Foote (appointed 15 May 2013, resigned 24 July 2013), J Munro (appointed 15 May 2013, resigned 24 July 2013), A Dunn (resigned 24 July 2013), P Fowler (resigned 24 July 2013), P Griffiths (resigned 24 July 2013) and L Petagna (resigned 24 July 2013)
Aotea Energy Investments Limited	M Bogoievski and M Tume (appointed 28 February 2014). Resigned – M Whineray (appointed 24 July 2013, resigned 28 February 2014), A Foote (appointed 15 May 2013, resigned 24 July 2013), J Munro (appointed 15 May 2013, resigned 24 July 2013), A Dunn (resigned 24 July 2013), P Fowler (resigned 24 July 2013), P Griffiths (resigned 24 July 2013) and L Petagna (resigned 24 July 2013)
Infratil Insurance Co Limited	M Bogoievski, M Tume (appointed 7 November 2013) and DAR Newman (vacated Office 14 October 2013)
Infratil No. 5 Limited	M Bogoievski, M Tume (appointed 7 November 2013) and DAR Newman (vacated Office 14 October 2013)
North West Auckland Airport Limited	T Brown and M Bogoievski
New Zealand Bus Limited	K Baker, T Brown, L Petagna and K Tempest
New Zealand Bus Finance Company Limited	K Baker, T Brown, L Petagna and K Tempest
Transportation Auckland Corporation Limited	Z Fulljames, R Drew, S Thorne and S McMahon (appointed 12 September 2013)
Auckland Integrated Ticketing Limited	W Dalbeth, D Hudson, C Inwards, A Ritchie and S Thorne
Wellington City Transport Limited	Z Fulljames, R Drew, S Thorne and S McMahon (appointed 12 September 2013)
North City Bus Limited	Z Fulljames, R Drew, S Thorne and S McMahon (appointed 12 September 2013)
Cityline (NZ) Limited	Z Fulljames, R Drew, S Thorne and S McMahon (appointed 12 September 2013)
Wellington Integrated Ticketing Limited	T Martin and S Thorne
Wellington International Airport Limited	T Brown, P Coman, S Fitzgerald, K Sutton, J Boyes (appointed 15 November 2013) and C Wade-Brown (appointed 2 December 2013). Resigned I McKinnon (7 October 2013) and DAR Newman (vacated Office 8 October 2013)

Subsidiary Company	Director of Subsidiary
Wellington Airport Noise Treatment Limited	M Harrington and S Sanderson
Infratil Airports Europe Limited	P Walker, S Fitzgerald and DAR Newman (vacated Office 14 October 2013)
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
Sellicks Hill Wind Farm Pty Limited	G Swier and V Hawksworth
Snowtown Wind Farm Pty Ltd	G Swier and V Hawksworth
Trustpower Australia (New Zealand) Limited	M Cooney and V Hawksworth
Bay Energy Limited	V Hawksworth
Trustpower Renewable Investments Pty Limited	G Swier, V Hawksworth
Trustpower Australia Holdings Pty Limited	G Swier and V Hawksworth
Trustpower Insurance Limited	M Cooney and V Hawksworth
Trustpower Market Services Pty Ltd	G Swier and V Hawksworth
Snowtown Wind Farm Stage 2 Pty Limited	G Swier and V Hawksworth
Snowtown South Wind Farm Pty Limited	G Swier and V Hawksworth
Church Lane Wind Farm Pty Limited	G Swier and V Hawksworth
Dundonnell Wind Farm Pty Limited	G Swier and V Hawksworth
Energy Direct NZ Limited	M Cooney and V Hawksworth
Salt Creek Wind Farm Pty Ltd	G Swier and V Hawksworth
Wingeel Wind Farm Pty Limited	G Swier and V Hawksworth
Trustpower Australia Financing Partnership	G Swier and V Hawksworth
Infratil Energy Australia Pty Limited	K Baker, R Crawford, M Tume, R Phillippo and C O'Hara. Resigned – V Busby (2 May 2013), D Carroll (10 September 2013)
Lumo Energy Australia Pty Limited	K Baker, R Crawford, M Tume, R Phillippo and C O'Hara. Resigned – V Busby (2 May 2013), D Carroll (10 September 2013)
Lumo Energy Telecommunications Pty Limited	P Forsyth and R Phillippo (appointed 16 September 2013). Resigned D Carroll (10 September 2013)
Lumo Energy (QLD) Pty Limited	P Forsyth and R Phillippo (appointed 16 September 2013). Resigned D Carroll (10 September 2013)
Lumo Energy (NSW) Pty Limited	P Forsyth and R Phillippo (appointed 16 September 2013). Resigned D Carroll (10 September 2013)
Lumo Generation NSW Pty Limited	P Forsyth and R Phillippo (appointed 16 September 2013). Resigned D Carroll (10 September 2013)
Lumo Energy (SA) Pty Limited	P Forsyth and R Phillippo (appointed 16 September 2013). Resigned D Carroll (10 September 2013)
Emagy Pty Limited	P Forsyth and R Phillippo (appointed 16 September 2013). Resigned D Carroll (10 September 2013)
TFI Partners Pty Limited	P Forsyth and R Phillippo (appointed 16 September 2013). Resigned D Carroll (10 September 2013)
Connection Media Pty Limited	P Forsyth and R Phillippo (appointed 16 September 2013). Resigned D Carroll (10 September 2013)
Direct Connect Australia Pty Limited	P Forsyth and R Phillippo (appointed 16 September 2013). Resigned D Carroll (10 September 2013) and, J Taylor (appointed 8 July 2013, resigned 20 March 2014)
Infratil Power Pty Limited	P Forsyth and R Phillippo (appointed 16 September 2013). Resigned D Carroll (10 September 2013)
Perth Energy Pty Limited	V Busby, P Forsyth, R Jones and K Cao
WA Power Exchange Pty Limited	R Jones and K Cao
Western Energy Pty Limited	V Busby, P Forsyth, R Jones and K Cao
Western Energy Holdings Pty Limited	V Busby, P Forsyth, R Jones and K Cao
PayGlobal Limited	G Lancaster, A Howard and P Weatherly
PayGlobal Pty Limited	G Lancaster, A Howard and D Skirving

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

Subsidiary Company	Director of Subsidiary Company	Currency	Amount (2014 Financial Year)
Wellington International Airport Limited	Jason Boyes	NZD	17,513
Wellington International Airport Limited	Celia Wade-Brown	NZD	17,513
Wellington International Airport Limited	Tim Brown	NZD	66,549
Wellington International Airport Limited	Keith Sutton	NZD	57,827
Wellington International Airport Limited	Peter Coman	NZD	45,653
Wellington International Airport Limited	Ian McKinnon	NZD	24,136
Wellington International Airport Limited	Steven Fitzgerald	NZD	52,247
Infratil Airports Europe Limited	Phil Walker	GBP	16,875
Infratil Airports Europe Limited	Steven Fitzgerald	GBP	20,000
NZ Bus Limited	Kevin Baker	NZD	83,686
NZ Bus Limited	Liberato Petagna	NZD	40,575
NZ Bus Limited	Tim Brown	NZD	40,575
NZ Bus Limited	Keith Tempest	NZD	40,575
Lumo Energy Australia Pty Limited	Kevin Baker	AUD	59,192
Lumo Energy Australia Pty Limited	Roger Crawford	AUD	96,878
Lumo Energy Australia Pty Limited	Vaughan Busby	AUD	5,116
Lumo Energy Australia Pty Limited	Mark Tume	AUD	59,192
Lumo Energy Australia Pty Limited	Chris O'Hara	AUD	59,192
Lumo Energy Australia Pty Limited	Rhoda Phillippo	AUD	59,192
Infratil Energy Australia Pty Limited	Kevin Baker	AUD	10,753
Infratil Energy Australia Pty Limited	Roger Crawford	AUD	37,635
Infratil Energy Australia Pty Limited	Vaughan Busby	AUD	929
Infratil Energy Australia Pty Limited	Mark Tume	AUD	10,753
Infratil Energy Australia Pty Limited	Chris O'Hara	AUD	10,753
Infratil Energy Australia Pty Limited	Rhoda Phillippo	AUD	10,753
Snapper Services Limited	Rhoda Phillippo	NZD	50,450
Snapper Services Limited	Kerry Waddell	NZD	35,000
Trustpower Limited	Bruce Harker	NZD	165,000
Trustpower Limited	Michael Cooney	NZD	80,000
Trustpower Limited	Geoffrey Swier	NZD	132,603
Trustpower Limited	Sam Knowles	NZD	90,000
Trustpower Limited	Richard Aitken	NZD	80,000
iSite Limited	Andrea Scotland	NZD	24,345
iSite Limited	Peter Coman	NZD	30,270
Perth Energy Pty Limited	Paul Forsyth	AUD	46,643
Perth Energy Pty Limited	Rodney Jones	AUD	46,643
Perth Energy Pty Limited	Vaughan Busby	AUD	93,231
PayGlobal Limited	Anthony Howard	NZD	40,000
PayGlobal Limited	Gregory Lancaster	NZD	72,000
PayGlobal Limited	Paul Weatherly	NZD	40,000
PayGlobal Pty Limited	Dal Skirving	NZD	3,000

Employee remuneration

During the year ended 31 March 2014 the following number of employees of Infratil and its subsidiaries received remuneration of at least \$100,000.

Remuneration band	Number of employees 2014
\$100,000 to \$110,000	78
\$110,001 to \$120,000	39
\$120,001 to \$130,000	42
\$130,001 to \$140,000	26
\$140,001 to \$150,000	27
\$150,001 to \$160,000	20
\$160,001 to \$170,000	14
\$170,001 to \$180,000	16
\$180,001 to \$190,000	8
\$190,001 to \$200,000	9
\$200,001 to \$210,000	3
\$210,001 to \$220,000	10
\$220,001 to \$230,000	4
\$230,001 to \$240,000	10
\$240,001 to \$250,000	2
\$250,001 to \$260,000	4
\$260,001 to \$270,000	6
\$270,001 to \$280,000	0
\$280,001 to \$290,000	2
\$290,001 to \$300,000	1
\$300,001 to \$310,000	1
\$310,001 to \$320,000	2
\$320,001 to \$330,000	1
\$330,001 to \$340,000	4
\$340,001 to \$350,000	1
\$350,001 to \$360,000	1
\$360,001 to \$370,000	2
\$370,001 to \$380,000	0
\$380,001 to \$390,000	4
\$390,001 to \$400,000	0
\$420,001 to \$430,000	1
\$440,001 to \$450,000	1
\$460,001 to \$470,000	1
\$470,001 to \$480,000	1
\$500,001 to \$510,000	1
\$540,001 to \$550,000	1
\$570,001 to \$580,000	2
\$600,001 to \$610,000	1
\$620,001 to \$630,000	2
\$670,001 to \$680,000	1
\$710,001 to \$720,000	1
\$750,001 to \$760,000	1
\$1,350,001 to \$1,360,000	1
\$1,540,001 to \$1,550,000	1*

* Includes management restructuring amounts.

Donations

The Company made donations of \$0.7 million during the year ended 31 March 2014 (2013 \$1.7 million).

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 2014, the Company had the following waivers from the NZSX and NZDX Listing Rules:

1. A waiver from NZDX Listing Rule 5.2.3 waiving the spread requirements for the February 2020 series bond issued until the final issue date.
2. A waiver from NZDX Listing Rule 5.2.3 waiving the spread requirements for the November 2019 series bond issued until the final issue date.
3. A waiver from NZSX Listing Rule 9.2.1 waiving the requirement of Infratil to obtain an Ordinary Resolution from shareholders to enter into a Material Transaction (investing in Australian Social Infrastructure Partners) with a Related Party (H.R.L. Morrison & Co).
4. A waiver from NZSX Listing Rule 9.2.1 waiving the requirement of Infratil to obtain an Ordinary Resolution from shareholders to enter into a Material Transaction (restructure of its investment in Z Energy Limited) with a Related Party (The New Zealand Superannuation Fund).

Australian Exchange Waivers

As at and for the year ended 31 March 2014, the Company had the following waiver from the ASX Listing Rules:

1. A waiver from ASX Listing Rule 10.1 waiving the requirement of Infratil to obtain approval of security holders to an acquisition of a substantial asset (investing in Australian Social Infrastructure Partners) from a person in a position to exercise influence (H.R.L. Morrison & Co).

Credit rating

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

Continuing share buyback programme

The Company maintains an ongoing share buyback programme, as outlined in its 2013 Notice of Meeting. As at 19 May 2014, the Company had bought back 26,352,025 shares pursuant to that programme, with a further 23,647,975 shares able to be bought back.

Shareholder information

Infratil Limited is incorporated in New Zealand and is not subject to Chapters 6, 6A, 6B and 6C of the Australian Corporations Act 2001. The acquisition of securities in Infratil may be limited under New Zealand law by the Takeovers Code (which restricts the acquisition of control rights of more than 20% of Infratil other than via a takeover offer under the code) or the effect of the Overseas Investment Act 2005 (which restricts the acquisition of New Zealand assets by overseas persons).

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 19 May 2014.

Ordinary shares	Securities	%
Accident Compensation Corporation	49,828,526	8.9%
Utilico Investments Limited	49,349,418	8.8%
AMP Capital Investors (New Zealand) Limited*	34,842,598	6.2%
The Capital Group Companies, Inc.	30,423,179	5.4%

* The shareholding declared in the Substantial Security Holder Notice given on 25 November 2013 was 34,842,598 shares which represented 5.9% of shares on issue at that date.

The total number of voting securities of the Company on issue as at 19 May 2014 were 561,617,737 fully paid ordinary shares (excluding Infracore Treasury stock held by the Company of 25,297,405).

Twenty Largest Shareholders as at 19 May 2014

JP Morgan Chase Bank	90,926,423
Accident Compensation Corporation	49,562,793
Cogent Nominees Limited	31,672,700
HSBC Nominees (New Zealand) Limited	27,366,711
Hettinger Nominees Limited	27,179,103
Infracore Limited	25,297,405
TEA Custodians Limited <O/A TEAC40 A/C>	19,908,918
New Zealand Superannuation Fund Nominees Limited	14,209,255
Citibank Nominees (NZ) Ltd	11,471,142
JML Capital Limited	11,418,126
National Nominees New Zealand Limited	10,168,775
HSBC Nominees (New Zealand) Limited <040-016842-230 A/C>	9,203,446
FNZ Custodians Limited	7,930,404
Robert William Bentley Morrison & Robert William & Andrew James Stewart	7,082,245
Custodial Services Limited <3 A/C>	7,036,293
Forsyth Barr Custodians Limited <1-33 A/C>	5,243,553
Morrison Nominees Limited	3,845,990
Premier Nominees Limited <ING Wholesale Australian Share Fund A/C>	3,234,948
Custodial Services Limited <2 A/C>	3,085,700
Forsyth Barr Custodians Limited <1-17.5 A/C>	3,077,459
New Zealand Depository Nominee Limited <1 A/C>	2,587,032

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

Spread of Shareholders as at 19 May 2014

Number of shares*	Number of holders	Total shares held	%
1 - 1,000	1,886	1,088,123	0.2%
1,001 - 5,000	5,725	16,479,630	2.8%
5,001 - 10,000	3,393	25,007,400	4.3%
10,001 - 50,000	4,007	84,195,615	14.3%
50,001 - 100,000	392	27,448,902	4.7%
100,001 and Over	188	432,695,472	73.7%
TOTAL	15,591	586,915,142	100%

* 292 shareholders hold less than a marketable parcel of Infracore shares.

Twenty Largest Infrastructure Bondholders (IFT070, IFT090, IFT150, IFT160, IFT170, IFT180, IFT190, IFT200 & IFTHA) as at 19 May 2014

FNZ Custodians Limited	44,145,366
Custodial Services Limited	35,117,941
Forsyth Barr Custodians Limited <1-33 A/C>	32,767,500
Forsyth Barr Custodians Limited <1-17.5 A/C>	24,792,176
Investment Custodial Services Limited <C A/C>	23,746,820
Custodial Services Limited <2 A/C>	19,412,900
Custodial Services Limited <18 A/C>	11,558,250
Forsyth Barr Custodians Limited <1-30 A/C>	11,262,000
TEA Custodians Limited <O/A TEAC40 A/C>	8,566,584
Custodial Services Limited <4 A/C>	7,852,300
Custodial Services Limited <1 A/C>	7,584,000
Tappenden Holdings Limited	6,286,000
Lynette Therese Erceg & Darryl Edward Gregory & Catherine Agnes Quinn <Saint Jude's A/C>	5,750,000
Sterling Holdings Limited	4,781,000
Westpac Banking Corporation	4,706,000
Private Nominees Limited <PBNK90 A/C>	4,148,000
Forsyth Barr Custodians Limited <1 E A/C>	4,132,666
FNZ Custodians Limited <DRP NZ A/C>	3,471,500
Forsyth Barr Custodians Limited <1-28 A/C>	3,296,000
National Nominees New Zealand Limited	3,071,000

Spread of Infrastructure Bondholders (IFT070, IFT090, IFT150, IFT160, IFT170, IFT180, IFT190, IFT200 & IFTHA) as at 19 May 2014

Number of bonds	Number of holders	Total bonds held	%
1 - 1,000	6	5,500	0.1%
1,001 - 5,000	2,159	10,720,650	1.1%
5,001 - 10,000	5,300	50,866,212	5.1%
10,001 - 50,000	12,283	345,401,784	34.9%
50,001 - 100,000	1,588	133,070,985	13.5%
100,001 and Over	784	449,220,990	45.3%
TOTAL	22,120	989,286,121	100%

Comparative Financial Review

	2014 ¹ \$Millions	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
Financial Performance (31 March year ended)										
Operating revenue	2,345.4 ⁵	2,368.7 ⁵	2,166.4 ⁵	1,984.8 ⁵	1,835.9	1,733.8	1,346.7	655.1	301.0	172.0
EBITDAF	500.3 ^{5,3}	527.6 ⁵	520.2 ⁵	470.9 ^{2,5}	363.3	356.3	315.9	157.1	77.6	63.8
Operating earnings ⁴	200.6	183.5	199.3	252.9	90.0	77.2	87.8	32.4	13.8	27.9
Net gain/(loss) on foreign exchange and derivatives	53.1	(14.4)	19.2	(3.9)	(67.5)	8.0	2.9	22.7	-	-
Investment realisations, revaluations and (impairments)	218.1	(5.9)	4.3	(0.5)	83.8	(179.4)	(15.4)	38.9	0.2	22.7
Net surplus after taxation, discontinued operations and minorities	198.9	3.4	51.6	64.5	29.0	(191.0)	(1.7)	34.7	8.0	45.0
Dividends paid and declared	57.0	48.2	44.1	37.6	36.2	31.3	28.6	27.4	23.0	26.9
Financial position										
<i>Represented by</i>										
Investments	294.1	334.2	340.9	323.7	9.7	162.4	212.3	262.5	475.6	430.2
Non-currents assets	4,613.3	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
Current assets	542.4	670.0	623.7	515.7	535.1	653.8	524.2	313.6	115.2	87.9
Total assets	5,449.8	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
Current liabilities	623.6	679.6	547.5	415.7	647.6	445.6	618.6	388.7	332.7	63.1
Non-current liabilities	1,810.4	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
Infrastructure bonds	979.9	904.3	851.6	854.8	747.4	748.7	748.8	730.0	481.6	233.9
Total Liabilities	3,413.9	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
Net Assets	2,035.9	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
Outside equity interest in subsidiaries	916.6	931.1	932.0	843.5	850.6	843.4	737.1	717.0	127.6	57.4
Equity	1,119.3	1,004.4	1,074.6	999.4	880.7	791.0	733.3	809.4	665.8	530.7
Total Equity	2,035.9	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
Dividends per share	9.75	8.25	7.25	6.25	6.25	6.25	6.25	12.50	10.50	12.00
Dividends per share (adjusted for share split)	9.75	8.25	7.25	6.25	6.25	6.25	6.25	6.25	5.25	6.00
Shares on issue ('000)	561,618	583,321	586,931	602,806	567,655	520,211	443,408	219,671	219,439	219,299
Shares on issue (adjusted for share split) ('000)	561,618	583,321	586,931	602,806	567,655	520,211	443,408	439,342	438,838	438,598
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 Prior to fair value gains on acquisition recognised by associates of \$33.1 million.

⁴ Operating earnings is earnings after depreciation, amortisation and interest.

⁵ Operating revenue and EBITDAF relate to continuing operations

Directory

Directors

M Tume (Chairman)
M Bogoievski
P Gough
H J D Rolleston
D P Saville
D A R Newman (passed away on 14 October 2013)
A Y Muh (alternate to D P Saville)

Company Secretary

K Baker

Registered Office - New Zealand

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

Registered Office - Australia

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

Manager

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

Share Registrar - New Zealand

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

Share Registrar - Australia

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

Auditor

KPMG
10 Customhouse Quay
PO Box 996, Wellington

Bankers

ANZ New Zealand Bank Limited, Level 14, 215-229 Lambton Quay, Wellington
Bank of New Zealand, Level 4, 80 Queen Street, Auckland
The Bank of Tokyo-Mitsubishi UFJ Limited, Level 22, 151 Queen Street, Auckland
Commonwealth Bank of Australia, Level 2, ASB North Wharf, 12 Jellicoe Street, Auckland
The Hong Kong and Shanghai Banking Corporation Limited, Level 25, HSBC Tower, 195 Lambton Quay, Wellington
Kiwibank Limited, Level 12, New Zealand Post House, 7 Waterloo Quay, Wellington
Westpac New Zealand Limited, Westpac on Takutai Square, 16 Takutai Square, Auckland

Calendar

Final dividend paid	16 June 2014
Annual meeting	12 August 2014
Infratil Update publication	September 2014
Half year end	30 September 2014
Interim report release	11 November 2014
Infratil Update publication	March 2015
Financial year end	31 March 2015

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 2014: Looking back over Infratil's first 20 years and considering what the next 10 years may hold.

September 2013: Providing an analysis and explanation of the rise in household electricity bills over the past 25 years and reviews the Green/Labour energy proposal.

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

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

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.

