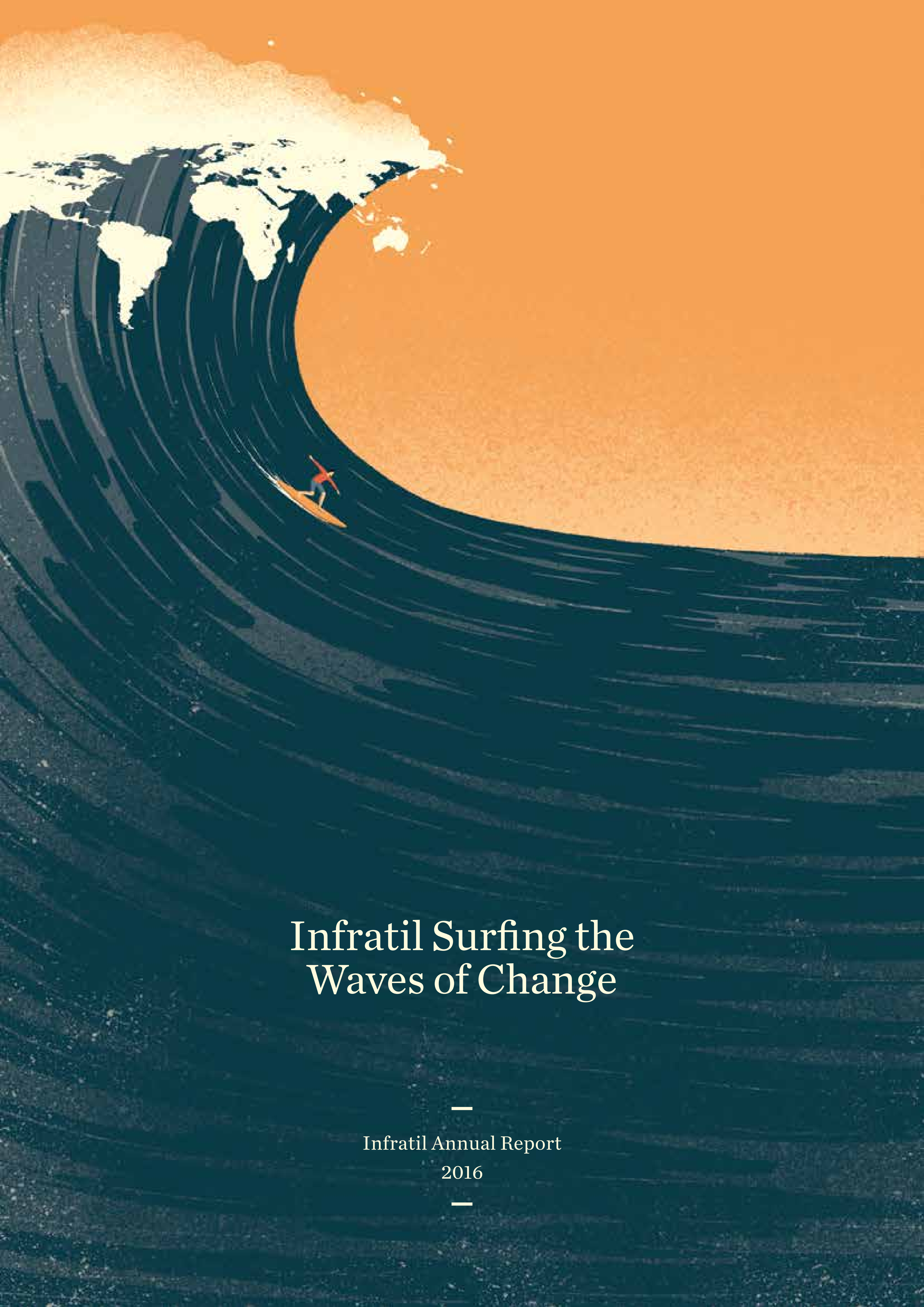


Infratil Surfing the Waves of Change

Infratil Annual Report
2016

Infratil owns energy, transport and social infrastructure businesses that provide essential services to individuals and communities.

If they are efficient and provide good services they create opportunities for profitable growth. This requires continual refinement and improvement because the needs of individuals and communities evolve, business practices and models improve, and technology changes.

Evolution:

OR HOW INFRATIL CAN SURF THE WAVES OF CHANGE COMING FROM FINANCIAL MARKETS, NEW TECHNOLOGY AND SOCIETAL TRENDS.

New Zealanders are a resilient people. We have sailed through changes, natural disasters and events which elsewhere have floored many.

One in four Kiwis was born outside of New Zealand (more than twice the comparable percentage of the people of the UK, France or Germany and almost double the rate of the USA). 19 of today's 20 NZX20 companies weren't on the list two decades ago. Land that recently grew pine trees and clover for sheep is now home to grapes or bees or irrigated and growing grass for cows. The country's top export market was the UK, then Australia and is now China. New Zealand's entire national computing power in 1995 would be less than that of the cell phones of a classroom of school children today.

There are lessons for companies. The benefit of being prepared to change and move-on even if it means write-offs, and that diversity is of benefit when meeting challenges.

Today Infratil faces disruptive influences which must be navigated if good services are to be provided to our communities and satisfactory risk-adjusted returns generated for shareholders.

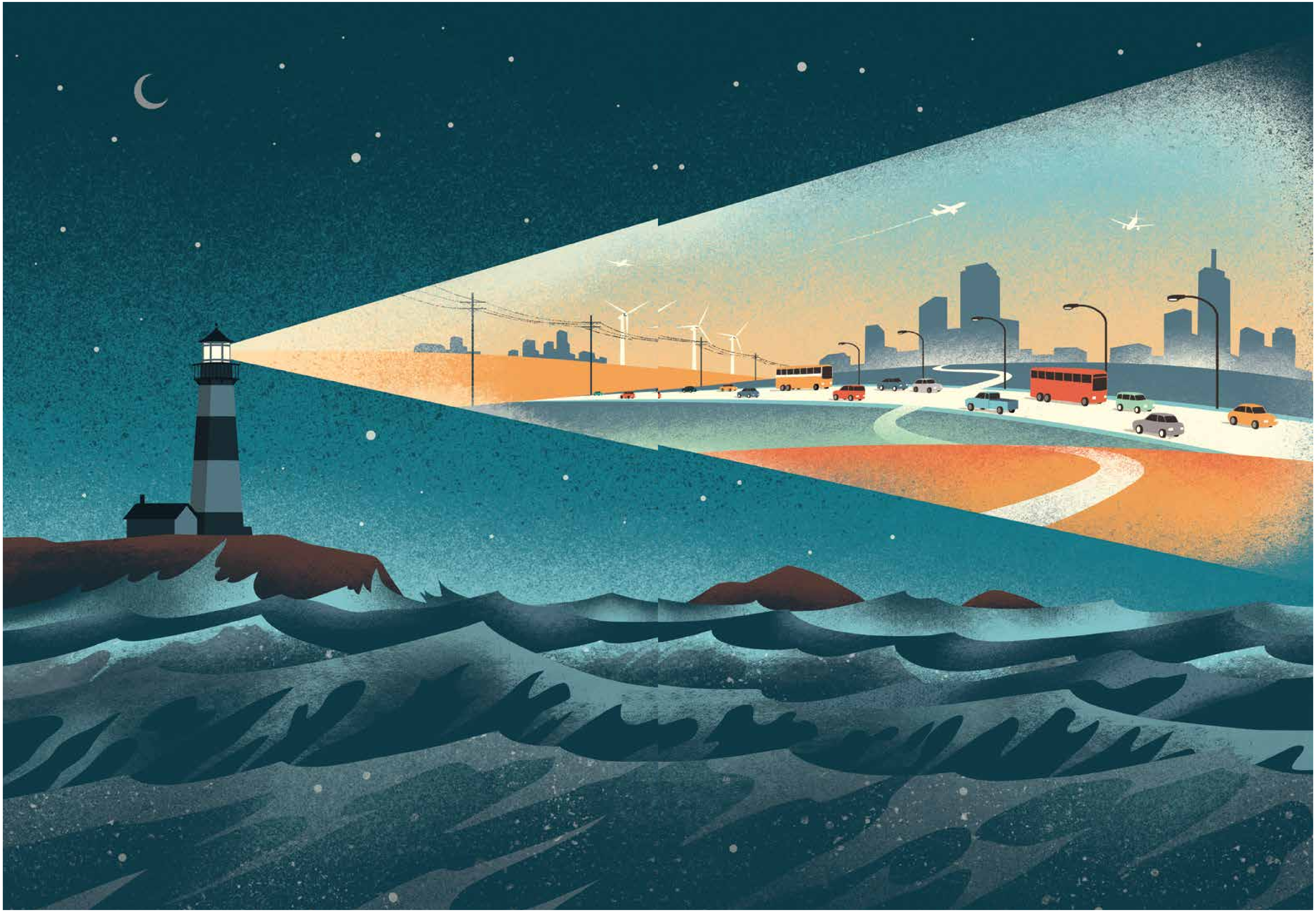
Many people, companies and even countries have debt that is only supportable because of near-zero interest rates. "Free" money is distorting asset values and resulting in unsatisfactory retirement incomes for many people. Financial markets resemble Wile-E-Coyote's moment of suspension.

Technology developments will also be disruptive, but in addition they offer huge promise and productivity gains, the connectivity of the mobile internet; electric vehicles; smart infrastructure; self-drive vehicles; low-energy appliances. It will not be long before you can share a ride on a cheap, efficient, electric powered, self-driving bus; assuming regulators allow it! Smart phones hugely increase connectivity, access to information and provide all manner of additional functionality. They have also half destroyed the traditional media industry, cameras with film and music shops. Impending changes to urban transport will be just as positive for individuals and just as disruptive to providers.

Alongside financial and technology changes comes societal change; more people living in cities, more elderly, more people with discretionary income to spend, and changes in people's habits, spending patterns and preferences, all with consequences for road congestion, tourism, health care, housing, social facilities, and attitudes to the environment and social justice.

Several waves of change are colliding. Outcomes depend on choices not destiny.

This Annual Report covers Infratil's operational and financial performance and how Infratil is coping with these powerful external factors.



People. Directors

THE BOARD HAS A RESPONSIBILITY TO KEEP THE INTERESTS OF SHAREHOLDERS AND MANAGEMENT ALIGNED OVER THE LONG-RUN.

The Shareholders-Board-Management relationship works when shareholders are kept informed about their company and support its strategy and approach; and where management operate within their mandate.

Directors seek to maintain a balance between short and long-term objectives which can be especially challenging when there is uncertainty or a diversity of views about value or risk.

Infratil has an unusual governance-management structure because Infratil is managed by H.R.L. Morrison & Co which is contracted and remunerated to perform specified management services. Almost all companies have contracts that define management functions, rights and remuneration, but most are with individuals rather than with another entity that employs individuals to undertake the required tasks.

Practically, the directors set Infratil's goals and risk appetite and are responsible for ensuring compliance with environmental, social, health and safety and financial obligations. These are the hands-on aspects of maintaining shareholder-management alignment. Directors are initially selected and appointed by the board nomination committee and then confirmed in the role by the vote of shareholders.

Brief credentials of the directors are set out on pages 80 to 81 of this annual report.

Mark Tume
Chairman. Independent. Appointed 2007

One of my responsibilities is to maintain the ties with Infratil's diverse range of stakeholders and to ensure that governance is robust, honest and visible.

Infratil has complex financial obligations and exposures. My experience in finance and investment has equipped me to understand what is happening within Infratil and the financial markets in which Infratil operates.

Duncan Saville
Director. Appointed 1994

As a Founding director, and 22 years later, I am proud to be associated with Infratil. From the outset the focus has been on shareholder returns and the outstanding performance since 1994 is a testament to this. Equally impressive has been the quality of the Morrison & Co management team which today incorporates youth, talent and experience.

Over the last three decades the infrastructure sector has undergone substantial change, most recently from the weight of money seeking Infrastructure type assets. For Infratil the challenge is to keep finding appropriate investments that will deliver attractive returns.

Paul Gough
Director. Independent. Appointed 2012

As a Kiwi who works in London I'm very aware of how events unfolding in the northern hemisphere will impact in New Zealand and Australia. In London I manage investments in similar fields to Infratil's but with more build-up or development risk. You learn a lot about the critical need to encourage the best from people. The focus on performance and people is consistent with what I see happening at Infratil.

Humphry Rolleston
Director. Independent. Appointed 2006

My businesses experiences are diverse, from PNG to Canterbury, from forestry to finance. Success involves both doing the right thing at the right time and being quick to reduce your risk when things aren't going well or the future is clouded.

My hands-on experience gives me a good appreciation of what does and does not work at a practical level and how to get the best from the people you work with.

Marko Bogoievski
Director. Chief Executive. Appointed 2009

Managing an investment company requires an awareness of external markets, a thorough understanding of each of our businesses, and discipline around the potential value impacts on the portfolio.

As an active investor, Infratil has a history of achieving financial targets while contributing to the communities within which we operate – our job is to make sure this continues.

Alison Gerry
Director. Independent. Appointed 2014

With my background in finance and risk I am always looking at the world through this risk lens. At Infratil, technology and regulation are key areas of focus. It isn't just about being aware of risks and opportunities. We can't be passive, as a company or as individuals. We have the ability to change outcomes for the better.

Culture is another powerful enabler. Greater emphasis on health and safety, transparency, social awareness and understanding the power of diversity fit well with Infratil's values.

Anthony Muh
Alternate Director for Duncan Saville
Appointed 2007

I'm from Wellington and now live in Hong Kong. Asia and particularly China is increasingly important to New Zealand and Australian industries and overall economies. I travel in Asia a lot and often see things that will impact our businesses. It helps us better assess risks, threats and opportunities. We need to comprehend Asia regardless of whether we invest there. For Infratil the challenge is to forge long-term relations with both businesses and investors.

People. Management

INFRATIL'S MANAGEMENT COMPRISES PEOPLE EMPLOYED BY INFRATIL'S MANAGER, H.R.L. MORRISON & CO, AND THOSE EMPLOYED BY INFRATIL'S SUBSIDIARIES AND INVESTEE COMPANIES.

H.R.L. Morrison & Co is an investment manager with a specialist focus on the infrastructure sector.

In addition to managing Infratil it also manages public-private infrastructure funds in New Zealand and Australia and investments for Australasian superannuation funds. Infratil benefits from the expertise of a larger more expert group of individuals than a company of its scale could normally hope to exclusively retain. It also gets access to opportunities and market developments through H.R.L. Morrison & Co's contacts and relationships.

From left to right

Marko Bogoievski
Director. Chief Executive.

Phillippa Harford
Chief Financial Officer.

Kevin Baker
Chair of NZ Bus and director of Metlifecare.

Jason Boyes
Head of Legal responsible for legal compliance, transaction structuring and execution. Director of Wellington Airport.

Tim Brown
Capital markets, and economic regulation. Chair of Wellington Airport and director of NZ Bus.

Fiona Cameron
Group Treasurer responsible for Infratil group treasury operations; funding, FX and interest rate management.

Peter Coman
Property, public-private funding. Director of Infratil Infrastructure Property and Wellington Airport.

Roger Crawford
Australian energy sector activities. Director of Perth Energy.

Rachel Drew
Business efficiency and coordination of technology initiatives.

Robert Farron
CFO of Trustpower and the designated CEO of "NewCo".

Steven Fitzgerald
Chair of RetireAustralia and director of Wellington Airport and Perth Energy.

Mark Flesher
Capital markets and investor relations. Liaison with investors.

Zane Fulljames
CEO NZ Bus.

Bruce Harker
Intended chair of "NewCo" the possible derivative of Trustpower which will be responsible for its wind and Australian generation.

Vince Hawksworth
CEO Trustpower.

Andrew Lamb
Development Director Infratil Infrastructure Property.

Paul Newfield
Responsible for strategy, sector analysis and transaction execution.

Alison Quinn
CEO RetireAustralia. President of the Australian Retirement Living Council.

Paul Ridley-Smith
Chair of Trustpower and responsible for its separation from the "NewCo" activities.

Matthew Ross
Group Performance Manager.

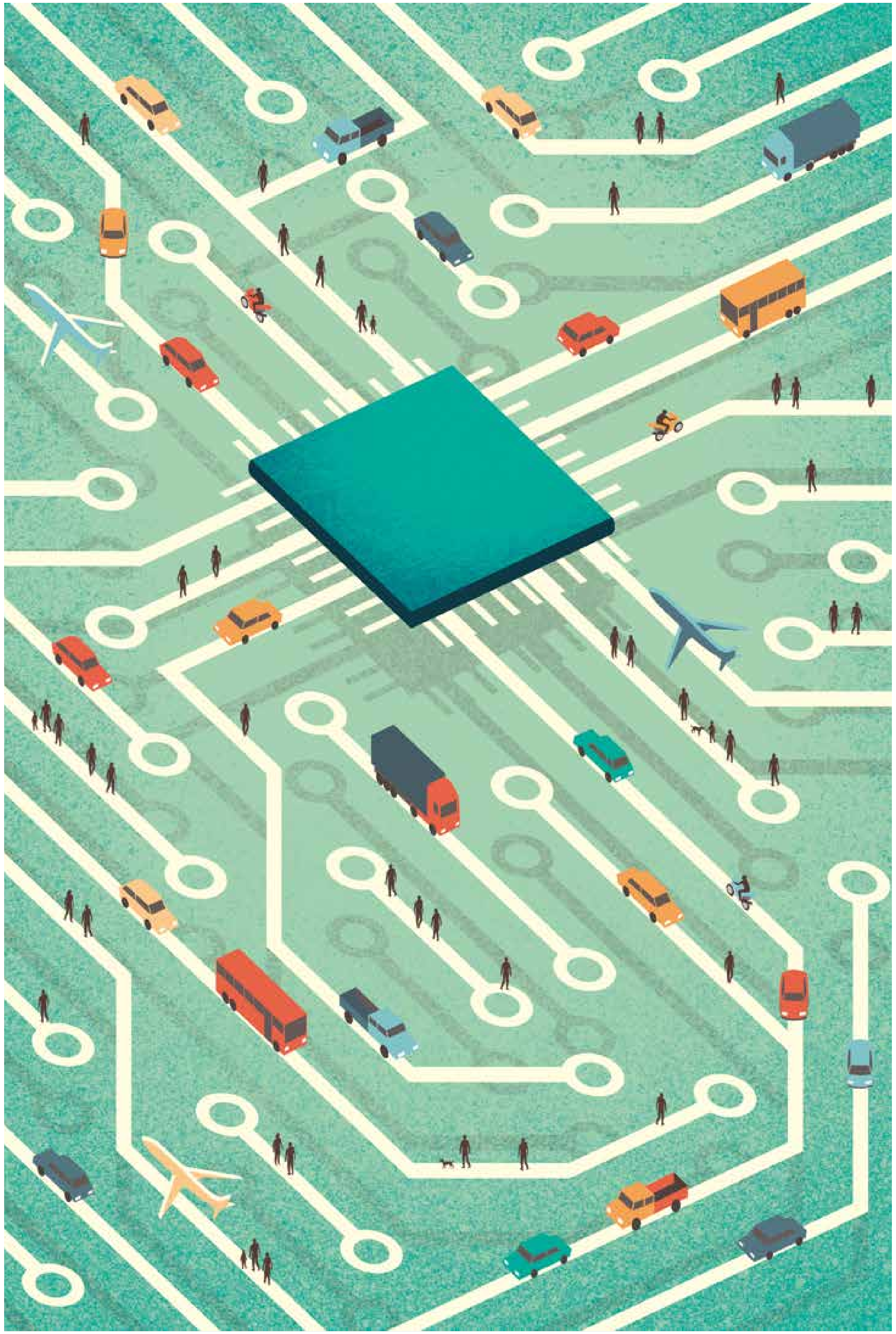
Steve Sanderson
CEO Wellington Airport.

William Smales
Responsible for private-markets investment activity. Director of Metlifecare and RetireAustralia.

Miki Szikszai
CEO Snapper.

Liam Tohill
Group Financial Controller.

Vimal Vallabh
Investment activity in the energy sector.



People. Customers & Community

"THE PURPOSE OF A COMPANY IS TO CREATE A CUSTOMER" IS A FAMOUS MANAGEMENT QUOTE WHICH DESCRIBES THE PRIMACY OF THE CUSTOMER TO MOST BUSINESSES. FOR AN INFRASTRUCTURE BUSINESS THE CUSTOMER IS OFTEN THE WHOLE COMMUNITY.

If you enjoy catching one of our buses to work, you are not the only beneficiary of the good service. Your car-driving neighbour experiences less road congestion and pollution.

The 17,000 people who flew in or out of Wellington Airport today are not the only winners from its convenience and the good airline services it facilitates. Wellington's businesses, universities and wider community also benefit.

A good infrastructure company creates a customer out of its community. Getting this right matters for shareholders. A consumer can change their brand of soap, but if a community feels let down by their provider of electricity, care and accommodation for the elderly, public transport, or airport, they can change the rules via regulatory intervention.

Onerous regulation is a form of procurement. In effect a government agency steps into the shoes of consumers. In practice both service supplier and actual consumers lose as officials have limited ability to really understand consumer preferences or provider motives.

Infratil seeks to have its businesses provide the services and facilities sought by customers and to do so for the benefit of the wider community.

This can be challenging when a lot is changing. In 2016 Wellington Airport will host 1,000 more passengers each day than it did in 2014. For a business that prides itself on being lean and efficient, that increase places pressure on facilities and standards, yet the community is, quite reasonably, impatient of poor service.

Each of Infratil's businesses is providing something extra for its customers. Trustpower with its innovative multi-utility offer, RetireAustralia with its development of "in home" care, Wellington Airport's new land-transport centre, Snapper's advent of mobile phone payment of bus fares and NZ Bus's shift to electric vehicles.

In each case the objective is to create and retain the customer with better value services, for the benefit of the entire community.

Chairman & CEO Report

INFRATIL HAS SIMPLE OPERATIONAL GOALS WHICH UNDERPIN OUR FINANCIAL OBJECTIVES.

We believe that providing better value services will create the platform for shareholder returns and investment opportunities that will grow shareholder value over time.

On the criteria of "better value" it was a satisfactory year. Trustpower's innovative multi-product offer continues to win support and remains unique. Wellington Airport's operating costs per passenger are the lowest of any Australasian international airport and its average aeronautical charges (per passenger) are the lowest of any international airport in New Zealand.

NZ Bus has fully implemented real-time bus monitoring which is delivering smoother rides and saving on fuel and tyres. RetireAustralia is developing care services for its residents to prolong their ability to comfortably remain in their homes.

These accomplishments reflect factors within our control; in the meantime the external environment is creating challenges and opportunities. Australia's affirmation of its commitment to a 2020 renewable energy target means a massive and quick expansion in renewable generation is required. Air travel growth is benefitting Wellington Airport. Changes to how the Australian government pays for aged care will result in more demand for in-home services. Conversely NZ Bus experienced the criteria of regional transport agencies when it lost its South Auckland services.

FINANCIAL

Infratil's consolidated underlying EBITDAF from continuing operations was $462.1 million from $450.7 million last year. Free cash flows from operations amounted to $250.5 million (previously $235.6 million).

The net parent surplus was $438.3 million ($383.5 million) which benefited from contributions of $436.3 million from Z Energy and iSite which were sold during the year (last year contributions from businesses sold were $372.1 million).

Asset sales and a modest level of reinvestment left Infratil in a "cashed up" position on 31 March 2016. $728.6 million was on deposit, $67.5 million was borrowed from banks and bond funding of the wholly-owned group (ie. excluding debt of Wellington Airport, Trustpower and the other less than 100% companies) was $957.0 million. The net debt of $295.9 million accounted for 14% of Infratil's funding, the balance being the market value of Infratil's equity.

INVESTMENT FOCUS AND EXTERNAL CONSIDERATIONS

Indicatively, Infratil's current capital position could allow up to $1 billion of new investment or the return of $500 million to shareholders, or a combination. As discussed on the next page of this report, work is underway to deliver uses for this capital that satisfy Infratil's risk-adjusted return targets.

Investment criteria, approach and a number of potential investments were described in detail during Infratil's 13th April 2016 Investor Day. The presentations are on Infratil's website.

Of course as time goes if investments are not made then excess capital will be returned to shareholders.

As always, Infratil's allocation of capital is intended to take advantage of secular trends such as decarbonisation of energy and transport, the growing population of elderly people, expanding demand for air travel, and changing urban transport needs.

However, while each of these factors fits with the adage "to be the fast swimmer find a fast flowing river" we do not underestimate the external challenges now faced. The most obvious is from financial market instability. The benign run brought by central bank largess is unsustainable and distorting. It has created winners and losers; such as the elderly person who saved to acquire bonds and has had their income halved by low interest rates. Five years ago no one predicted today's financial market values, so it would be foolish to now be certain about what 2021 holds. The important thing for individuals and companies is to be prepared for eventualities and to buy more insurance than usual.

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

The other external challenge we see unfolding is from rapid technological change. iPhones/Pads/Pods are only a decade old and have caused changes in people's behaviour and industries' fortunes beyond what would have seemed possible in that time. Tesla (electric vehicles) and Google (self-driving vehicles) believe they can do for land transport what Apple has done for information and entertainment. Boeing's 787 has fundamentally changed airline economics, and marginalised the Airbus A380 (last year 135 B787s were delivered and only 27 A380s).

However, we shouldn't overemphasise the risks. Infratil's businesses provide essential services and experience mainly stable demand, prices and costs throughout market cycles.

OUR PEOPLE

Last year saw the implementation of a more muscular health and safety regime in New Zealand. This is warmly embraced by Infratil and its businesses. As a group we take health and safety seriously and recognise that it is an area that requires continual improvement and prioritisation. It is also easier to improve when everyone else is too.

SHAREHOLDERS

For Financial Year 2016, Infratil paid 5.25 cents per share interim dividend in December 2015 and will pay 9.0 cents per share final dividend on 15 June 2016 (4.5 cps and 8.0 cps respectively last year).

The 14% increase is consistent with Infratil's objective of providing a reliable and increasing dividend.

Over the previous two years there were also special dividends, but a repeat is at least postponed until the success or otherwise of current investment plans is known.

FINANCIAL YEAR 2017

Underlying EBITDAF is forecast to be between $475 million and $515 million, an increase of 3% to 12%.

The next financial year will include a full period contribution from King Country Energy which Trustpower acquired in October 2015 although Trustpower is also anticipating demerger costs of about $10 million. Wellington Airport is expected to continue its steady progress and small improvements are forecast across each of Infratil's other businesses except NZ Bus which will be impacted by the loss of its South Auckland service contracts. The FY2016 result included $5.3 million of non-recurring costs associated with the unsuccessful bid for Pacific Hydro.

Operating cash flows next year are expected to be lower than the year just finished, largely as a result of some one-off costs and the reduced earnings of NZ Bus, with some uplift from other businesses.

$Millions	Actual FY2016	Guidance 2017
Underlying EBITDAF	$462.1	$475-515
Operating cash flows	$250.5	$225-255

Last year saw satisfactory creation of value for Infratil's shareholders and a great deal of preparation for future investment. We would have liked the $728.6 million on deposit with our banks to have been deployed to more productive investments, but this is an environment that will reward patience and discipline.

Mark Tume
Chair

Marko Bogoievski
Chief Executive

Investment Activity

OVER THE 22 YEARS TO 31 MARCH 2016 INFRATIL'S CUMULATIVE COMPOUND RETURN TO SHAREHOLDERS WAS 17.95% PER ANNUM.

Put another way, since its listing Infratil's total value creation for shareholders amounted to $2,492 million.

That aggregates the $1,844 million 31 March 2016 market value of Infratil's equity and the $1,001 million total value of dividends paid over the full period, less the $353 million of equity capital shareholders have provided the company.

This performance has been driven by the successful investments made by Infratil. Ideally they are very long-term and are in businesses that can generate compound returns by investing in their own activities. For instance, by 2020 (on conclusion of the projects now underway) Wellington Airport will have invested almost $700 million in its own activities since Infratil became the majority shareholder. That shareholding cost $98 million, so for each $1 of acquisition cost a further $7 will have been invested growing the value of the Airport (NB. Infratil owns 66% of Wellington Airport so in effect $5 of each $7 invested was Infratil's).

As shown in the table copied below, over 80% by value of Infratil's investments over the last five years involved growing the value of existing businesses, 20% was for the acquisition of new businesses. The distinction matters. Although Infratil can position to make acquisitions by having capital available, opportunities to buy shares, such as in RetireAustralia and Metlifecare ($369.2 million) cannot be planned as they arise due to considerations intrinsic to the vendors.

Compare this with the internal investment programmes of Trustpower, NZ Bus, Wellington Airport and now RetireAustralia. In each case the relevant company can systematically plan and manage their expansions/upgrades and be very fully informed about their prospects, risks and alternatives.

INVESTMENT OUTLAYS

Year Ended 31 March ($Millions)	2016	2015	2014	2013	2012	5 years
Trustpower	$119.3	$157.4	$349.7	$214.1	$48.5	$889.1
Wellington Airport	$56.7	$21.9	$20.3	$12.0	$22.2	$133.1
NZ Bus	$11.2	$15.3	$68.1	$56.7	$63.7	$215.0
Perth Energy	$0.6	$0.1	$0.1	$0.7	$0.8	$2.3
Z Energy	-	-	-	$70.7	$74.0	$144.7
Metlifecare	$0.6	$1.6	$147.9	-	-	$150.1
RetireAustralia[1]	$27.8	$219.1	-	-	-	$246.9
Infratil Energy Australia	-	$16.2	$22.0	$27.0	$21.3	$86.5
ASIP	$0.8	$32.0	-	-	-	$32.9
Parent/Other	$3.8	$1.7	$8.0	$29.8	$15.5	$58.8
Total	**$220.9**	**$465.4**	**$616.1**	**$411.0**	**$246.0**	**$1,959.4**

[1] 50% of RetireAustralia's capital expenditure is included in the 2016 figures.

Over the last year Infratil found itself in an unusual situation care of the sale from Lumo, Z Energy and iSite. It has the capacity to deploy up to $1 billion while still complying with target credit parameters and being able to sustain the medium term goal of lifting dividends to shareholders.

This has naturally given rise to "use it or lose it" queries. There is no doubt that if Infratil doesn't deploy the funds to increase shareholder returns, it should return the capital as opposed to merely having it on deposit with a bank earning 2% per annum. But there are two strong reasons why the directors have held off doing so.

One reason reflects market uncertainty. "In the last few years, the global economy has evolved in ways once deemed unthinkable. It is a phenomenon that... will intensify in the period ahead." to quote Mohamed El-Erian (chief economic adviser of global investment firm Allianz and previously CEO of its bond management subsidiary PIMCO). Uncertainty makes it prudent to be well capitalised, and it increases the prospect of good investment opportunities arising from others being obliged to realise assets.

The second reason for retaining capital is the long lead-times of most of Infratil's internal investments. Building a land-transport hub and a hotel at Wellington Airport or a major wind farm in Australia can take over five years from inception to commissioning. A material part of the $1 billion of available capital is earmarked for internal projects that just take a long time to execute.

Three recent investment initiatives are summarised below to illustrate Infratil's approach, thinking and the influence of circumstances.

PACIFIC HYDRO (what could have been)

Last year Australian superannuation funds manager IFM sold Pacific Hydro to SPIC which is one of the "big five" Chinese electricity companies. Pacific Hydro has renewable generation and development projects in Chile, Australia and Brazil and annual EBITDAF of about A$175 million. SPIC's acquisition price reportedly valued Pacific Hydro at A$3 billion.

Infratil made bids for all of Pacific Hydro as well as for its Australian operations. The sector is well understood by Infratil's management and Pacific Hydro's complex operational and financial arrangements were felt likely to deter many bidders. Infratil's $5.3 million of bid costs is testament to the thoroughness of the information gathering exercise.

In the event SPIC's bid must have valued Pacific Hydro at more than the "sum of its parts" and more than any other 100% bid. Probably because SPIC has lower return targets and/or expects to capture benefits from the development pipeline not available to others.

Infratil cannot apologise for targeting a relatively high risk-adjusted return on its investments. That is consistent with the expectations of Infratil's shareholders. It is also consistent with the returns generated by other recent comparable investments. For instance in 2014 Trustpower acquired renewable generation from the state of NSW for A$72.2 million which had EBITDAF of A$8.5 million. And the Snowtown II wind farm cost about A$500 million and is delivering EBITDAF of about A$70 million.

Pacific Hydro's renewable generation projects and expertise would have been a good fit with Infratil. But Infratil's bid price also reflected return targets and a view about the next-best alternative investment. While the process was expensive, a lot of information and understanding has been built up which should be of benefit in making future renewable-generation investments.

ENVISION VENTURES FUND (change before you have to)

Since the late 1990s Infratil has made a number of small investments in technology activities which were relevant to Infratil's core businesses. In net terms the investments absorbed a small amount of capital, a reasonable amount of management time and have been interesting rather than of great educational benefit.

Last year Infratil committed US$25 million to an Envision "infra-tech" fund motivated by the same factor which drove the earlier investments; to get exposure to technology businesses which could have a material impact on Infratil's activities. However this time, rather than Infratil's management being absorbed into hands-on roles those will be undertaken by Envision's management.

Technology is changing Infratil's activities in many ways, small and large. Paying a bus fare, was with cash and cardboard tickets, is now with stored value cards and cell phones and will soon be pay-wave. Buses were diesel and trolley-electric and will soon be battery-electric. More efficient passenger aircraft are creating viable long-haul routes for smaller markets and smaller airports. Generating electricity is getting cheaper and cleaner and charging for electricity is shifting from a fixed cents/unit price to prices that reflect generator and line costs. Someone immobilised in their homes can have immediate communication with remote clinicians.

Envision will augment our direct infra-tech activities in Australasia and help Infratil separate science fiction from science fact and to get ready for change before it is forced to.

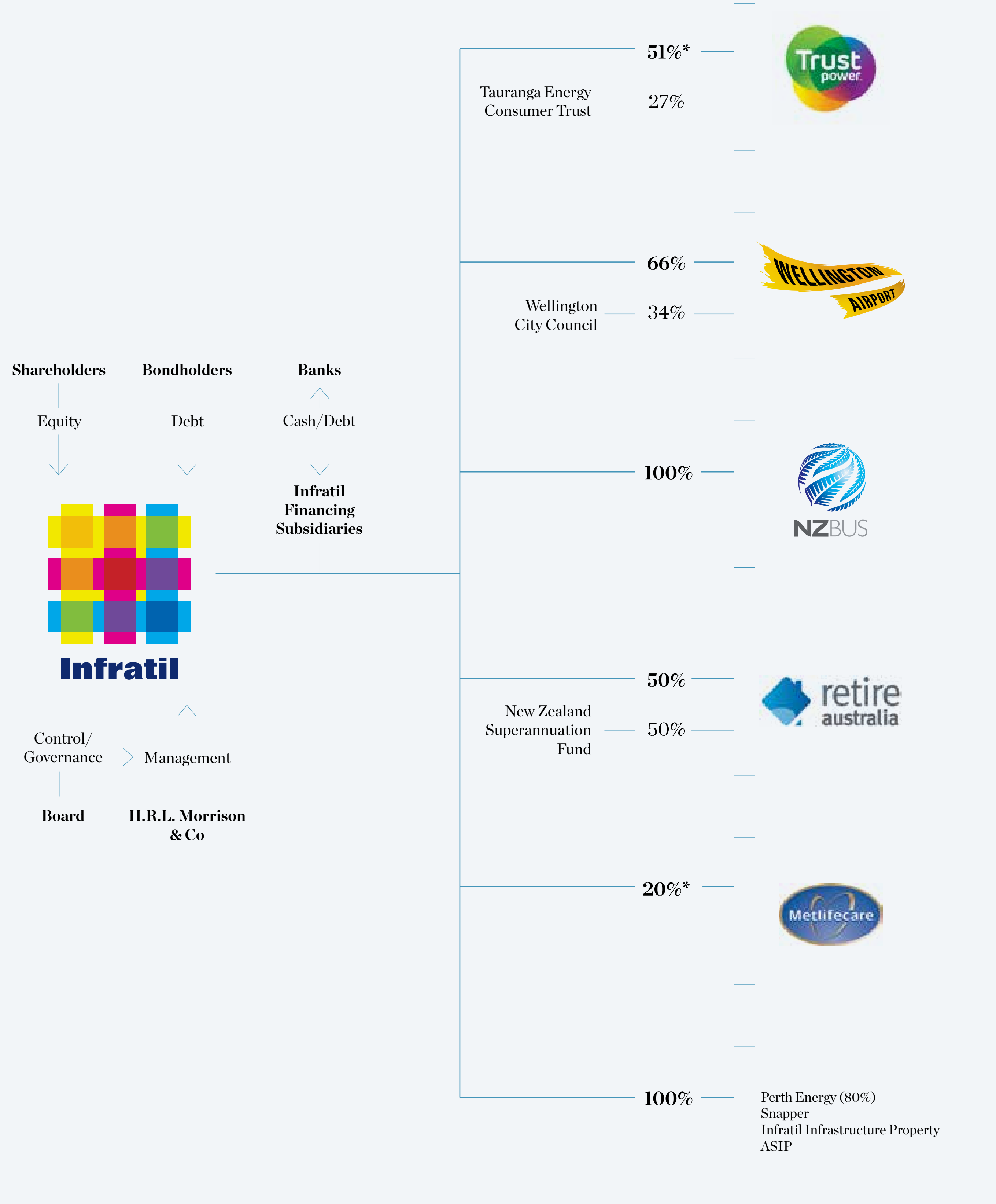
TRUSTPOWER & "NEWCO"

Trustpower has been highly successful in developing generation capacity in Australia. Over the last decade it invested $819 million into Australian generation which last year contributed EBITDAF of $105 million. However it is unclear if the share market value of Trustpower fully reflects this value creation. Trustpower's share market value appears to be set mainly by reference to its New Zealand generator-retailer peers.

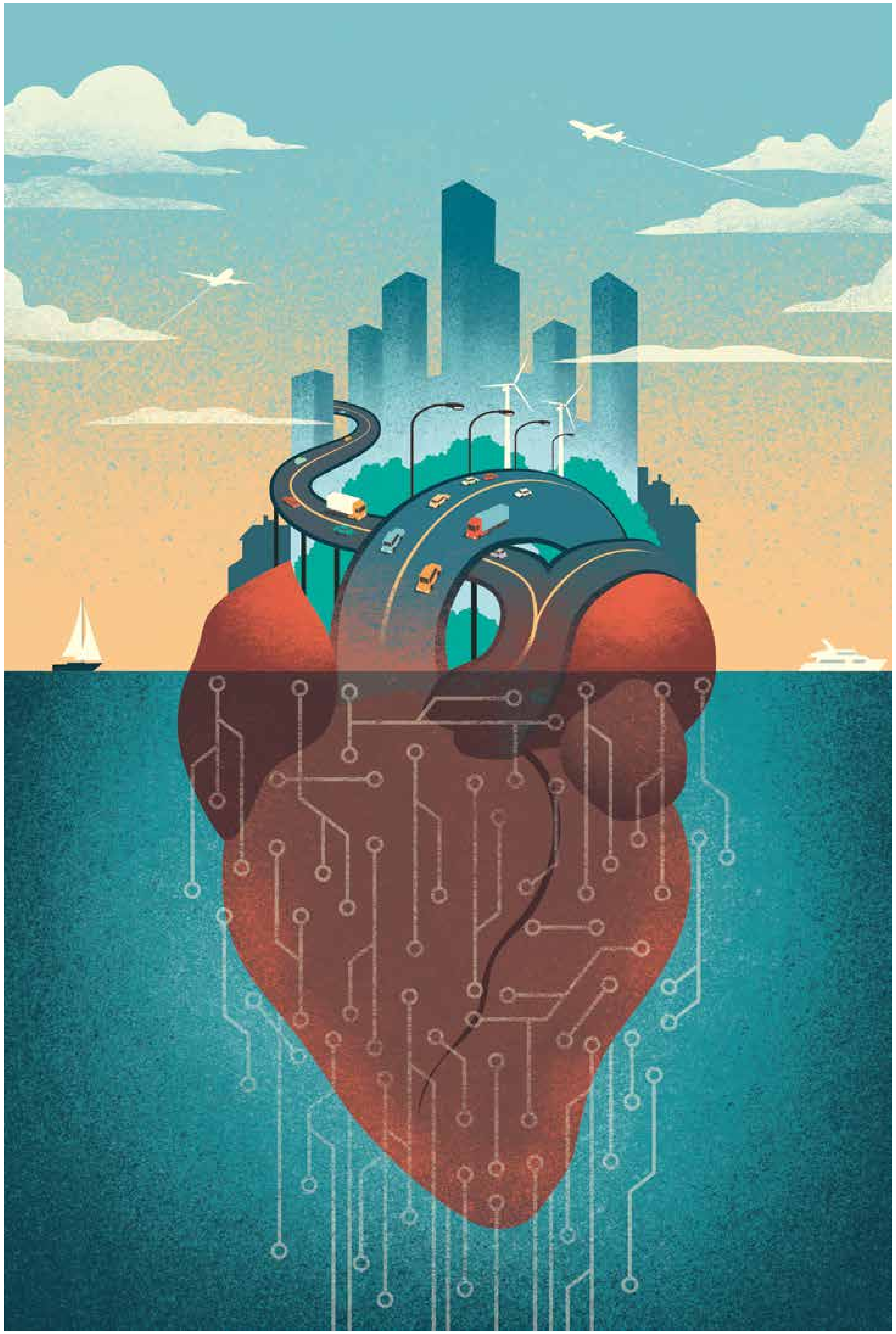
With very substantial additional investment expected to occur in Australia this created a conundrum. How to keep investing to create value while also getting that value reflected in the share price? The answer is to separate Trustpower into two companies, one of which will focus on Australian renewable generation projects.

It's an illustration of the complex elements that go into making good investments, one of which is to ensure that the value created is understood and recognised by the market so it benefits the current owners.

Corporate Structure



* Trustpower and Metlifecare are listed on the NZ stock exchange. Only Infratil and other major shareholdings are shown above.



Highlights

277,000 HOUSEHOLDS USING RENEWABLY GENERATED ELECTRICITY, 62,000 HOUSEHOLDERS WITH INTERNET, 5,800,000 AIRPORT PASSENGER MOVEMENTS, 11,550 RESIDENTS IN RETIREMENT ACCOMMODATION OR CARE, 59,900,000 PUBLIC TRANSPORT TRIPS.

Year ended 31 March	2016	2015
NET PARENT SURPLUS	$438.3m 78.0 cents per share	$383.5m 68.3 cents per share
UNDERLYING EBITDAF [1]	$462.1m	$450.7m
CAPITAL EXPENDITURE	$220.9m	$465.4m
DIVESTMENTS	$530.5m	$700.0m
NET DEBT Infratil and 100% subsidiaries	$295.9m 14% of capitalisation	$760.8m 30% of capitalisation
CAPITAL MANAGEMENT	–	$120.0m
ORDINARY DIVIDENDS DECLARED	14.25cps	12.5cps

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

The financial results of FY2016 were dominated by Infratil's divestment from Z Energy and iSite, and the investment programmes of Trustpower and Wellington Airport.

The former delivered gains of $419.3 million, but of course reduced the potential contribution from those companies' earnings.

Similarly the investment activities of subsidiaries such as Wellington Airport and Trustpower are intended to build future returns, but have adverse consequences for current earnings.

Having $728.6 million on deposit with banks earning 2% per annum also held back earnings.

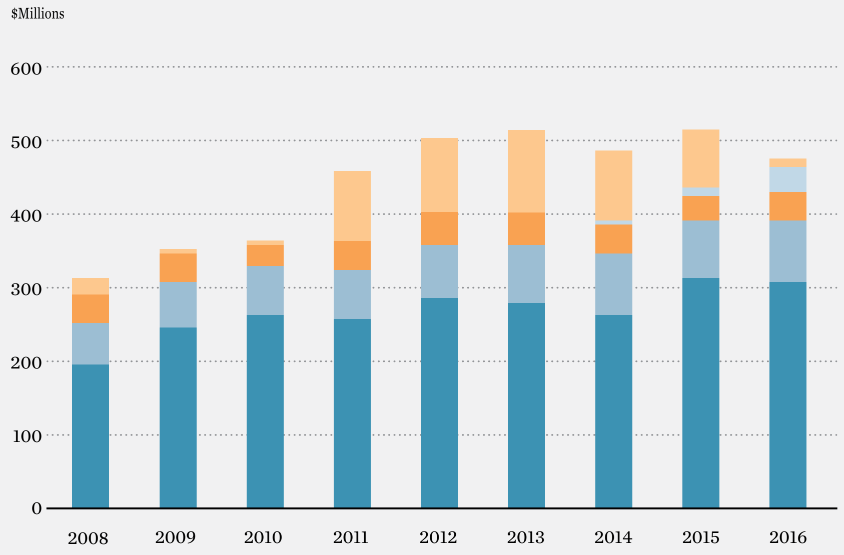
Infratil Financial Trends

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

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

Since 2012 businesses that contributed approximately $115 million have been sold for $1,606 million. Retained businesses have grown by $36 million while retirement businesses acquired for $369 million contributed $34 million over FY2016.

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

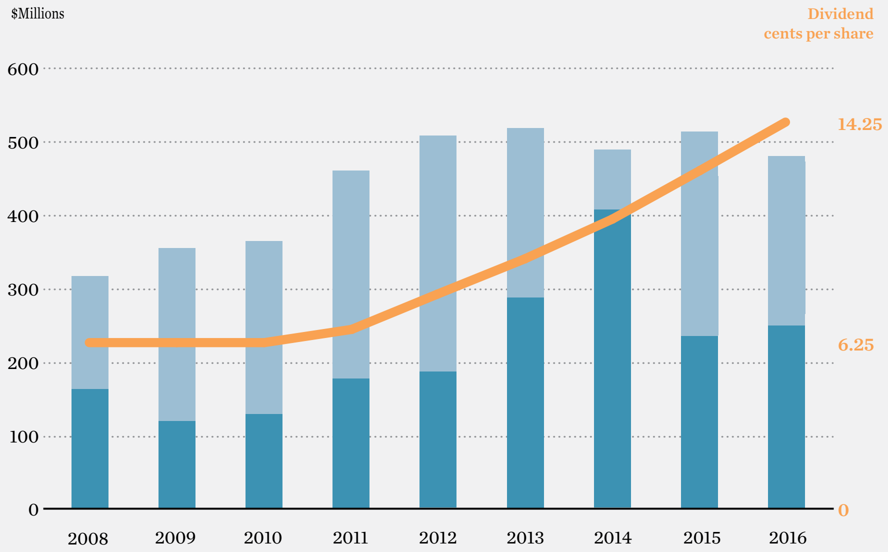


* Includes the contributions of discontinued operations

Operating Cash Flows and Dividends

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

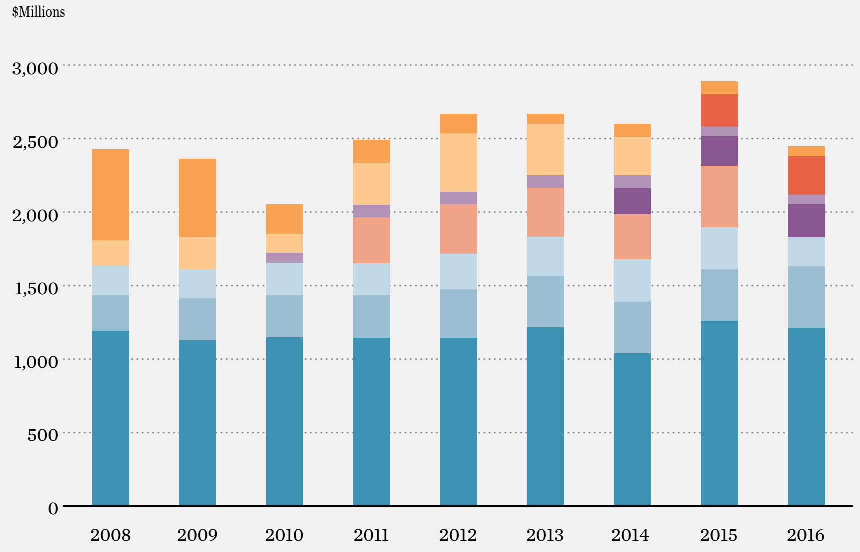
- Dividend (rhs)
- Interest, tax, working capital
- Operating cash flow



Infratil's Assets

Over the graphed period Infratil has invested $3,313 million and raised $2,060 million from divestments. This, depreciation and changes to market values has resulted in the evolution of Infratil's assets.

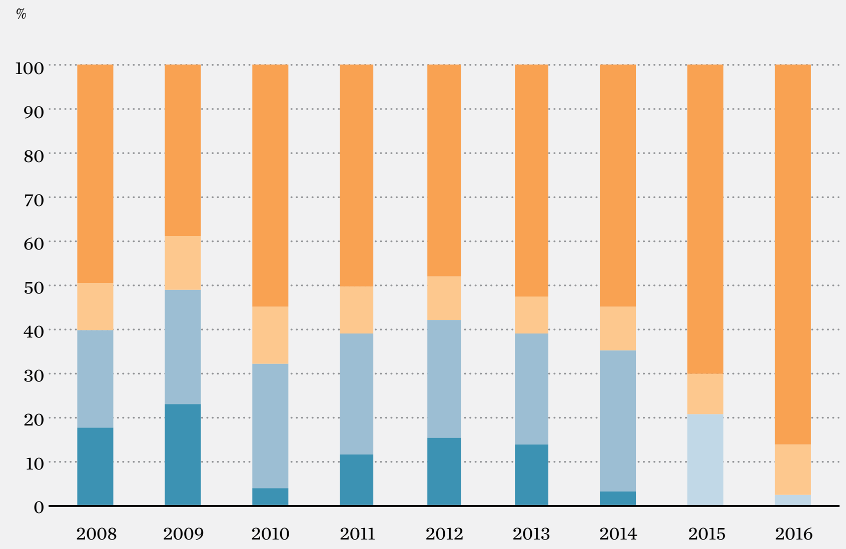
- Parent/Other
- RetireAustralia
- Infratil Energy Australia
- Perth Energy
- Metlifecare
- Z Energy
- NZ Bus
- Wellington Airport
- Trustpower



Infratil's Capital Structure

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

- Equity (market value)
- Perpetual bonds
- Dated bonds
- Bank debt
- Net bank debt and dated bonds. (Dated bonds and net bank debt are combined for 2015 and 2016)



Infratil Financial Performance

CONSOLIDATED RESULTS

Year Ended 31 March ($Millions)	2016	2015
Operating revenue	$1,775.7	$1,635.0
Operating expenses	($1,284.3)	($1,186.2)
Depreciation & amortisation	($172.1)	($148.3)
Net interest	($169.9)	($180.2)
Tax expense	($24.8)	($19.3)
Revaluations	($65.4)	($6.8)
Discontinued operations	$436.3	$372.1
Net profit after tax	**$495.5**	**$466.3**
Minority earnings	($57.2)	($82.8)
Net parent surplus	**$438.3**	**$383.5**

RECONCILIATION OF NET PROFIT AFTER TAX TO UNDERLYING EBITDAF

Year Ended 31 March ($Millions)	2016	2015
Net Profit After Tax	**$495.5**	**$466.3**
less: share of MET & RA* investment property revaluations	($58.4)	($16.1)
plus: share of MET & RA realised resale gains	$14.2	$5.3
plus: share of MET & RA development margin	$7.9	$3.4
plus: share of MET & RA deferred tax expense and non-recurring items	$2.8	$9.5
NZ Bus onerous depot lease provision adjustment	$4.2	-
Net loss/(gain) on foreign exchange and derivatives	$13.6	$36.3
Net realisations, revaluations and (impairments)	$51.8	($29.5)
Discontinued operations	($436.3)	($372.1)
Underlying Earnings	**$95.3**	**$102.9**
Depreciation & amortisation	$172.1	$148.3
Net interest	$169.9	$180.2
Tax	$24.8	$19.3
Underlying EBITDAF	**$462.1**	**$450.7**

*MET is Metlifecare and RA is RetireAustralia

UNDERLYING EBITDAF

Year Ended 31 March ($Millions)	2016	2015
Trustpower	$329.4	$330.7
Wellington Airport	$86.1	$82.1
NZ Bus	$42.0	$34.2
Perth Energy	$2.9	$14.1
Metlifecare	$12.4	$9.4
RetireAustralia	$21.1	$2.6
Parent/Other	($31.8)	($22.4)
Underlying EBITDAF (continuing operations)	**$462.1**	**$450.7**
Discontinued operations	$18.4	$71.4
Total Underlying EBITDAF	**$480.5**	**$522.1**

BREAKDOWN OF CONSOLIDATED UNDERLYING EBITDAF & NET SURPLUS BEFORE REVALUATIONS

The following tables give the breakdown of Infratil's underlying EBITDAF, depreciation & amortisations, interest and tax by business, for the last two financial years.

YEAR ENDED 31 MARCH 2016

$Millions	EBITDAF	D&A	Interest	Tax	Total	Ownership	Infratil Share
Trustpower	$329.4	($117.0)	($81.1)	($33.2)	$98.1	51%	$50.1
Wellington Airport	$86.1	($16.5)	($16.8)	($11.1)	$41.7	66%	$27.5
NZ Bus	$42.0	($31.4)	($3.0)	$0.4	$8.0	100%	$8.0
Perth Energy	$2.9	($6.4)	($4.2)	$2.1	($5.6)	80%	($4.5)
Metlifecare[1]	$12.4	-	-	-	$12.4	20%	$12.4
RetireAustralia[1]	$21.1	-	-	-	$21.1	50%	$21.1
Parent/Other	($31.8)	($0.8)	($64.8)	$17.0	($80.4)	100%	($80.4)
Total	**$462.1**	**($172.1)**	**($169.9)**	**($24.8)**	**$95.3**		**$34.2**
Discontinued operations	$18.4	($1.1)	-	$0.3	$17.6	100%	$17.6
Total	**$480.5**	**($173.2)**	**($169.9)**	**($24.5)**	**$112.9**		**$51.8**

[1] With Metlifecare and RetireAustralia Infratil accounts for its share of their earnings.

YEAR ENDED 31 MARCH 2015

$Millions	EBITDAF	D&A	Interest	Tax	Total	Ownership	Infratil Share
Trustpower	$330.7	($98.2)	($78.5)	($20.7)	$133.3	51%	$68.0
Wellington Airport	$82.1	($16.2)	($17.8)	($9.5)	$38.6	66%	$25.5
NZ Bus	$34.2	($26.4)	($1.0)	$3.6	$10.4	100%	$10.4
Perth Energy	$14.1	($5.9)	($4.4)	($1.1)	$2.7	80%	$2.2
Metlifecare	$9.4	-	-	-	$9.4	20%	$9.4
RetireAustralia	$2.6	-	-	-	$2.6	50%	$2.6
Parent/Other	($22.4)	($1.6)	($78.5)	$8.4	($94.1)	100%	($94.1)
Total	**$450.7**	**($148.3)**	**($180.2)**	**($19.3)**	**$102.9**		**$23.9**
Discontinued operations	$71.4	($10.9)	($0.1)	($11.1)	$49.3	100%	$49.3
Total	**$522.1**	**($159.2)**	**($180.3)**	**($30.4)**	**$152.2**		**$73.2**

CONSOLIDATED OPERATING CASH FLOW

Year Ended 31 March ($Millions)	2016	2015
Underlying EBITDAF (continuing operations)	**$462.1**	**$450.7**
Net interest	($161.8)	($167.4)
Tax paid	($51.8)	($57.0)
Working capital/other	($12.4)	($4.4)
Discontinued operations	$14.4	$13.7
Operating cash flow	**$250.5**	**$235.6**

INFRATIL'S ASSETS

$Millions	31 March 2016	31 March 2015
Trustpower	$1,223.6	$1,270.0
Wellington Airport	$408.9	$349.9
NZ Bus	$201.5	$285.8
Perth Energy	$69.2	$76.7
Z Energy	-	$410.4
Metlifecare	$222.7	$199.6
RetireAustralia	$252.9	$208.6
Infratil Energy Australia	-	-
Other	$73.2	$86.5
	$2,452.0	**$2,887.5**

For 31 March 2016 a NZ$/A$ exchange rate of 0.9027 was used (0.9785 for 2015).
Values exclude 100% subsidiaries' cash balances and deferred tax where CGT does not apply.

Changes to the values of Trustpower and Metlifecare are due to changes in their share prices on the NZX. $0.6 million was also invested in Metlifecare through the reinvestment of dividends.

Changes in the value of Perth Energy, Wellington Airport, RetireAustralia and NZ Bus reflect the difference between the companies' net surplus over the period and payments to shareholders. Infratil also wrote down goodwill associated with NZ Bus by $55 million. The value of Perth Energy and RetireAustralia will also change with fluctuations in the NZ$/A$ exchange rate.

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

INFRATIL'S FUNDING

$Millions	31 March 2016	31 March 2015
Net cash of 100% subsidiaries	($661.1)	($228.4)
Dated Infrastructure Bonds	$723.6	$754.3
Perpetual Infrastructure Bonds	$233.4	$234.9
Market value Infratil equity	$1,844.4	$1,786.8
Total capital	**$ 2,140.3**	**$2,547.6**
Net dated debt / total capital	2.9%	20.6%
Net debt / total capital	13.8%	29.9%

The $464.9 million reduction in the net debt of the 100% group is largely explained by the $528.2 million received from asset sales.

As at 31 March 2016 Infratil and 100% subsidiaries had $343.5 million of committed bank funding facilities of which $67.5 million was drawn.

SHAREHOLDER RETURNS & OWNERSHIP

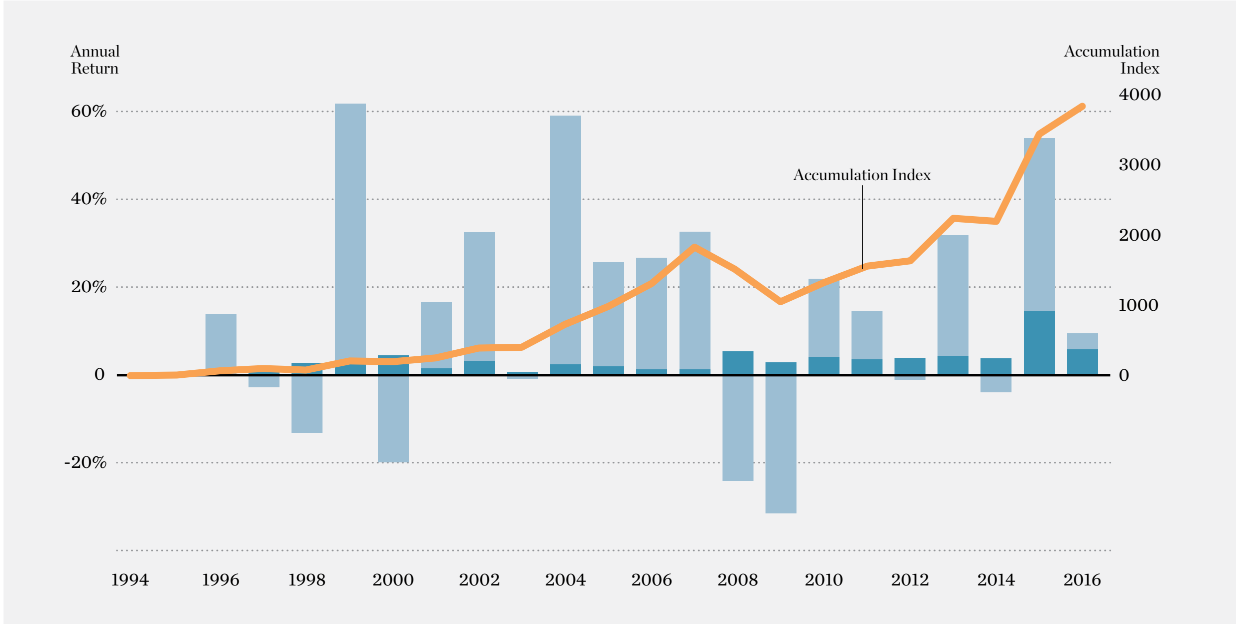
Infratil's share price rose from $3.18 on 1 April 2015 to $3.28 on 31 March 2016. Fully imputed dividends of 14.4 cents per share and 5.25 cps were paid in June and December 2015 respectively.

Had the dividends been reinvested in Infratil shares at the time they were paid they would have provided a return of 6.5% per annum on the 1 April 2015 share price. The share price appreciation returned a further 3.1% per annum. Jointly the total return amounted to 9.6% per annum. The prior year returns were 13.9% per annum from dividends and 40.7% from share price movement.

Over the last five years Infratil's compound return after tax to shareholders has been 17.74% per annum. Over the 22 years since Infratil listed compound after tax returns have been 17.95% per annum.

Someone who invested $1,000 in Infratil shares on 31 March 1994 and subsequently reinvested all dividends and the value of rights issues, etc. (i.e. who neither took money out nor put money in) would, as at 31 March 2016, own 11,519 shares worth $37,781.

22 YEAR TRACK RECORD



OWNERSHIP

Approximately 20% of Infratil's shares changed hands over the year, about the same as the prior year. New Zealand domiciled ownership increased to slightly over 76%. The ten largest New Zealand institutional holdings amounted to 140 million shares as at 31 March 2016 from 145 million shares a year ago. The ten largest offshore institutional holdings rose to 88 million shares from 76 million a year prior.

	31 March 2016		31 March 2015	
	Million shares	%	Million shares	%
New Zealand retail investors	250	44%	242	43%
New Zealand institutions	149	27%	145	26%
Utilico	20	4%	39	7%
Management/other	30	5%	35	6%
Offshore	113	20%	101	18%
	562		562	

Infratil has approximately 23,000 individual shareholders and 16,000 bondholders. Approximately 100 of the owners are offshore domiciled.

Trustpower

FINDING OPPORTUNITIES FOR GROWTH AND SEEKING TO MAXIMISE SHAREHOLDER VALUE

Trustpower's EBITDAF was flat on last year, while its overall financial performance saw a 5% dividend increase. As always, Trustpower is the sum of its parts: Australian generation on the one hand and New Zealand generation and utility retailing on the other.

Australian generation benefited from CPI escalation of the price on its long-term electricity sales contracts and higher prices for Renewable Energy Certificates (RECs) on output not sold through the contracts. Average revenue per GWh of generation was $96,800 from $88,300 the previous year (EBITDAF/GWh was $72,600 from $66,600).

Approximately 90% of Trustpower's Australian generation is sold under medium/long-term contracts and fluctuations in the market price of electricity and RECs only impacts the value of uncontracted sales.

Most Australian energy users are obliged to have a percentage of RECs per unit of power consumed, but the previous Australian Prime Minister's antagonism towards greenhouse gas reduction measures meant that renewable generation construction slowed even as demand for RECs was rising, hence their higher prices. Illustrating this, the wholesale market electricity price in Australia is now about A$40,000/GWh and the REC price is about A$75,000/GWh.

It seems that the Australian electorate wants policies that lower emissions and the "20% by 2020" renewable generation target is now supported by both government and opposition parties. To meet the target Australia will have to add 15,000 MW of additional capacity over the next five years. Trustpower now has 385 MW of Australian generation and will be seeking to at least double that over the next three to four years. This will require a lot of capital; Trustpower invested $819 million building and buying the existing 385 MW.

Trustpower's New Zealand generation was close to average levels and while wholesale prices were low this was a net benefit as Trustpower sells more electricity than it generates. The lower cost of electricity purchased was a small windfall in the context of the costs Trustpower is incurring by expanding its utility retailing operations; electricity accounts increased 14%, gas accounts 29% and telecom accounts 63%. 77,000 customers now take more than one utility.

This growth is expensive and it takes at least a year for a new customer to start contributing net income and a couple of years for upfront costs to be recouped. It is however apparent that many people prefer to buy their electricity, gas, phone and internet through one provider, especially when that provider has Trustpower's high service standards.

In addition to these internal growth initiatives, Trustpower acquired 65% of King Country Energy for $78.1 million. King Country's hydro generation and retailing operations fit well alongside Trustpower's as does the relationship with the King Country Electric Power Trust which has retained its 19.5% shareholding.

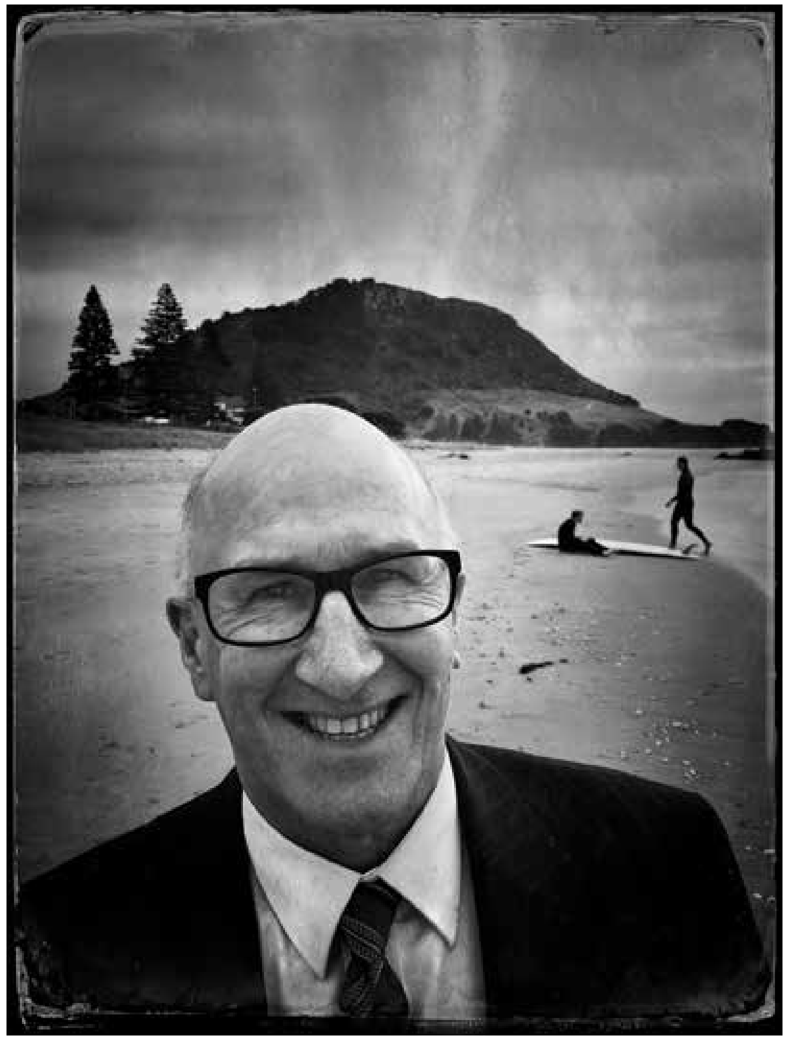
A cloud on Trustpower's horizon exists in the form of the Electricity Authority's potential revision to grid charges. This could become a material distraction next year if the Authority attempts a dramatic reallocation of costs.

Each side of the Tasman has a distinct operating environment which requires a distinct business model. Australia offers strong demand for renewable generation and the risk/opportunity of selling electricity and RECs into the wholesale market. New Zealand is unlikely to need additional generation capacity for some years and energy is sold to retail customers who are increasingly interested in a more sophisticated package of services.

These differences raised questions as to whether the value of Trustpower underestimated the value of its two parts. This is driving the preparation of a proposal to separate Trustpower into two parts which will be presented to shareholders later in the year. Whatever comes of that process, it is apparent that Trustpower has real growth options on both sides of the Tasman, through building more renewable generation in Australia and increasing the scale and services of its retailing in New Zealand.

Year Ended 31 March	2016	2015
NZ output sold	4,032GWh	3,934GWh
NZ generation	2,312GWh	2,216GWh
Australian generation	1,451GWh	1,465GWh
Electricity accounts	277,000	242,000
Gas accounts	31,000	24,000
Telecommunication accounts	62,000	38,000
Av. NZ market spot price [1]	6.4c/kwh	7.7c/kwh
EBITDAF	**$329.4m**	**$330.7m**
Investment spend	$119.3m	$157.4m
Infratil cash income	$67.1m	$63.9m
Infratil's holding value [2]	$1,223.6m	$1,270.0m

[1] 6.4c/kwh is the same as $64,000/GWh (ie. 1GWh = 1,000,000kwh).
[2] NZX market value at period end.



^ **Robert Farron** (Today CFO of Trustpower, designate CEO 'Newco')

< **Bill Holland** (Chair of the Tauranga Energy Consumers Trust, the 27% shareholder of Trustpower. The Trust is committed to working for the benefit of its Tauranga beneficiaries)

v **Vince Hawksworth** (CEO of Trustpower since 2010. Focussed on the success of his team and delivering value for customers and shareholders)

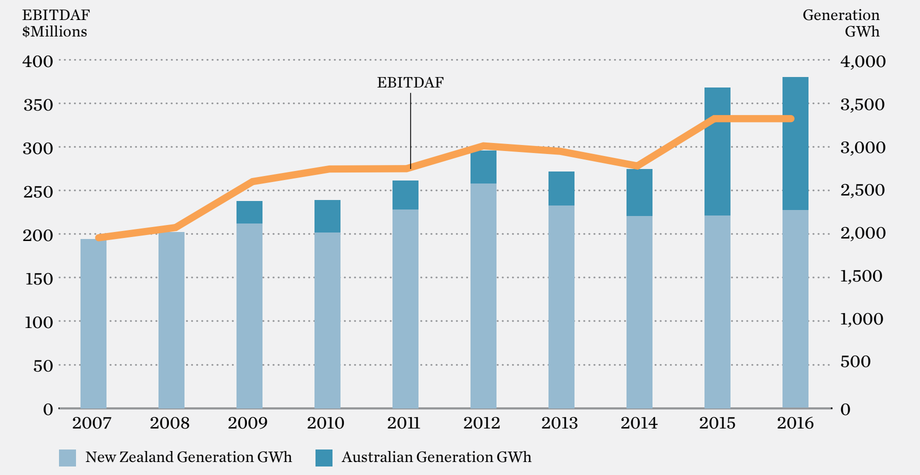
Trustpower has hydro and wind generation in New Zealand and Australia and a very innovative retailing operation in New Zealand. It's been exceptional in finding growth and investment opportunities which have played to its strengths. In the last few years that has meant building wind farms in Australia, providing water for irrigation schemes in Canterbury and offering a convenient cost effective bundle of energy/utility services to a growing number of households in New Zealand.

EBITDAF & Generation

Year ended 31 March

Over the decade Trustpower's EBITDAF has risen from $196 million to $329 million (+68%) and its generation output from 1,950 GWh to 3,763 GWh (+93%).

New Zealand EBITDAF and generation has risen $27 million and 371 GWh respectively. For Australia the figures are $105 million and 1,451 GWh.

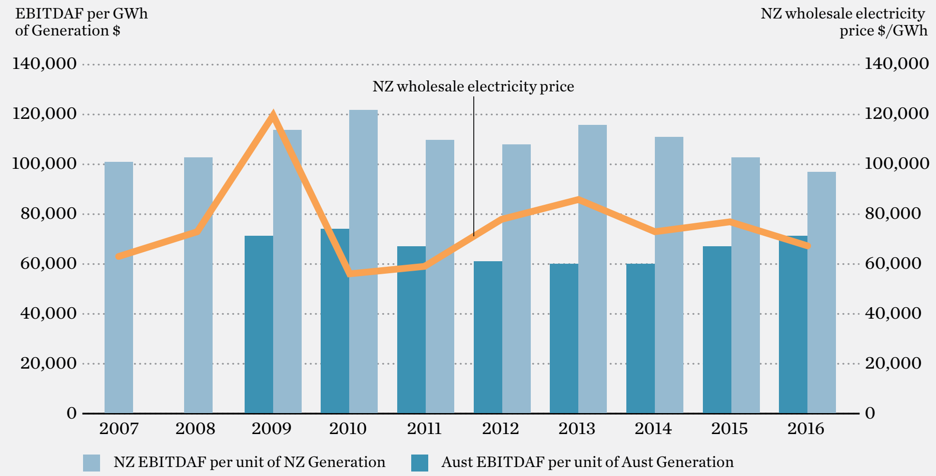


EBITDAF per unit of Generation and the Average Market Price of Electricity

Year ended 31 March

New Zealand derived EBITDAF per unit of generation was about the same in FY2016 as a decade earlier ($97,000 per GWh from $101,000). The volatility of wholesale electricity prices has been smoothed out by Trustpower's retailing operations.

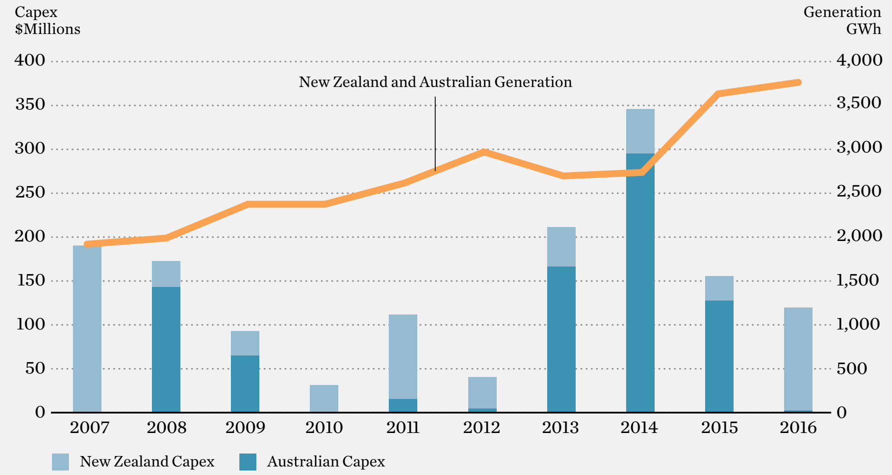
Australian EBITDAF per GWh was $72,500 last year from $67,500 five years ago, reflecting the terms of the energy sales contracts.



Investments and Generation GWh

Year ended 31 March

Over the period generation has risen from 1,941 GWh to 3,763 GWh, reflecting $819 million of capital spending in Australia and $665 million in New Zealand.



Wellington Airport

YEARS OF APPLICATION ARE REWARDED WITH ROBUST INTERNATIONAL TRAFFIC GROWTH. THERE IS MORE TO COME.

Wellington Airport is experiencing an exciting and exacting period as many years of work bore fruit in the form of a large increase in international airline capacity. The resulting passenger growth is a prize, but comes at a cost.

Wellington prides itself on being the most efficient international airport in Australasia (on the basis of cost per passenger), but this means having only limited spare capacity to accommodate increasing throughput. Last year 339,000 more passengers used the Airport than the prior year; about three times the usual annual growth rate. This is requiring an investment of over $200 million to expand the domestic and international terminals and to provide ancillary facilities such as a land-transport hub. Until this is completed there will be inconvenience for users.

The Jetstar, Fiji Airways, Qantas, and (soon) Singapore Airlines new services have arisen because of the Airport's commitment to route development. Airlines rarely just pop up and new services represent many years of meetings and proposals. Airlines add services via their own complex processes and of course when prospective demand and available aircraft coincide.

Wellington is also benefiting from domestic developments. Air New Zealand has up-scaled its fleet, Jetstar has added jet services to Dunedin and prop services to Nelson, and Sounds Air has expanded to fill the gaps resulting from Air New Zealand reducing services on a number of thin routes.

Wellington, Christchurch and Auckland Airports have now been subject to information disclosure by the Commerce Commission for five years, and this is providing some fascinating data about the airports' relative efficiency, charges and returns. Wellington is more efficient than the other airports by some margin and has the lowest average per passenger charges.

The Airport's performance should however be measured against benchmarks beyond just efficiency and charges. Does it facilitate the low cost and efficient operation of its airlines? Is it attracting and growing air services that meet the needs of a full range of potential travellers? Is it convenient for travellers and do they find it comfortable? And through all of the above, is it generating a satisfactory return on its shareholders' capital.

During the last year it is fair to feel genuinely good about these criteria although, as noted, congestion and construction have reduced users' comfort and convenience. Crucially for its region, a lot more people are coming to and flying from Wellington.

Alongside what was already an active year for the Airport has been its venture with the City to facilitate direct northern hemisphere services by extending the runway. This was a "nose to the grindstone" period leading up to the lodgement of resource consents. 27 pieces of research were undertaken as a part of the application and were made public to provide information and to encourage feedback. This took longer than originally expected as it is much better to listen carefully to suggestions and criticism now and to lodge applications which reflect the feedback.

Year Ended 31 March	2016	2015
Passengers Domestic	4,899,326	4,682,086
Passengers International	897,316	775,193
Aeronautical income	$67.6m	$64.5m
Passenger services income	$35.7m	$34.1m
Property/other income	$9.8m	$9.7m
Operating costs	($27.0m)	($26.2m)
EBITDAF	**$86.1m**	**$82.1m**
Investment spending	$56.7m	$21.9m
Infratil cash income	$39.5m	$35.3m
Infratil's holding value [1]	$408.9m	$351.5m

[1] Infratil's share of net assets excluding deferred tax at period end.

^ **John Milford** (CEO Chamber of Commerce) and **Kevin Lavery** (CEO Wellington City Council). Two key proponents of extending the Airport runway to improve the region's connectivity.

< **Chris Goldsbury** (Contracts Manager Fletcher Building) with **Geoff Eban** (GM Infrastructure). Fletchers are building Wellington Airport's land-transport hub. The Airport has about 10% of the land of many airports and is challenged to increase capacity on its small site.

v **Caroline Kells** (The now retired "Face of Wellington" in AirNZ's Koru Lounge). Caroline personified the Airline's warm welcome to Wellington and to Wellingtonians.

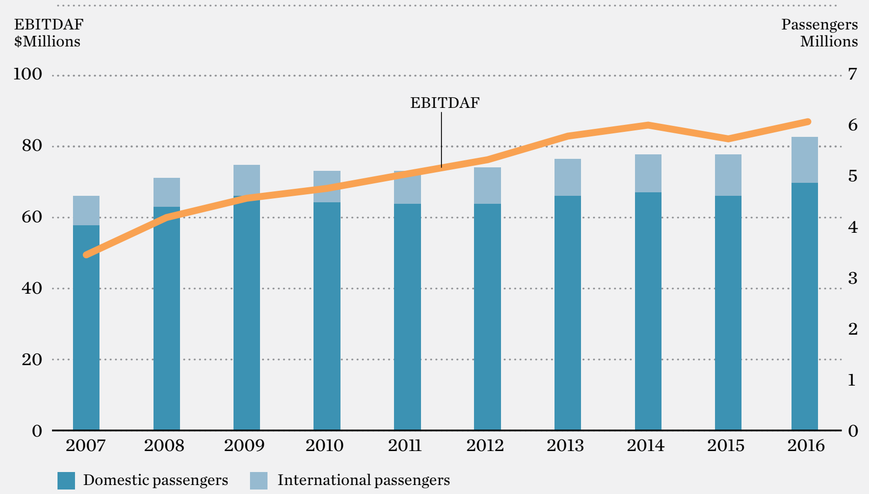
Smaller long-haul aircraft such as the B787 and A350 are reshaping route economics. Whereas previously smaller regional jets fed into hubs with much larger aircraft flying between the hubs, now B787 or A350 can economically carry 200 people point to point, such as between Wellington and Shanghai. Direct service by modern fuel efficient aircraft will make travel better for those already travelling and make a lot more people willing and able to travel.

EBITDAF & Passengers

Year ended 31 March

Over the decade EBITDAF rose from $47 million to $86 million.

Passenger numbers lifted by 1,165,000 comprising 21% more domestic and 56% more international.

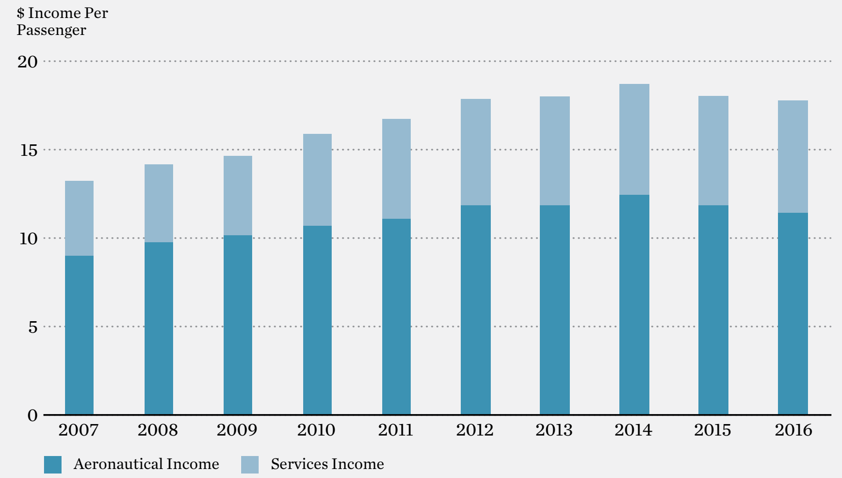


Aeronautical & Services Income

Year ended 31 March

Wellington Airport's 38% increase in EBITDAF/Passenger over the period (to $14.85) reflects better passenger services, a doubling of property income, and good cost control. Wellington is New Zealand's lowest cost/charges international airport.

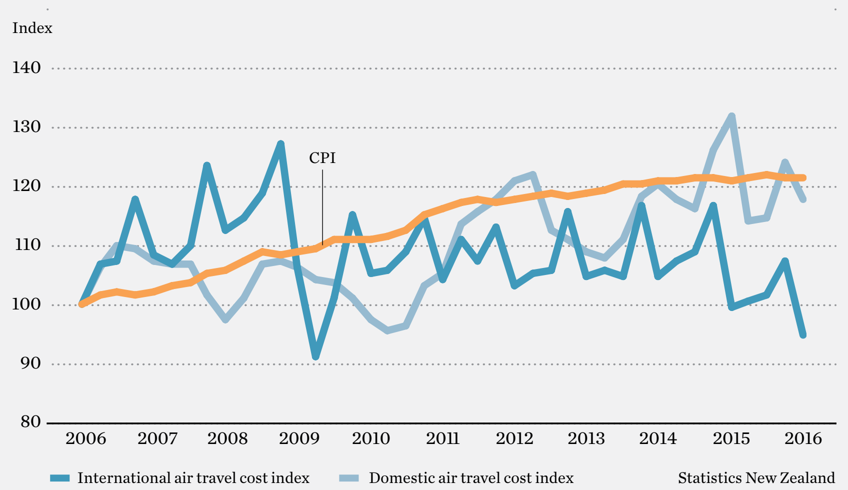
Aeronautical	Rev/Pax	Cost/Pax
Auckland	$16.11	$5.91
Wellington	$11.09	$3.14
Christchurch	$11.52	$6.38
Queenstown	$11.56	$4.71



The Cost of Travel

Year ended 31 March

Over the decade domestic New Zealand air travel has become relatively more expensive than international New Zealand air travel by 25% (Statistics NZ). In real terms the cost of international air travel has fallen by a quarter, hence its faster growth rate is no surprise.



NZ Bus

BETTER BUS PUBLIC TRANSPORT IS REQUIRED FOR BETTER URBAN MOBILITY.

NZ Bus continues to deliver better and more efficient services. A shift to preventative maintenance is paying off with improved reliability. Telematics monitoring of vehicle speed is resulting in a smoother ride for passengers and lower fuel and tyre costs.

Health and safety initiatives are building momentum and more attention is going into monitoring incidents with other road users to identify ways to reduce their occurrence. NZ Bus continues to achieve ACC tertiary accreditation, an Operator Rating of either 4 or 5 stars across the business, and earned Enviromark Silver accreditation across all depots.

There was patronage growth in the Wellington region but a slight decline in Auckland due to service and route changes. Reliability and punctuality measures have improved across NZ Bus's services due to improved maintenance, training, and the resetting of timetables and driver schedules. These improvements have contributed to reduced passenger complaints.

NZ Bus research into how its buses should be powered has led to a major commitment to electric and away from diesel. Each form of power has its own issues. New diesel engines are producing fewer particulates and noxious emissions, but in so doing they use more fuel. Trials and studies of diesel-hybrid buses indicate much higher vehicle acquisition and maintenance costs and only modest fuel savings, even in cities with flat topography. Trolley buses have no emissions but are expensive because of the electricity and substation network requirements. NZ Bus's assessment is that there are as yet no viable pure-battery buses for efficient and reliable use on its routes, but as Tesla Motors and other car manufactures are showing, the technology is developing rapidly.

Coincidentally one of the three individuals who founded Tesla, Kiwi Ian Wright, has shifted his focus from cars to larger vehicles. Rather than producing a car Wrightspeed produces "power trains", in effect the motors, for trucks and buses. They use electric engines, batteries and a small turbine to generate electricity should the batteries go flat.

When battery technology improves or other ways are found to recharge them, then the turbine would get almost no use. In the meantime, Wrightspeed powered buses will produce none of a diesel's noxious emissions.

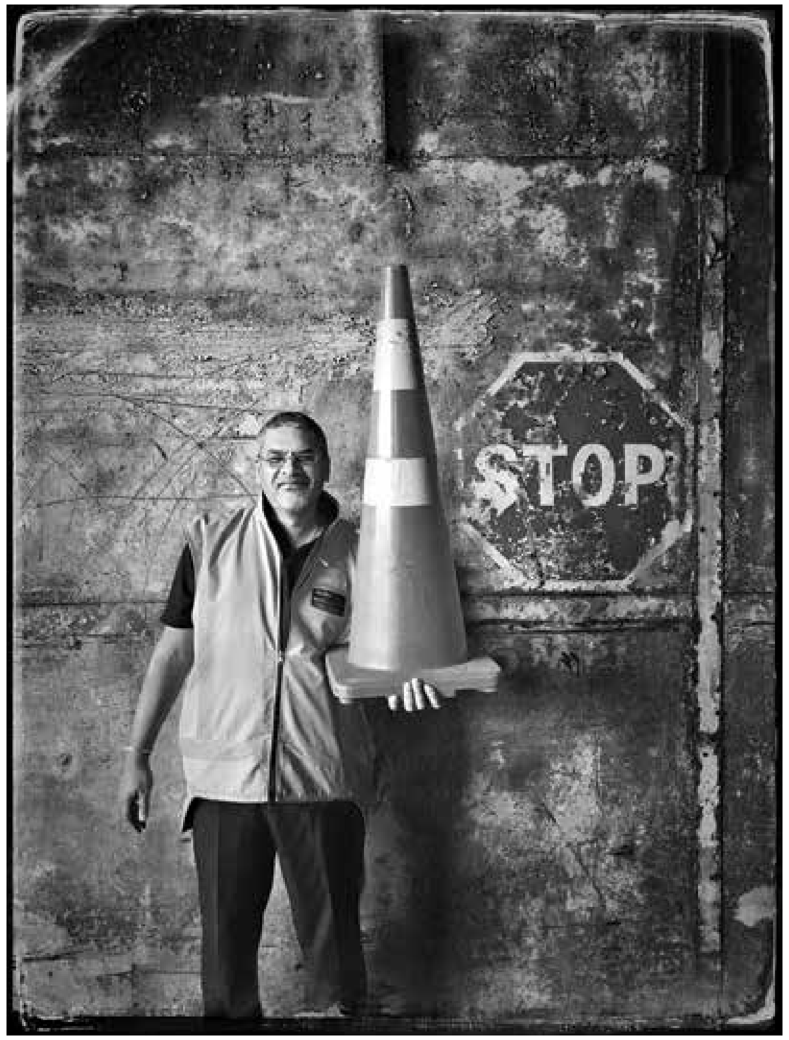
They are expected to use up to 80% less fuel than a hybrid bus and the fuel can be any of LPG, bio-fuel, petrol or diesel. They are also expected to be lighter than a conventional engine and far lighter than a hybrid, and very quiet. They are expected to cost less than a hybrid and although more than a diesel bus they will deliver environmental benefits to the communities that are prepared to adopt the technology.

NZ Bus failed to win any units in the recent tender of South Auckland services so that, after nearly 50 years of operations from Wiri for the customers of South Auckland, the operation will cease from November 2016. NZ Bus is grateful for the contribution its South Auckland staff have made to the business and customers over this time and it is working to mitigate the impacts of the closure by redeploying staff elsewhere in its operations. A provision of $4.2 million has been made for lease liabilities in respect to the Wiri depot.

Infratil has reviewed its carrying value of the NZ Bus assets in light of recent contracting changes, the closure of the South Auckland business and technology developments and determined to write-off all goodwill in the financial statements relating to NZ Bus, which amounted to $55 million.

Year Ended 31 March	2016	2015
Patronage north	39,165,255	39,888,455
Patronage south	20,743,515	20,536,828
Bus distance (million kilometres)	46.5	47.8
Bus numbers	1,071	1,075
Passenger income	$133.9m	$131.8m
Contract income	$91.5m	$91.8m
EBITDAF	**$42.0m**	**$34.2m**
Capital spending	$11.2m	$15.3m
Infratil's holding value[1]	$201.5m	$285.8m

[1] Infratil's share of net assets excluding cash and deferred tax at period end. Goodwill was reduced by $55 million as explained above.



^ **Ian Gordon** (GM Fleet). The plan is to have NZ Bus go electric, and it can happen.

< **Bruce Chase** (National Health & Safety Manager) improving the safety of our people, our customers and other road users.

v **Tonia Haskell** (Chief Operating Officer – Southern Region) **and Joel Allen** (GO Wellington bus driver)

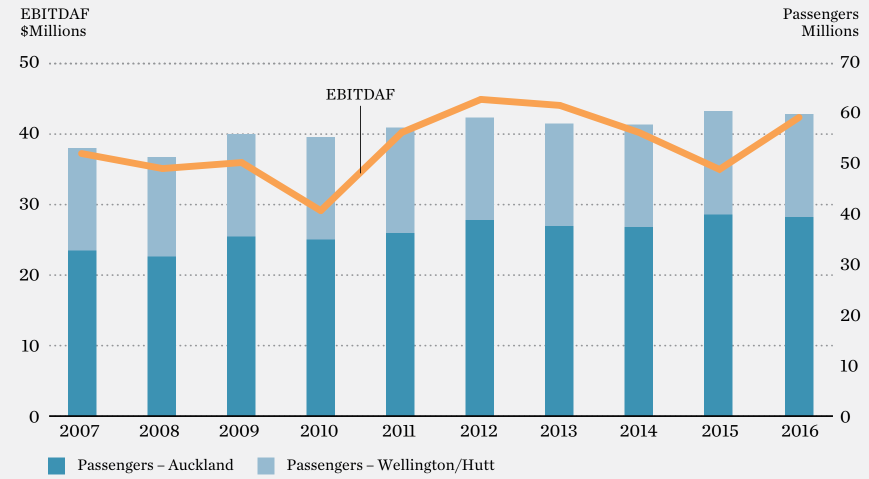
We now have the technology tools to hugely improve New Zealand's urban transport. Smart ticketing, electric buses, mobile information and better understanding of where people are travelling to and from. Many long held beliefs are being challenged. But we have to recognise that private vehicles are also getting better and cheaper.

EBITDAF & Passengers

Year ended 31 March

Over the decade passenger trips in Wellington/Hutt rose 2% and in Auckland 20%.

EBITDAF per passenger trip was $0.68/pax in 2007 and $0.70/pax in 2016.

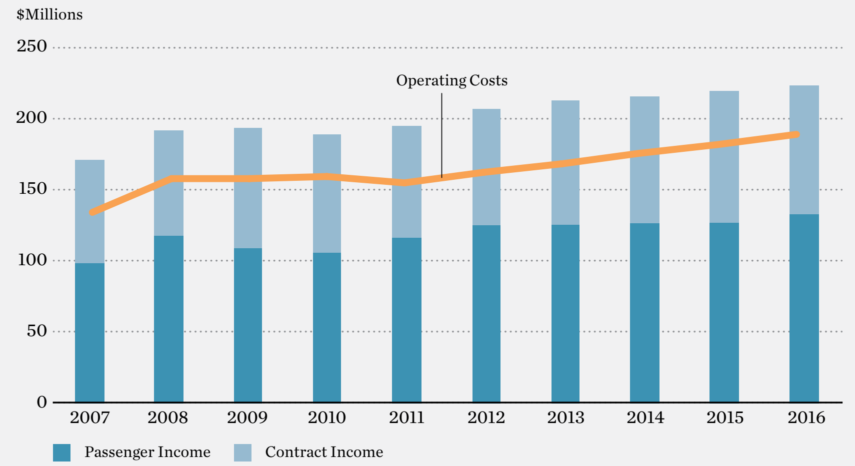


Revenue & Costs

Year ended 31 March

Since 2007 total fare income has risen 17% and contract income 22%.

Costs have risen 30%.



Income & Costs per Passenger

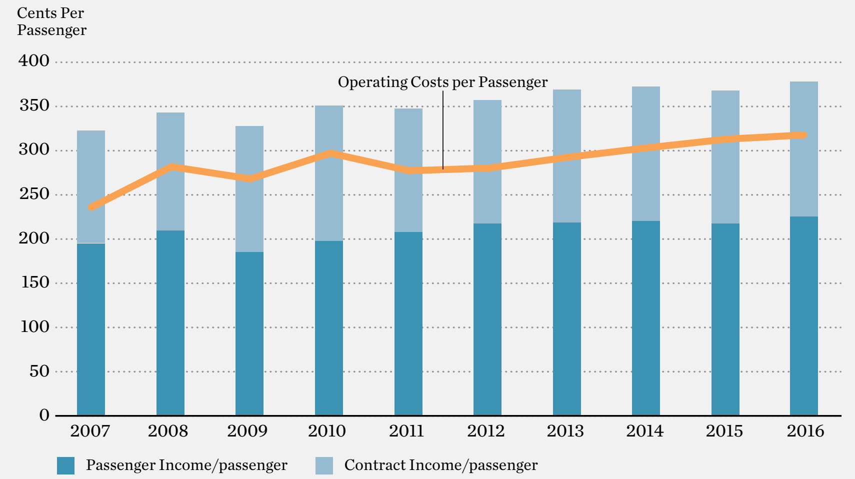
Year ended 31 March

Per passenger, NZ Bus's contract income has risen from $1.30/pax to $1.53/pax. (+13%).

Passenger income has increased from $1.98/pax to $2.24/pax. (+13%).

Operating costs per passenger have risen from $2.57/pax to $3.22/pax (+25%).

Over the period the CPI has risen 19%.



RetireAustralia

IMPLEMENTING PLANS TO PROVIDE ITS RESIDENTS WITH MORE OF WHAT THEY WANT AND NEED

RetireAustralia appointed a new chief executive, Alison Quinn, and formulated a vision for the company based on two simple objectives. To identify and provide the services and facilities that meet resident needs at a satisfactory cost. And to satisfy increasing demand by building more accommodation.

RetireAustralia undertook extensive research of its residents and found that they were very satisfied with their homes and community facilities, and that they wish to stay in their homes as long as possible. This latter point has great relevance for the wellbeing of elderly people, for what makes a village attractive, and for the economics of aged care. Very old people who lack mobility and need care would still prefer to be in their own homes. Historically the model in Australia offers funding only for care in specialist institutions or in people's homes.

Coincidental to RetireAustralia developing the objective of providing more care choices, the Australian government is changing the funding model. They are shifting control of the relevant subsidies to the individual, who will then be able to choose to either relocate to a care institution or to pay for care to be brought to their home. And "home" may be either their house or a unit/apartment in a retirement village. It is this latter point which is the key policy change affecting RetireAustralia.

The potential scale of impact is illustrated by the numbers in the table above.

Australia wide	Retirement Villages	Home Care	Institutional Care
Residents	180,000	860,000	230,000
Govt Subsidy 2014	0	A$3.8 billion	A$9.8 billion
Govt Subsidy 2022	A$7.3 billion		A$12.7 billion

The changes make it possible for RetireAustralia to offer care to residents on a level playing field with specialist institutions or in-home providers. Feedback from RetireAustralia's residents is, not surprisingly, positive as it will extend their ability to stay in their village homes.

Over time it is likely to result in a slight shift towards RetireAustralia's residents being older, both on average and when they initially become residents.

RetireAustralia is also working to improve and standardise the contract terms offered to residents. This will be following in the footsteps of what happens in New Zealand and reflects that residents want a fixed charge while they are resident and a defined certain exit value when they leave a village.

Over the year RetireAustralia sold 478 units, including 102 new ones. It is on target to increase its rate of construction from the current level of about 100 units a year to 300 units a year by 2020.

Excluding unrealised fair value movements on investment properties, RetireAustralia delivered an underlying profit of A$38.8 million, which provided a contribution to Infratil's underlying EBITDAF of NZ$21.1 million.

Year Ended 31 March	2016	2015
Residents	5,245	4,964
Serviced apartments	484	484
Independent Living Units	3,334	3,296
Unit resales	376	353
Resale cash gains per unit	A$106,000	A$96,000
New unit sales	102	45
New unit average price	A$535,300	A$575,700
Occupancy receivable /unit[1]	A$79,600	A$75,250
Embedded resale gain/unit[1]	A$28,300	A$23,250
Underlying profit	A$38.8m	A$4.9m
Infratil's holding value	NZ$252.9m	NZ$208.6m

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

Infratil only owned RetireAustralia for three months in FY2015.

^ **Beryl Elliot and Yacek Andreasik** (Head Gardener).

< **Dot Bulmer** (lhs), **Abigail Kagadan** (Kitchen Hand) **and Joan Crowley** (rhs).

v **Yash Gauri** (Caregiver) and **Gwladys Miller** (101).

Photographs shot on location at Metlifecare, Highlands Retirement Village.

METLIFECARE
(20% Infratil ownership)

Metlifecare is making good progress on its expansion plans and over the six months to 31 December 2015 it completed the construction of 41 units and 36 care beds and sold 103 new units and beds with an average development margin of 12%. A further 307 units were under construction. Sufficient land is owned to allow the construction of over 2,000 units and care beds in due course.

Metlifecare's half year performance to 31 December 2015 showed a 29% increase in underlying profit to $33.5 million, including realised resale gains and development margins of $28.6 million up from $17.5 million for the same period the previous year.

The average gain between the payment to outgoing and incoming residents rose to $175,000 and the Embedded Value of occupied units rose to $180,000.

Metlifecare made a $12.4 million underlying EBITDAF contribution to Infratil over the year.

Infratil acknowledges the excellent contribution over the last seven years of Alan Edwards, Metlifecare's CEO who recently retired. Metlifecare has grown substantially under Alan's leadership with its market capitalisation increasing fivefold to $1 billion. Glen Sowry is the new CEO.

	Six Months ended 31 December 2015	Year ended 30 June 2015
Units/apartments	4,074	4,033
Care beds	395	359
Unit resales	200	403
Resale cash gains per unit	$175,000	$142,000
New unit sales	103	87
New unit average price	$585,000	$561,000
Occupancy receivable/unit	$76,000	$74,000
Embedded resale gain/unit	$104,000	$101,000
Underlying profit	$33.5m	$52.4m
Infratil's holding value [1]	$222.7m	$199.6m

1 The NZX value of Infratil's holding as at 31 March 2016 and 2015

INFRATIL INFRASTRUCTURE PROPERTY (100% Infratil ownership)

IIP was established to provide specialist focus to the ownership of land utilised by Infratil subsidiaries, which to date mainly comprises NZ Bus depots.

Over the year IIP acquired a new site in north Wellington which was refurbished and leased to NZ Bus as a depot. IIP is also working with NZ Bus to redevelop its Kilbirnie and Auckland City Wynyard depots.

In both cities, the availability of large flat sites is constrained and optimal land use and value are changing making it a challenge to minimise the cost of bus depots, on the one hand, while maximising the value of the land on the other hand.

The development of Wynyard is especially interesting as IIP is seeking to maintain NZ Bus's facilities while adding car parking, a hotel and a tourism venue to the site.

PERTH ENERGY
(80% Infratil owned)

Perth Energy is an energy retailer and generator based in Western Australia. In FY2016 earnings and value were negatively impacted by a lower price for its generation capacity and difficult retail market conditions.

The State Government agency which sets capacity prices responded to weak demand by reducing capacity payments, which both reduced Perth Energy's income and resulted in a reduction in the value of its Kwinana generation facility. The State Government is undertaking a review of the Western Australian electricity market which is expected to deliver plant closure that will remove excess capacity from 2018.

Perth Energy's retail business experienced tight margins as low wholesale electricity prices increased competition for customers. Perth Energy unfortunately has wholesale supply agreements with fixed prices set at higher rates.

SNAPPER SERVICES
(100% Infratil ownership)

In New Zealand Snapper is participating with the joint venture between the mobile network operators and Paymark so its mobile applications are available to their customers. Snapper is the only local provider that offers transport ticketing that allows transport agencies to outsource this service and the associated cost, risk and complexity. This is a fast developing space as evidenced by the banks' roll out of pay-wave. The goal is simplification and less cash and that means convergence of credit/debit/bank/stored-value/phones payment tools.

In the global market, Snapper is building a reputation as a provider of innovative solutions that extend ticketing systems by adding mobile, retail and online features. This capability has come from Snapper's experience in New Zealand and its collaboration with Vix Technology in the Republic of Ireland. In Ireland Snapper/Vix now have over 50,000 users of their funds transfer system.

Snapper is anticipating a number of additional international contracts over the next year.

AUSTRALIAN SOCIAL INFRASTRUCTURE PARTNERS FUND (ASIP)

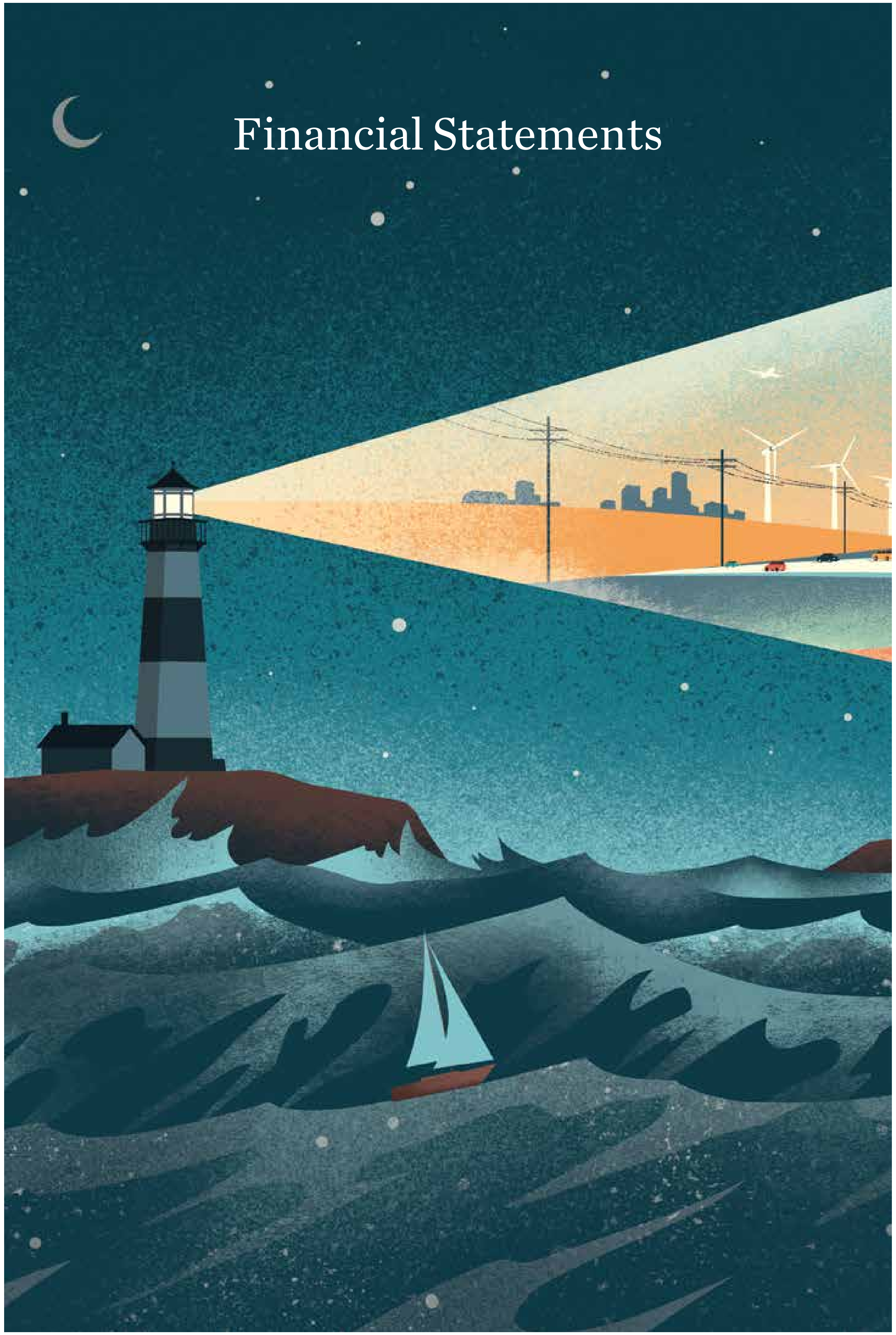
Australian state and federal government commitment to use Public-Private Partnership funding for schools, hospitals, roads and so on is providing investment opportunities that Infratil has chosen to access through ASIP.

Over the year Infratil slightly increased its investment through ASIP to A$28.7 million and received dividends of A$0.9 million.

The two projects in which Infratil holds an interest are the Queensland Aspire Schools and the Royal Adelaide Hospital.

It had been hoped that additional projects would have occurred in FY2016, but this was not to be.

A number of initiatives are being progressed which are expected to create investment opportunities in FY2017.



Consolidated Statement of Comprehensive Income

For the year ended 31 March 2016

	Notes	2016 $Millions	2015 $Millions
Operating revenue		1,706.4	1,624.7
Dividends		2.3	0.2
Total revenue		**1,708.7**	**1,624.9**
Share of earnings of associate companies	11	67.0	10.1
Total income		**1,775.7**	**1,635.0**
Depreciation	8	155.9	133.3
Amortisation of intangibles	9	16.2	15.0
Employee benefits		191.1	179.4
Other operating expenses	5	1,093.2	1,006.8
Total operating expenditure		**1,456.4**	**1,334.5**
Operating surplus before financing, derivatives, realisations and impairments		319.3	300.5
Net gain/(loss) on foreign exchange and derivatives		(13.6)	(36.3)
Net realisations, revaluations and (impairments)		(51.8)	29.5
Interest income		17.2	12.0
Interest expense		187.1	192.2
Net financing expense		169.9	180.2
Net surplus before taxation		**84.0**	**113.5**
Taxation expense	6	24.8	19.3
Net surplus for the year from continuing operations		**59.2**	**94.2**
Net surplus from discontinued operations after tax	3	436.3	372.1
Net surplus for the year		**495.5**	**466.3**
Net surplus attributable to owners of the Company		438.3	383.5
Net surplus attributable to non-controlling interest		57.2	82.8
Other comprehensive income, after tax			
Items that will not be reclassified to profit and loss			
Net change in fair value of property, plant and equipment recognised in equity		158.7	404.7
Share of associates other comprehensive income		0.2	(0.8)
Fair value movements in relation to the executive share scheme		(0.1)	0.2
Income tax effect of the above items		(42.2)	(109.6)
Items that may subsequently be reclassified to profit and loss			
Differences arising on translation of foreign operations		33.3	(13.0)
Realisations on disposal of subsidiary, reclassified to profit and loss		-	6.8
Net change in fair value of available for sale financial assets		1.9	(1.9)
Ineffective portion of hedges taken to profit and loss		-	(2.4)
Effective portion of changes in fair value of cash flow hedges		(8.9)	3.6
Income tax effect of the above items		17.6	(11.9)
Total other comprehensive income after tax		**160.5**	**275.7**
Total comprehensive income for the year		**656.0**	**742.0**
Total comprehensive income for the year attributable to owners of the Company		541.0	522.9
Total comprehensive income for the year attributable to non-controlling interests		115.0	219.1
Earnings per share			
Basic and diluted (cents per share)	20	78.0	68.3

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 March 2016

	Notes	2016 $Millions	2015 $Millions
Cash and cash equivalents	7	775.5	363.4
Trade and other accounts receivable and prepayments	17	217.5	206.7
Derivative financial instruments	17	3.7	3.9
Inventories		3.1	5.1
Income tax receivable		0.5	5.7
Land and buildings held for sale		7.2	-
Current assets		**1,007.5**	**584.8**
Trade and other accounts receivable and prepayments		2.7	7.2
Property, plant and equipment	8	4,824.6	4,493.8
Investment properties		72.0	64.0
Derivative financial instruments	17	4.3	10.6
Intangible assets	9	64.3	75.3
Goodwill	10	117.4	179.7
Investments in associates	11	497.1	500.3
Other investments	12	37.2	32.0
Non-current assets		**5,619.6**	**5,362.9**
Total assets		**6,627.1**	**5,947.7**
Accounts payable		91.6	101.9
Accruals and other liabilities		118.5	84.3
Interest bearing loans and borrowings	13	272.9	47.7
Derivative financial instruments	17	8.5	5.3
Income tax payable		2.5	4.8
Infrastructure bonds	14	100.0	152.8
Trustpower bonds	15	65.0	100.0
Total current liabilities		**659.0**	**496.8**
Interest bearing loans and borrowings	13	818.8	816.0
Other liabilities		16.3	12.3
Deferred tax liability	6	544.4	520.3
Derivative financial instruments	17	76.9	62.2
Infrastructure bonds	14	617.9	596.2
Perpetual Infratil Infrastructure bonds	14	231.9	232.9
Trustpower bonds	15	317.8	381.8
Wellington International Airport bonds	16	274.1	273.9
Non-current liabilities		**2,898.1**	**2,895.6**
Attributable to owners of the Company		1,924.7	1,493.9
Non-controlling interest in subsidiaries		1,145.3	1,061.4
Total equity		**3,070.0**	**2,555.3**
Total equity and liabilities		**6,627.1**	**5,947.7**
Net tangible assets per share ($ per share)		3.10	2.20

Approved on behalf of the Board on 17 May 2016

Alison Gerry
Director

Mark Tume
Director

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	Notes	2016 $Millions	2015 $Millions
Cash flows from operating activities			
Cash was provided from:			
Receipts from customers		1,757.5	2,036.3
Distributions received from associates		17.4	19.2
Other dividends		0.9	-
Interest received		17.2	12.2
		1,793.0	2,067.7
Cash was disbursed to:			
Payments to suppliers and employees		(1,311.7)	(1,595.5)
Interest paid		(179.0)	(179.6)
Taxation paid		(51.8)	(57.0)
		(1,542.5)	(1,832.1)
Net cash inflow from operating activities	23	**250.5**	**235.6**
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of associates		479.9	-
Proceeds from sale of subsidiaries (net of cash sold)		46.5	654.9
Proceeds from sale of property, plant and equipment		2.3	20.0
Proceeds from sale of investments		1.9	-
Return of security deposits		15.4	8.2
		546.0	683.1
Cash was disbursed to:			
Purchase of investments		(84.8)	(252.8)
Lodgement of security deposits		(10.5)	(8.0)
Purchase of intangible assets		(7.0)	(23.9)
Interest capitalised on construction of fixed assets		(2.2)	(2.6)
Capitalisation of customer acquisition costs		-	(3.7)
Purchase of property, plant and equipment		(106.3)	(186.6)
		(210.8)	(477.6)
Net cash inflow/(outflow) from investing activities		**335.2**	**205.5**
Cash flows from financing activities			
Cash was provided from:			
Proceeds from issue of shares		1.0	0.5
Proceeds from issue of shares to Non-controlling Interests		0.3	-
Bank borrowings		689.4	265.9
Issue of bonds		122.1	105.0
		812.8	371.4
Cash was disbursed to:			
Repayment of bank debt		(544.1)	(271.3)
Loan establishment costs		(3.1)	(4.9)
Repayment of bonds/Perpetual Infratil Infrastructure bonds buyback		(253.8)	(75.0)
Infrastructure bond issue expenses		(2.3)	(1.4)
Share buyback		-	-
Share buyback of non-wholly owned subsidiary		-	(0.4)
Dividends paid to non-controlling shareholders in subsidiary companies		(76.9)	(73.9)
Dividends paid to owners of the Company	19	(110.4)	(148.8)
		(990.6)	(575.7)
Net cash inflow/(outflow) from financing activities		**(177.8)**	**(204.3)**
Net increase/(decrease) in cash and cash equivalents		407.9	236.8
Foreign exchange gains/(losses) on cash and cash equivalents		2.7	(17.6)
Cash and cash equivalents at beginning of the year		363.4	144.2
Adjustment for cash acquired with new subsidiary		1.5	-
Cash and cash equivalents at end of the year		**775.5**	**363.4**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2016

Attributable to equity holders of the Company

	Capital $Millions	Revaluation reserve $Millions	Foreign currency translation reserve $Millions	Other reserves $Millions	Retained earnings $Millions	Total $Millions	Non-controlling $Millions	Total equity $Millions
Balance as at 1 April 2015	369.8	683.2	(34.4)	(3.4)	478.7	1,493.9	1,061.4	2,555.3
Total comprehensive income for the year								
Net surplus for the year	-	-	-	-	438.3	438.3	57.2	495.5
Other comprehensive income, after tax								
Differences arising on translation of foreign operations	-	-	37.2	-	-	37.2	10.9	48.1
Realisations on disposal of subsidiary, reclassified to profit and loss	-	-	-	-	-	-	-	-
Net change in fair value of available for sale financial assets	-	-	-	1.9	-	1.9	-	1.9
Ineffective portion of hedges taken to profit and loss	-	-	-	(4.1)	-	(4.1)	2.6	(1.5)
Effective portion of changes in fair value of cash flow hedges	-	-	-	1.0	-	1.0	(5.6)	(4.6)
Fair value movements in relation to the executive share scheme	-	-	-	(0.1)	-	(0.1)	-	(0.1)
Net change in fair value of property, plant & equipment recognised in equity	-	66.6	-	-	-	66.6	49.9	116.5
Share of associates other comprehensive income	-	-	-	-	0.2	0.2	-	0.2
Total other comprehensive income	-	66.6	37.2	(1.3)	0.2	102.7	57.8	160.5
Total comprehensive income for the year	**-**	**66.6**	**37.2**	**(1.3)**	**438.5**	**541.0**	**115.0**	**656.0**
Contributions by and distributions to non-controlling interest								
Non-controlling interest arising on acquisition of subsidiary	-	-	-	-	-	-	57.4	57.4
Issue/(acquisition) of shares held by outside equity interest	-	-	-	-	(0.7)	(0.7)	(11.6)	(12.3)
Total contributions by and distributions to non-controlling interest	-	-	-	-	(0.7)	(0.7)	45.8	45.1
Contributions by and distributions to owners								
Share buyback	-	-	-	-	-	-	-	-
Treasury Stock reissued under dividend reinvestment plan	-	-	-	-	-	-	-	-
Conversion of executive redeemable shares	0.9	-	-	-	-	0.9	-	0.9
Dividends to equity holders	-	-	-	-	(110.4)	(110.4)	(76.9)	(187.3)
Total contributions by and distributions to owners	0.9	-	-	-	(110.4)	(109.5)	(76.9)	(186.4)
Balance at 31 March 2016	**370.7**	**749.8**	**2.8**	**(4.7)**	**806.1**	**1,924.7**	**1,145.3**	**3,070.0**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2015

Attributable to equity holders of the Company

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

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 March 2016

1) Accounting policies

A) Reporting Entity

Infratil Limited ('the Company') is a company domiciled in New Zealand and registered under the Companies Act 1993. The Company is listed on the NZX Main Board ('NZX') and Australian Securities Exchange ('ASX'), and is an FMC Reporting Entity in terms of Part 7 of the Financial Markets Conduct Act 2013.

B) Basis of preparation

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, and is 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. 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 (D), investment property valued in accordance with accounting policy (E), investments valued in accordance with accounting policy (G), and financial derivatives valued in accordance with accounting policy (K).

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.

With 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 status or context of markets, its own view of fair value, and its long term investment 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 investment performance, 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 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 and recognition 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 requiring judgement that are used in the models, 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 valued 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 also taken into account.

C) 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 18. Consistent accounting policies are employed in the preparation and presentation of the Group financial statements.

D) 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. No individual asset is included at a valuation undertaken more than five years previously. PPE that is revalued, is revalued to its fair value determined by an independent valuer 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
Renewable generation	12-200
Metering equipment	6-20
Capital work in progress	not depreciated until asset in use
Vehicles, plant and equipment	3-20
Non-renewable generation assets	30-40
Land	not depreciated

E) 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.

F) 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.

G) Investments

Share investments held by the Group and 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. 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.

H) 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 12 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.

I) 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.

J) 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, or there are deferred tax liabilities to offset it.

K) 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 are 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.

L) 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 operation.

Foreign operations

The assets and liabilities of foreign operations 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.

M) 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.

N) 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.

O) 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.

P) 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 (I)), 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.

Q) 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, Australian Energy, Retirement and Other. Other comprises investment activity not included in the specific categories.

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

A number of new standards, amendments to standards and interpretations have been issued but are not yet effective and have not been applied in preparing these financial statements. None of these are expected to have a material impact on the financial statements.

2) Nature of business

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

3) Discontinued operations

On 30 September 2015 the Group agreed to sell its 20% interest (80 million shares) in Z Energy Limited ('ZEL') via a block trade for $6.00 per share. After sales costs, the net proceeds from the sale of Infratil's 20% interest were $479.8 million resulting in a gain on sale of the 20% interest of $392.3 million.

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

These businesses were not discontinued operations or classified as held for sale as at 31 March 2015. The comparative statement of comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

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

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

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

Summary of results of discontinued operations	2016 $Millions	2015 $Millions
Z Energy Limited	405.7	1.4
iSite Limited	30.6	3.5
PayGlobal Limited	-	3.4
Infratil Energy Australia (including Lumo Energy and Direct Connect Australia)	-	363.8
Net surplus from discontinued operation after tax	**436.3**	**372.1**

Z Energy Limited	2016 $Millions	2015 $Millions
Carrying value at 1 April	87.1	104.1
Share of associate's surplus before income tax	19.2	1.2
Share of associate's income tax (expense)	(5.8)	0.2
Total share of associate's earnings in the year *(classified as discontinued)*	13.4	1.4
Share of associate's other comprehensive income	0.2	(0.8)
less: distributions received	(13.2)	(17.6)
less: carrying value of investment in associate prior to sale	(87.5)	-
Carrying value of investment in associate	-	87.1
The net gain on the sale is calculated as follows:		
Gross sale proceeds	480.0	-
less: Sale costs	(0.2)	-
Net sales proceeds	479.8	-
Carrying value of investment in associate prior to sale	87.5	-
Net gain on sale	392.3	-
Net surplus from discontinued operation after tax	**405.7**	**1.4**
Basic and diluted earnings per share (cents per share)	72.2	0.2
The profit from the discontinued operation is attributable entirely to the owners of the Company.		
Cash flows from/(used in) discontinued operation		
Net cash from operating activities	13.2	17.6
Net cash used in investing activities	-	-
Net cash used in financing activities	-	-
Net cash flows for the year	13.2	17.6

There is no cumulative income recognised in other comprehensive income relating to Z Energy Limited (31 March 2015: $2.4 million).

iSite Limited	2016 $Millions	2015 $Millions
Results of iSite *(classified as discontinued)*		
Revenue	24.5	32.5
Operating expenses	19.5	27.3
Results from operating activities	5.0	5.2
Depreciation and amortisation of intangibles	(1.1)	(1.4)
Net realisations, revaluations, (impairments) and net (gain)/loss on foreign exchange and derivatives	-	-
Net interest expense	-	-
Profit before tax of iSite	3.9	3.8
Taxation expense	(0.3)	(0.3)
Net surplus of iSite after tax	3.6	3.5
The net gain on the sale is calculated as follows:		
Gross sale proceeds	49.0	-
less: Sale costs	(0.6)	-
Net sales proceeds	48.4	-
Carrying value of iSite net assets sold	21.4	-
Net gain on sale	27.0	-
Net surplus/(loss) from discontinued operation after tax	**30.6**	**3.5**
Basic and diluted earnings per share (cents per share)	5.4	0.6
The profit from the discontinued operation is attributable entirely to the owners of the Company		
Cash flows from (used in) discontinued operation		
Net cash used in operating activities	4.0	4.3
Net cash used in investing activities	(2.8)	(1.2)
Net cash used in financing activities	-	-
Net cash flows for the year	1.2	3.1

There is no cumulative income recognised in other comprehensive income relating to iSite at 31 March 2016 (31 March 2015: $0.1 million).

4) Business combinations

Effective 3 December 2015 Trustpower purchased a 54% stake in King Country Energy Limited, a New Zealand electricity generator and retailer. As a result Trustpower now owns an additional five hydro generation schemes in the North Island and has an additional 17,000 electricity customers. Subsequent to the initial share purchase the Group has purchased an additional 11% of King Country Energy Limited's shares.

The following table sets out the consideration paid and the fair value of assets acquired and liabilities assumed at the acquisition date:

	2016 $Millions
Cash consideration paid	65.4
Recognised amounts of identifiable assets and liabilities acquired:	
Cash at bank	1.5
Accounts receivable and prepayments	5.5
Generation assets	172.8
Other property, plant and equipment	-
Computer software	0.1
Customer base assets	2.8
Goodwill	-
Accounts payable and accruals	(3.0)
Deferred tax liability	(28.3)
Bank loans	(25.7)
Derivative financial instruments	(0.8)
Total identifiable net assets	**124.9**
Non-controlling interest	(57.4)
Discount on acquisition	(2.1)
Total acquisition cost	**65.4**

Acquisition costs of $441,000 have been charged to other operating expenses in the income statement for the period ended 31 March 2016.

The acquisition was made in New Zealand dollars and was funded by new New Zealand dollar debt facilities.

The fair value of the generation assets has been determined by Trustpower's Board following an independent valuation. The basis of the valuation is a discounted cash flow analysis of the future earnings of the assets. The major inputs that are used in the valuation model that require management judgement include the forward price path of electricity, sales volume forecasts, projected operational and capital expenditure profiles, discount rates and life assumptions for each generation station.

Revenue included in the consolidated income statement since 3 December 2015 contributed by the acquired business was $10,692,000 and the profit before tax was $1,895,000. Had the business been consolidated from 1 April 2015 the consolidated income statement would show pro-forma revenue of $48,604,000 and profit of $11,674,000.

5) Other operating expenses

	Notes	2016 $Millions	2015 $Millions
Fees paid to the Group auditor		0.6	0.6
Audit fees paid to other auditors		0.8	0.5
Bad debts written off		2.2	1.3
Increase in provision for doubtful debts	17	-	0.4
Onerous lease expense		4.2	-
Directors' fees	28	2.4	2.0
Administration and other corporate costs		11.1	5.8
Donations		0.9	0.8
Management fee (to related party Morrison & Co Infrastructure Management)	29	21.5	19.2
Trading operations			
Energy and wholesale costs		379.1	371.8
Line, distribution and network costs		391.5	358.8
Other energy business costs		154.7	127.1
Telecommunications cost of sales		38.2	26.9
Transportation business costs		69.0	75.1
Airport business costs		17.1	16.4
Other operating business costs		-	0.1
Total other operating expenses		**1,093.2**	**1,006.8**

The onerous lease expense of $4.2 million relates to NZ Bus's Wiri depot following the announcement from Auckland Transport that NZ Bus was not selected as a preferred tenderer for any of its South Auckland public transport services which were tendered for in late 2015.

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

Fees paid to the Group auditor	2016 $000's	2015 $000's
Audit and review of financial statements	462.6	437.6
Regulatory audit work	33.0	42.0
Other assurance services	3.3	35.9
Taxation services	131.6	71.6
Other services	-	15.0
Total fees paid to the Group auditor	**630.5**	**602.1**

The audit fee includes the fees for both the annual audit of the financial statements and the review of the interim financial statements. Regulatory audit work consists of the audit of regulatory disclosures. Other assurance services comprise of agreed upon procedures, audit of compliance reports and verification in relation to gas trading licence. Tax services relate to tax compliance work. Other services in the prior year related to tax advisory services provided to a subsidiary of the group and investment due diligence work. $4k was paid to the Group auditors for the audit of iSite Limited that was included within discontinued operations (2015: $6k was paid to the Group auditors for the audit of iSite Limited and $182.5k for agreed upon procedures in relation to the Completion Accounts of the IEA Group).

6) Taxation

	2016 $Millions	2015 $Millions
Net surplus before taxation from continuing operations	84.0	113.5
Taxation on the surplus for the period @ 28%	23.5	31.8
Plus/(less) taxation adjustments:		
Effect of tax rates in foreign jurisdictions	0.2	0.6
Net benefit of imputation credits	(0.4)	-
Exempt dividends	-	-
Tax losses not recognised/(utilised)	-	0.2
Effect of equity accounted earnings of associates	(7.0)	1.8
Recognition of previously unrecognised deferred tax	(0.4)	-
(Over)/Under provision in prior periods	(6.1)	6.9
Inland Revenue dispute tax expense adjustment	2.7	-
Net investment realisations	14.5	(0.4)
Other permanent differences	(2.2)	(21.6)
Taxation expense	**24.8**	**19.3**
Current taxation	49.6	43.1
Deferred taxation	(24.8)	(23.8)
Tax on discontinued operations	0.3	11.0

	2016		
Income tax recognised in other comprehensive income	Before tax $Millions	Tax (expense) /benefit $Millions	Net of tax $Millions
Differences arising on translation of foreign operations	33.3	14.8	48.1
Realisations on disposal of subsidiary, reclassified to profit and loss	-	-	-
Net change in fair value of available for sale financial assets	1.9	-	1.9
Ineffective portion of hedges taken to profit and loss	-	(1.5)	(1.5)
Effective portion of changes in fair value of cash flow hedges	(8.9)	4.3	(4.6)
Fair value movements in relation to executive share scheme	(0.1)	-	(0.1)
Net change in fair value of property, plant & equipment recognised in equity	158.7	(42.2)	116.5
Share of associates other comprehensive income	0.2	-	0.2
Balance at the end of the period	**185.1**	**(24.6)**	**160.5**

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

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.

	2016 $Millions	2015 $Millions
Balance at the beginning of the year	(520.3)	(413.7)
Charge for the year	24.8	23.8
Charge relating to discontinued operations	(0.1)	(7.4)
Deferred tax recognised in equity	(24.2)	(121.1)
Arising on Business Combination	(28.3)	(18.7)
Effect of movements in foreign exchange rates	(0.8)	0.8
Tax losses recognised	4.5	7.7
Disposed as part of investment sale	-	8.3
Balance at the end of the year	**(544.4)**	**(520.3)**

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

	Assets $Millions	Liabilities $Millions	Net $Millions
31 March 2016			
Property, plant and equipment	-	(580.3)	(580.3)
Investment property	-	(9.1)	(9.1)
Derivative financial instruments	21.7	(1.0)	20.7
Employee benefits	5.1	-	5.1
Customer base assets	-	(6.3)	(6.3)
Provisions	3.3	-	3.3
Tax losses carried forward	50.7	-	50.7
Other items	-	(28.5)	(28.5)
Total	**80.8**	**(625.2)**	**(544.4)**
31 March 2015			
Property, plant and equipment	-	(527.3)	(527.3)
Investment property	-	(9.0)	(9.0)
Derivative financial instruments	16.3	(0.1)	16.2
Employee benefits	4.7	-	4.7
Customer base assets	-	(6.8)	(6.8)
Provisions	2.5	-	2.5
Tax losses carried forward	30.5	-	30.5
Other items	-	(31.1)	(31.1)
Total	**54.0**	**(574.3)**	**(520.3)**

Changes in temporary differences affecting tax expense

	Tax expense		Other comprehensive income	
	2016 $Millions	2015 $Millions	2016 $Millions	2015 $Millions
Property, plant and equipment	18.0	16.3	(41.4)	(105.7)
Investment property	-	(1.0)	-	-
Derivative financial instruments	2.6	7.2	2.8	(1.4)
Employee benefits	0.4	0.5	-	-
Customer base assets	1.2	1.2	(0.8)	-
Provisions	0.8	0.7	-	-
Tax losses carried forward	14.8	3.3	-	-
Other items	(13.0)	(4.4)	15.2	(14.1)
	24.8	**23.8**	**(24.2)**	**(121.2)**

Imputation credits available to be used by Infratil Limited

	2016 $Millions	2015 $Millions
Balance at the end of the year	28.5	42.2
Imputation credits that will arise on the payment/(refund) of tax provided for	-	-
Imputation credits that will arise on the (payment)/receipt of dividends accrued at year end	-	-
Imputation credits available for use	**28.5**	**42.2**

7) Cash and cash equivalents

	2016 $Millions	2015 $Millions
Call deposits and cash on hand	773.3	361.3
Cash deposits held as security for retail energy market contracts & bank financing agreements	2.2	2.1
Total	**775.5**	**363.4**

At 31 March 2016 $2.2 million (31 March 2015 : $2.1 million) of cash deposits are “restricted” and not immediately available for use by the Group.

8) Property, plant and equipment

2016	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	490.9	342.9	493.0	44.7	68.3	3,271.1	124.9	4,835.8
Additions	-	12.0	21.3	62.5	-	186.0	0.1	281.9
Disposals	(1.4)	(0.3)	(10.2)	-	-	(0.1)	-	(12.0)
Impairment	-	-	0.2	-	-	-	-	0.2
Revaluation	(5.5)	32.5	-	-	-	(47.6)	(22.2)	(42.7)
Transfers between categories	3.7	9.7	5.2	(20.2)	(0.1)	0.3	-	(1.3)
Transfer to assets held for sale	-	(7.2)	-	-	-	-	-	(7.2)
Transfers to intangible assets	-	-	-	(0.1)	-	-	-	(0.1)
Transfers from/(to) investment properties	(1.0)	(5.4)	-	-	-	-	-	(6.4)
Effect of movements in foreign exchange rates	-	-	0.6	-	-	92.0	10.1	102.7
Balance at end of year	**486.8**	**384.2**	**510.1**	**86.9**	**68.2**	**3,501.7**	**112.9**	**5,151.0**
Accumulated depreciation								
Balance at beginning of year	22.3	35.1	231.3	-	50.1	3.2	-	342.0
Depreciation for the year	5.3	8.4	38.8	-	4.9	92.7	6.3	156.4
Transfer to investment properties	-	-	0.1	-	-	-	-	0.1
Revaluation	(27.6)	(36.8)	-	-	-	(95.0)	(6.3)	(165.7)
Disposals	-	-	(5.5)	-	-	-	-	(5.5)
Transfer to assets held for sale	-	-	-	-	-	-	-	-
Effect of movements in foreign exchange rates	-	-	-	-	-	(0.9)	-	(0.9)
Balance at end of year	**-**	**6.7**	**264.7**	**-**	**55.0**	**-**	**-**	**326.4**
Carrying value at 31 March 2016	**486.8**	**377.5**	**245.4**	**86.9**	**13.2**	**3,501.7**	**112.9**	**4,824.6**
2015								
Cost or valuation								
Balance at beginning of year	495.0	338.1	492.2	497.2	80.4	2,431.5	249.0	4,583.4
Additions	-	2.6	15.6	204.0	0.5	-	0.2	222.9
Disposals	(10.1)	(0.2)	(18.6)	-	(12.6)	-	(123.3)	(164.8)
Impairment	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	236.2	3.2	239.4
Transfers between categories	5.9	2.1	4.7	(656.0)	-	643.3	-	-
Transfer to assets held for sale	-	0.2	-	-	-	-	-	0.2
Transfers to intangible assets	-	-	-	-	-	-	-	-
Transfers from/(to) investment properties	-	0.1	-	(0.5)	-	-	-	(0.4)
Effect of movements in foreign exchange rates	0.1	-	(0.9)	-	-	(39.9)	(4.2)	(44.9)
Balance at end of year	**490.9**	**342.9**	**493.0**	**44.7**	**68.3**	**3,271.1**	**124.9**	**4,835.8**
Accumulated depreciation								
Balance at beginning of year	17.1	26.9	211.7	-	53.4	98.7	-	407.8
Depreciation for the year	5.2	8.3	34.1	-	9.3	71.8	7.9	136.6
Transfer to investment properties	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	(164.4)	(5.8)	(170.2)
Disposals	-	(0.1)	(14.4)	-	(12.6)	-	(2.1)	(29.2)
Transfer to assets held for sale	-	-	-	-	-	-	-	-
Effect of movements in foreign exchange rates	-	-	(0.1)	-	-	(2.9)	-	(3.0)
Balance at end of year	**22.3**	**35.1**	**231.3**	**-**	**50.1**	**3.2**	**-**	**342.0**
Carrying value at 31 March 2015	**468.6**	**307.8**	**261.7**	**44.7**	**18.2**	**3,267.9**	**124.9**	**4,493.8**

Generation property, plant and equipment

Renewable generation plant held by Trustpower was revalued to $3,503.1 million as at 31 March 2016 (31 March 2015: $3,286.4 million). Renewable generation assets include land and buildings which are not separately identifiable from the generation assets and were independently revalued, using a discounted cash flow methodology, as at 31 March 2016, to their estimated market value as assessed by Deloitte Corporate Finance. See the table below for a description of the key assumptions in determining the fair value.

Non-renewable generation plant held by Perth Energy was revalued to A$101.9 million as at 31 March 2016 (31 March 2015: A$122.0m), using a discounted cash flow methodology. To arrive at the plant's estimated market values, the directors relied, amongst other factors, on valuation work performed by BDO Corporate Finance (QLD) Ltd. See the table below for a description of the key assumptions in determining the fair value.

Generation renewable	Low	High	Valuation Impact vs. midpoint
New Zealand Assets			
Forward electricity price path	Increasing in real terms from $72/MWh to $85/MWh by 2021. Thereafter held constant.	Increasing in real terms from $72/MWh to $100/MWh by 2023. Thereafter held constant.	-/+ $158.0m
Generation volume	2,336 GWh	2,856 GWh	-/+ $268.0m
Operating costs	$41.9 million pa	$51.1 million p.a.	+/- $52.6m
Weighted average cost of capital	7.36%	8.36%	+ $187.0m / - $158.0m
Australian Assets			
Forward electricity price path (including renewable energy credits)	(Stated in AUD) Increasing in real terms from $110/MWh to $130/MWh by 2026 then dropping to $100/MWh. Thereafter held constant.	(Stated in AUD) Increasing in real terms from $110/MWh to $130/MWh by 2024 then dropping to $100/MWh. Thereafter held constant. This is the base case.	-$49.0m
Generation volume	800 GWh	1,014 GWh	-/+ A$132.0m
Weighted average cost of capital	7.39%	8.39%	+ A$55.0m / - A$53.0m

Generation non-renewable	Low	High	Valuation Impact vs. midpoint
Australian Assets			
Weighted average cost of capital	8.00%	9.00%	+/- A$4.6m
Reserve capacity price per MW	A$121,957	A$121,957	
Plant reliability	99.50%	99.50%	

Wellington International Airport ('WIAL')

Land held by WIAL was revalued to $300.6 million as at 31 March 2016 (31 March 2015: $290.5 million) by independent registered valuers, Telfer Young Limited. Land is valued using a Market Value Existing Use approach (MVEU) whereby fair value is determined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, plus development and holding costs to provide land suitable for airport use.

All buildings and civil assets held by WIAL were revalued to $196.0 million and $144.6 million, respectively, as at 31 March 2016 (31 March 2015: $177.0 million and $135.5 million respectively) by independent registered valuers, Telfer Young for buildings and Opus International Consultants for civil assets. Building and civil assets are valued using an Optimised Depreciated Relpacement Cost approach (ODRC) whereby fair value is determined by calculating the cost of constructing a modern equivalent asset at current market based input cost rates, adjusted for the remaining useful life of the assets and any sub-optimal usage of the assets in their current application.

Vehicle business assets held by WIAL were revalued to $148.5 million as at 31 March 2016 (31 March 2015: $104.7 million) by independent registered valuers, Telfer Young Limited. Vehicle business assets are valued using a Discounted Cashflow Analysis approach (DCF) which requries the application of financial modelling techniques and discounts the assessed cashflow of the business to present value at an appropriate, market derived dscount rate to determine fair value.

See the table below for a description of the key assumptions in determining the fair value of WIAL's 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 18 and defines level 3 assets or liabilities as being valued with reference to inputs that are not based on observable market data.

Wellington International Airport

Asset classification and description	Valuation approach	Key valuation assumptions		+/- 5% Valuation Impact
Land				
Aeronautical land - used for airport activities and specialised aeronautical assets	MVEU	Rate per hectare	$1.38 million per hectare	+/- $13.5m
		Developer's WACC rate	11.30%	+/- $6.1m
Non-aeronautical land - used for non-aeronautical purposes e.g. industrial, service, retail and land associated with the vehicle business		Holding period	6 years	+/- $9.1m
Civil				
Civil works includes sea protection and site services, excluding such site services to the extent that they would otherwise create duplication of value	ODRC	Average cost rates including concrete, asphalt, base course and foundations	Concrete $800 Asphalt $892 Basecourse $96 Foundations $19	+/- $7.2m
		Estimated remaining useful life	28 years	+/- $7.2m
Buildings				
Specialised buildings used for identified airport activities	ODRC	Modern equivalent asset rate (per square metre)	Specialised $4,100 Non-specialised $1,676	+/- $9.8m
Buildings other than for identified airport activities, including space allocated within the main terminal building for retail activities, offices and storage.		Estimated remaining useful life	Specialised: 24.5 years Non-Specialised: 24.8 years	+/- $8.5m +/- $0.4m
Vehicle business assets				
Assets associated with car parking and taxi, shuttle and bus services (excluding land and civil)	DCF	Revenue growth Cost growth Discount rate Capitalisation rate	1.81% 1.81% 10.25% 8.75%	+/- $0.7m +/- $0.5m +/- $3.2m +/- $4.9m

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

The following table summarises for property, plant and equipment measured at fair value, classified as level 3 in the fair value hierarchy, the effect of the fair value movements on profit or loss and other comprehensive income for the year.

2016 Level 3 Fair Value movements	Recognised in profit or loss $ Millions	Recognised in OCI $ Millions	Total $ Millions
Generation Plant (renewable)	-	58.6	58.6
Generation Plant (non renewable)	-	(11.0)	(11.0)
Land and civil works	-	21.8	21.8
Buildings	-	18.6	18.6
Vehicle business assets	-	28.5	28.5
	-	**116.5**	**116.5**

2015 Level 3 Fair Value movements	Recognised in profit or loss $ Millions	Recognised in OCI $ Millions	Total $ Millions
Generation Plant (renewable)	-	289.4	289.4
Generation Plant (non renewable)	-	5.9	5.9
Land and civil works	-	-	-
Buildings	-	-	-
Vehicle business assets	-	-	-
	-	**295.3**	**295.3**

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 2016 (2015: 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:

2016	Cost $Millions	Assets under construction $Millions	Accumulated depreciation $Millions	Net book value $Millions
Generation Plant (renewable)	2,302.0	12.3	(574.4)	1,739.9
Generation Plant (non renewable)	118.3	-	(31.5)	86.8
Land and civil works	214.3	9.3	(40.2)	183.4
Buildings	176.6	8.2	(67.1)	117.7
Vehicle Business Assets	55.1	-	(4.1)	51.0
Capital work in progress	26.2	44.6	-	70.8
	2,892.5	**74.4**	**(717.3)**	**2,249.6**

2015	Cost $Millions	Assets under construction $Millions	Accumulated depreciation $Millions	Net book value $Millions
Generation Plant (renewable)	2,114.2	14.3	(481.7)	1,646.8
Generation Plant (non renewable)	123.6	-	(25.7)	97.9
Land and civil works	214.2	5.9	(37.2)	182.9
Buildings	182.0	2.1	(61.1)	123.0
Vehicle Business Assets	55.0	-	(3.7)	51.3
Capital work in progress	30.6	(9.0)	-	21.6
	2,719.6	**13.3**	**(609.4)**	**2,123.5**

9) Intangibles

2016 **Cost or valuation**	Lease agreements/ software $Millions	Customer acquisition costs $Millions	Total $Millions
Balance at beginning of the year	116.9	80.1	197.0
Foreign exchange adjustment on opening balance	0.1	-	0.1
Additions at cost	7.0	2.9	9.9
Disposals	(16.4)	-	(16.4)
Transfers from property, plant and equipment	(0.1)	-	(0.1)
Balance at end of year	**107.5**	**83.0**	**190.5**
Amortisation and impairment losses			
Balance at beginning of the year	(65.9)	(55.8)	(121.7)
Foreign exchange adjustment on opening balance	(0.1)	-	(0.1)
Amortisation for the year	(12.4)	(4.4)	(16.8)
Disposals	12.4	-	12.4
Impairment	-	-	-
Balance at end of year	**(66.0)**	**(60.2)**	**(126.2)**
Carrying value 31 March 2016	**41.5**	**22.8**	**64.3**

9) Intangibles (continued)

2015 Cost or valuation	Lease agreements/ software $Millions	Customer acquisition costs $Millions	Total $Millions
Balance at beginning of the year	128.3	148.4	276.7
Foreign exchange adjustment on opening balance	(0.9)	(2.7)	(3.6)
Additions at cost	23.5	3.5	27.0
Disposals	(34.0)	(69.1)	(103.1)
Transfers from property, plant and equipment	-	-	-
Balance at end of year	**116.9**	**80.1**	**197.0**
Amortisation and impairment losses			
Balance at beginning of the year	(62.4)	(114.0)	(176.4)
Foreign exchange adjustment on opening balance	0.5	2.9	3.4
Amortisation for the year	(14.4)	(8.2)	(22.6)
Disposals	10.4	63.5	73.9
Impairment	-	-	-
Balance at end of year	**(65.9)**	**(55.8)**	**(121.7)**
Carrying value 31 March 2015	**51.0**	**24.3**	**75.3**

10) Goodwill

Goodwill	2016 $Millions	2015 $Millions
Balance at beginning of the year	179.7	251.7
Goodwill arising on acquisitions	-	-
Goodwill disposed of during the year	(7.3)	(72.0)
Goodwill impaired during the year	(55.0)	-
Balance at the end of the year	**117.4**	**179.7**
The aggregate carrying amounts of goodwill allocated to each cash generating unit are as follows:		
NZ Bus	-	55.0
Trustpower	113.0	113.0
Other	4.4	11.7
	117.4	**179.7**

The carrying value of goodwill has been reviewed during the year and compared with the recoverable amount of the related cash generating unit. This review resulted in the full impairment of the goodwill relating to NZ Bus of $55.0m (31 March 2015: nil).

Goodwill relating to iSite Limited of $7.3m was disposed of during the year as part of the sale of iSite.

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

NZ Bus

The assessment of the recoverable amount of goodwill was 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 2030 and include a terminal value based on the book value of assets in 2030. A pre-tax discount rate of 8.4% (31 March 2015: 8.4%) has been used in discounting the projected cash flows and terminal value.

Trustpower

Goodwill relates to the acquisition of 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.

11) Investments in associates

Investments in associates are as follows:	2016 $Millions	2015 $Millions
Z Energy Limited	-	87.1
Metlifecare Limited	242.1	202.2
RA (Holdings) 2014 Pty Limited	252.9	208.6
Mana Coach Holdings Limited	2.1	2.4
Investments in associates	**497.1**	**500.3**

Equity accounted earnings of associates are as follows:	2016 $Millions	2015 $Millions
Metlifecare Limited	41.9	16.2
RA (Holdings) 2014 Pty Limited	25.1	(6.1)
Mana Coach Holdings Limited	-	-
Share of earnings of associate companies	**67.0**	**10.1**

Metlifecare Limited

The Group owns a 19.9% shareholding in Metlifecare Limited ('MET') and equity accounts for this investment. Metlifecare is one of New Zealand's largest providers of retirement villages and aged care services and is dual listed on the New Zealand Stock Exchange and the Australian Securities Exchange.

Movement in the carrying amount of investment in Metlifecare Limited:	2016 $Millions	2015 $Millions
Carrying value at 1 April	202.2	186.0
Acquisition of shares	0.6	1.6
Share of associate's surplus before income tax	45.2	16.6
Share of associate's income tax (expense)	(3.3)	(0.4)
Total share of associate's earnings in the period	41.9	16.2
Share of associate's other comprehensive income	-	-
less: distributions received	(2.6)	(1.6)
Carrying value of investment in associate	242.1	202.2

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

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

	30 June 2015 $Millions	30 June 2014 $Millions
Current assets	9.4	8.0
Non-current assets	2,218.0	1,996.1
Total Assets	**2,227.4**	**2,004.1**
Current liabilities	26.9	18.2
Non-current liabilities	1,289.1	1,194.1
Total liabilities	**1,316.0**	**1,212.3**
Revenues	**101.5**	**94.8**
Net profit after tax	**122.7**	**68.8**
Total other comprehensive income	0.1	0.2

At 31 March 2016 the Group's investment in MET had a fair value of $222.7 million based on the quoted market price of MET shares on the NZX at that date of $5.25 (31 March 2015: $199.6 million at $4.72).

RA (Holdings) 2014 Pty Limited

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

Movement in the carrying amount of investment in RetireAustralia:	2016 $Millions	2015 $Millions
Carrying value at 1 April	208.6	-
Acquisition of shares	-	213.0
Capitalised transaction costs	-	1.1
Prepayment for shares not yet issued	1.4	5.0
Total cost of investment	**210.0**	**219.1**
Share of associate's surplus/(loss) before income tax	25.1	(6.1)
Share of associate's income tax (expense)	-	-
Total share of associate's earnings in the period	**25.1**	**(6.1)**
Share of associate's other comprehensive income	-	-
less: distributions received	-	-
Foreign exchange movements recognised in other comprehensive income	17.8	(4.4)
Carrying value of investment in associate	**252.9**	**208.6**

Summary financial information for RetireAustralia is not adjusted for the percentage ownership held by the Group:

RA (Holdings) 2014 Pty Limited was incorporated on 9 December 2014 and the business commenced trading on 1 January 2015. The Company's functional currency is Australian Dollars (A$) and the summary financial information shown is presented in this currency.

	2016 A$Millions	2015 A$Millions
Current assets	139.8	122.9
Non-current assets	1,970.5	1,808.8
Total Assets	**2,110.3**	**1,931.7**
Current liabilities	1,442.7	1,307.3
Non-current liabilities	225.1	228.0
Total liabilities	**1,667.8**	**1,535.3**
Revenues	**77.2**	**14.4**
Net profit/(loss) after tax	**46.2**	**(11.4)**
Total other comprehensive income	-	-

12) Other Investments

	2016 $Millions	2015 $Millions
Australian Social Infrastructure Partners	33.6	30.1
Other	3.6	1.9
Total other investments	**37.2**	**32.0**

Australian Social Infrastructure Partners

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

The balance of the A$100m commitment is likely to be called prior to the end of the Investment period for the fund on 30 June 2018. ASIP has currently invested in 9.95% and 49.0% respectively of the equity in the New Royal Adelaide Hospital PPP and the South East Queensland Schools PPP.

As at 31 March 2016 Infratil has made total contributions of A$28.7 million (31 March 2015: A$27.9 million), with the remaining A$71.3 million commitment uncalled at that date.

Envision Ventures

During the year Infratil committed US$25 million to the California based Envision Ventures fund. The strategic objective is to help Infratil's businesses identify and engage with technology changes that will impact their activities. As at 31 March 2016 US$2.5 million has been called by the fund, and is included in Other Investments.

13) Loans and borrowings

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

	2016 $Millions	2015 $Millions
Current liabilities		
Unsecured bank loans	221.8	44.4
Secured bank facilities	52.7	4.3
less: Capitalised loan establishment costs	(1.6)	(1.0)
	272.9	47.7
Non-current liabilities		
Unsecured bank loans	822.2	772.9
Secured bank facilities	-	48.6
less: Capitalised loan establishment costs	(3.4)	(5.5)
	818.8	816.0
Facilities utilised at reporting date		
Unsecured bank loans	1,044.0	817.3
Unsecured guarantees	-	11.9
Secured bank loans	52.7	52.9
Secured guarantees	25.0	0.2
Facilities not utilised at reporting date		
Unsecured bank loans	592.0	580.0
Unsecured guarantees	-	8.6
Secured bank loans	-	17.6
Secured guarantees	20.1	0.5
Interest bearing loans and borrowings – *current*	272.9	47.7
Interest bearing loans and borrowings – *non-current*	818.8	816.0
Total interest bearing loans and borrowings	**1,091.7**	**863.7**

Financing arrangements

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

Interest rates are determined by reference to prevailing money market rates at the time of draw-down plus a margin. Interest rates paid during the period ranged from 2.86% to 5.3% (31 March 2015: 3.0% to 5.6%).

Subsequent to 31 March 2016 the A$47.6 million secured bank facility of Perth Energy has been refinanced with an expiry date of 21 May 2018. This facility and certain other indebtedness between Western Energy (a 100% subsidiary of Perth Energy) and the financier has been guaranteed by Infratil Finance Limited.

14) Infrastructure bonds

	2016 $Millions	2015 $Millions
Balance at the beginning of the period	981.9	979.9
Issued during the period	122.1	-
Exchanged during the year	(21.5)	-
Matured during the period	(131.3)	-
Purchased by Infratil during the period	(1.5)	-
Bond issue costs capitalised during the period	(2.1)	-
Bond issue costs amortised during the period	2.2	2.0
Balance at the end of the period	949.8	981.9
Current	100.0	152.8
Non-current fixed coupon	617.9	596.2
Non-current perpetual variable coupon	231.9	232.9
Balance at the end of the year	**949.8**	**981.9**
Repayment terms and interest rates:		
IFT070 Maturing in November 2015, 8.50% p.a. fixed coupon rate	-	152.8
IFT150 Maturing in June 2016, 8.50% p.a. fixed coupon rate	100.0	100.0
IFT160 Maturing in June 2017, 8.50% p.a. fixed coupon rate	66.3	66.3
IFT170 Maturing in November 2017, 8.00% p.a. fixed coupon rate	81.1	81.1
IFT180 Maturing in November 2018, 6.85% p.a. fixed coupon rate	111.4	111.4
IFT200 Maturing in November 2019, 6.75% p.a. fixed coupon rate	68.5	68.5
IFT090 Maturing in February 2020, 8.50% p.a. fixed coupon rate	80.5	80.5
IFT190 Maturing in June 2022, 6.85% p.a. fixed coupon rate	93.7	93.7
IFT210 Maturing in September 2023, 5.25% p.a. fixed coupon rate	122.1	-
IFTHA Perpetual Infratil infrastructure bonds	233.4	234.9
less: Bond issue costs capitalised and amortised over term	(7.2)	(7.3)
Balance at the end of the year	**949.8**	**981.9**

Fixed coupon

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

Perpetual Infratil infrastructure bonds ('PIIBs')

The Company has 233,404,600 (31 March 2015: 234,857,200) PIIBs on issue at a face value of $1.00 per bond. Interest is payable quarterly on the bonds. For the period to 15 November 2016 the coupon is fixed at 4.26% per annum (2015: 5.26%). Thereafter the rate will be reset annually at 1.5% per annum over the then one year bank rate (quarterly), unless Infratil's gearing ratio exceeds certain thresholds, in which case the margin increases. These infrastructure bonds have no fixed maturity date. 1,452,000 PIIBs were repurchased by Infratil Limited during the year (2015: nil)

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

At 31 March 2016 Infratil Infrastructure bonds (including PIIBs) had a fair value of $924.6 million (31 March 2015: $966.1 million).

15) Trustpower bonds

Unsecured subordinated bonds	2016 $Millions	2015 $Millions
Repayment terms and interest rates:		
TPW070 Maturing in December 2015, 8.40% p.a. fixed coupon rate	-	100.0
TPW110 Maturing in December 2019, 6.75% p.a. fixed coupon rate	140.0	140.0
less: Bond issue costs capitalised and amortised over term	(0.9)	(1.3)
Balance at the end of the year	**139.1**	**238.7**
Current	-	100.0
Non-current	139.1	138.7
Balance at the end of the year	**139.1**	**238.7**

The bonds are fully subordinated behind all of Trustpower's other creditors.

At 31 March 2016 Trustpower's unsecured subordinated bonds had a fair value of $152.9 million (31 March 2015: $252.0 million).

Unsecured senior bonds	2016 $Millions	2015 $Millions
Repayment terms and interest rates:		
TPW090 Maturing in December 2016, 8.00% p.a. fixed coupon rate	65.0	65.0
TPW100 Maturing in December 2017, 7.10% p.a. fixed coupon rate	75.0	75.0
TPW120 Maturing in December 2021, 5.63% p.a. fixed coupon rate	105.0	105.0
less: Bond issue costs capitalised and amortised over term	(1.3)	(1.9)
Balance at the end of the year	**243.7**	**243.1**
Current	65.0	-
Non-current	178.7	243.1
Balance at the end of the year	**243.7**	**243.1**

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

At 31 March 2016 Trustpower's unsecured senior bonds had a fair value of $259.3 million (31 March 2015: $256.8 million).

16) Wellington International Airport bonds

Unsecured unsubordinated bonds	2016 $Millions	2015 $Millions
Repayment terms and interest rates:		
Wholesale bonds maturing August 2017, 2.90% p.a. to 1 May 2015, then repriced quarterly at BKBM plus 25bps	150.0	150.0
Wholesale bonds maturing June 2019, 3.65% p.a. to 17 June 2015, then repriced quarterly at BKBM plus 130bp	25.0	25.0
Wholesale bonds maturing June 2020, 5.27% p.a. fixed coupon rate	25.0	25.0
WIA020 Retail bonds maturing May 2021, 6.25% p.a. fixed coupon rate	75.0	75.0
less: Bond issue costs capitalised and amortised over term	(0.9)	(1.1)
Balance at the end of the year	**274.1**	**273.9**
Current	-	-
Non-current	274.1	273.9
Balance at the end of the year	**274.1**	**273.9**

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 all debt covenant requirements as imposed by the bond trustee.

At 31 March 2016 WIAL's unsecured unsubordinated bonds had a fair value of $284.1 million (31 March 2015: $282.3 million).

17) 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:

	2016 $Millions	2015 $Millions
Financial institutions with 'AA-' credit ratings from Standard & Poor's or equivalent rating agencies	775.4	363.4

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	2016 $Millions	2015 $Millions
The ageing analysis of trade receivables is as follows:		
Not past due	131.4	135.0
Past due 0-30 days	5.6	7.1
Past due 31-90 days	0.2	1.1
Greater than 90 days	0.1	1.5
Total	**137.3**	**144.7**
The ageing analysis of impaired trade receivables is as follows:		
Not past due	-	-
Past due 0-30 days	-	-
Past due 31-90 days	(0.6)	(0.8)
Greater than 90 days	(1.5)	(1.2)
Total	**(2.1)**	**(2.0)**
Movement in the provision for impairment of trade receivables for the year was as follows:		
Balance as at 1st April	2.0	22.3
Foreign exchange adjustment on opening balance	-	-
Impairment loss recognised	0.1	1.0
Disposed as part of investment sale	-	(21.3)
Balance as at 31 March	2.1	2.0
Other current prepayments and receivables	82.3	64.0
Total trade and other accounts receivable and current prepayments	**217.5**	**206.7**

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 year end. 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 in the year 2023.

	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
31 March 2016							
Accounts payable, accruals and other liabilities	226.4	212.9	202.6	0.5	3.3	2.6	3.9
Unsecured/Secured bank facilities	1,091.7	1,116.4	347.5	18.8	201.5	402.6	146.0
Unsecured/Secured bank guarantees	-	25.0	25.0	-	-	-	-
Infratil Infrastructure bonds	717.9	893.7	123.8	22.0	184.6	324.0	239.3
Perpetual Infratil Infrastructure bonds	231.9	307.5	5.0	5.0	9.9	29.8	257.8
Wellington International Airport bonds	274.1	314.7	5.2	5.2	158.6	68.4	77.3
Trustpower bonds	382.8	481.7	29.4	76.6	94.4	171.9	109.4
Derivative financial instruments	85.4	91.6	20.1	15.4	22.1	28.8	5.2
	3,010.2	**3,443.5**	**758.6**	**143.5**	**674.4**	**1,028.1**	**838.9**
31 March 2015							
Accounts payable, accruals and other liabilities	198.5	206.9	191.7	1.7	3.6	7.1	2.8
Unsecured/Secured bank facilities	863.7	907.5	143.9	23.4	163.5	391.9	184.8
Infratil Infrastructure bonds	749.0	930.9	29.6	177.5	139.4	476.5	107.9
Perpetual Infratil Infrastructure bonds	232.9	324.0	6.2	6.2	12.4	37.1	262.1
Wellington International Airport bonds	273.9	331.7	6.5	6.3	12.7	198.5	107.7
Trustpower bonds	481.8	597.4	17.1	115.0	89.6	260.4	115.3
Derivative financial instruments	67.5	75.9	10.6	12.3	19.7	27.3	6.0
	2,867.3	**3,374.3**	**405.6**	**342.4**	**440.9**	**1,398.8**	**786.6**

Market Risk

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

Interest rate risk (cash flow and fair value)

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

	2016 $Millions	2015 $Millions
At balance date the face value of interest rate contracts outstanding were:		
Interest rate swaps	1,310.0	1,411.6
Fair value of interest rate swaps	(70.4)	(59.2)
The termination dates for the interest rate swaps are as follows:		
Between 0 to 1 year	200.5	438.8
Between 1 to 2 years	451.3	121.5
Between 2 to 5 years	498.2	614.1
Over 5 years	160.0	237.2

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.

	2016 $Millions	2015 $Millions
Profit or loss		
100 bp increase	27.9	31.0
100 bp decrease	(28.8)	(32.7)
Other comprehensive income		
100 bp increase	12.7	0.1
100 bp decrease	(13.4)	(0.1)

Foreign Currency Risk

The Group has exposure to foreign currency risk on the value of its net investment in foreign investments, assets and liabilities, 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 operations. 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.

	2016 $Millions	2015 $Millions
At balance date the face value of the forward foreign exchange contracts outstanding were:		
Foreign exchange contracts	9.0	1.6
Fair value of foreign exchange contracts	(1.2)	0.2
The termination dates for foreign exchange contracts are as follows:		
Between 0 to 1 year	9.0	1.6
Between 1 to 2 years	-	-
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.

	2016 $Millions	2015 $Millions
Profit or loss		
Strengthened by 10 per cent	(0.2)	-
Weakened by 10 per cent	0.2	-
Other comprehensive income		
Strengthened by 10 per cent	(66.1)	(23.3)
Weakened by 10 per cent	75.5	23.3

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 USD/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 USD spot rate as at balance date, moving this spot rate by plus and minus 10% and then reconverting the AUD and USD balances 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:

	2016 $Millions	2015 $Millions
Cash, short term deposits and trade receivables		
Australian Dollars (AUD)	81.8	54.8
Bank overdraft, bank debt and accounts payable		
Australian Dollars (AUD)	627.4	80.7

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.

	2016	2015
At balance date the aggregate notional volume of outstanding energy derivatives were:		
Electricity (GWh)	1,743.0	1,591.0
Gas (Tj)	-	-
Oil (barrels '000)	37.5	39.0
Fair value of energy derivatives ($m)	(5.8)	6.1

As at 31 March 2016, the Group had energy contracts outstanding with various maturities expected to occur continuously throughout the next three years. 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 2016 will be continuously released to the income statement in each period in which the underlying purchase transactions are recognised in the profit or loss.

	2016 $Millions	2015 $Millions
The termination dates for the energy derivatives are as follows:		
Between 0 to 1 year	37.5	30.5
Between 1 to 2 years	35.4	45.1
Between 2 to 5 years	55.2	50.0
Over 5 years	-	-
	128.1	125.6

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.

	2016 $Millions	2015 $Millions
Profit or loss		
10% decrease in energy forward prices	0.5	(1.1)
10% increase in energy forward prices	(0.5)	1.1
Other comprehensive income		
10% decrease in energy forward prices	(4.9)	(10.7)
10% increase in energy forward prices	4.9	10.7

Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements is their fair value, with the exception of bond debt held at amortised cost which have a fair value at 31 March 2016 of $1,620.8 million (31 March 2015: $1,757.2 million) compared to a carrying value of $1,606.7 million (31 March 2015: $1,737.6 million).

The carrying value of derivative financial assets and liabilities recorded in the statement of financial position are as follows:	2016 $Millions	2015 $Millions
Assets		
Derivative financial instruments - energy	6.7	11.6
Derivative financial instruments - foreign exchange	-	0.2
Derivative financial instruments - interest rate	1.3	2.7
	8.0	**14.5**
Split as follows:		
Current	3.7	3.9
Non-current	4.3	10.6
	8.0	**14.5**
Liabilities		
Derivative financial instruments - energy	12.5	5.5
Derivative financial instruments - foreign exchange	1.2	-
Derivative financial instruments - interest rate	71.8	61.9
	85.4	**67.4**
Split as follows:		
Current	8.5	5.3
Non-current	76.9	62.2
	85.4	**67.5**

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% (March 2015: 5.0% to 5.3%)

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

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.

	Level 1 $Millions	Level 2 $Millions	Level 3 $Millions	Total $Millions
31 March 2016				
Assets per the statement of financial position				
Derivative financial instruments - energy	-	0.2	6.4	6.6
Derivative financial instruments - foreign exchange	-	-	-	-
Derivative financial instruments - interest rate	-	1.4	-	1.4
Total	**-**	**1.6**	**6.4**	**8.0**
Liabilities per the statement of financial position				
Derivative financial instruments - energy	-	0.5	11.9	12.4
Derivative financial instruments - foreign exchange	-	1.2	-	1.2
Derivative financial instruments - interest rate	-	71.8	-	71.8
Total	**-**	**73.5**	**11.9**	**85.4**
31 March 2015				
Assets per the statement of financial position				
Derivative financial instruments - energy	-	0.1	11.5	11.6
Derivative financial instruments - foreign exchange	-	0.2	-	0.2
Derivative financial instruments - interest rate	-	2.7	-	2.7
Total	**-**	**3.0**	**11.5**	**14.5**
Liabilities per the statement of financial position				
Derivative financial instruments - energy	-	1.2	4.3	5.5
Derivative financial instruments - foreign exchange	-	-	-	-
Derivative financial instruments - interest rate	-	62.0	-	62.0
Total	**-**	**63.2**	**4.3**	**67.5**

There were no transfers between derivative financial instrument assets or liabilities classified as level 1 or level 2, and level 3 of the fair value hierarchy during the year ended 31 March 2016 (2015: none).

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

	2016 $Millions	2015 $Millions
Assets per the statement of financial position		
Opening balance	11.5	2.6
Foreign exchange movement on opening balance	-	-
Acquired as part of business combination	0.6	-
Gains and (losses) recognised in profit or loss	1.2	1.8
Gains and (losses) recognised in other comprehensive income	(6.9)	7.1
Closing balance	6.4	11.5
Total gains or (losses) for the year included in profit or loss for assets held at the end of the reporting year	**0.6**	**4.4**
Liabilities per the statement of financial position		
Opening balance	4.3	9.3
Foreign exchange movement on opening balance	-	-
Acquired as part of business combination	0.5	-
(Gains) and losses recognised in profit or loss	5.4	(1.7)
(Gains) and losses recognised in other comprehensive income	1.7	(1.5)
Sold as part of the disposal of a subsidiary	-	(1.8)
Closing balance	11.9	4.3
Total losses for the year included in profit or loss for liabilities held at the end of the reporting year	**(11.5)**	**3.4**
Settlements during the year	(1.8)	(14.9)

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 in accordance with 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 bank 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 A+ (2015: AA-) or above rated financial institutions, and 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.

18) 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	2016 Holding	2015 Holding	Principal activity
Investment activities			
New Zealand			
Infratil Finance Limited	100%	100%	Finance
Infratil Infrastructure Property Limited	100%	100%	Property
iSite Limited	-	100%	Advertising
New Lynn Central Limited Partnership (30 June financial year end)	58.0%	58.0%	Property
Snapper Services Limited	100%	100%	Technology
Swift Transport Limited	100%	100%	Investment
Transportation activities			
New Zealand			
Cityline (NZ) Limited	100%	100%	Public transport
New Zealand Bus Finance Company Limited	100%	100%	Public transport
New Zealand Bus Limited	100%	100%	Public transport
North City Bus Limited	100%	100%	Public transport
Transportation Auckland Corporation Limited	100%	100%	Public transport
Wellington City Transport Limited	100%	100%	Public transport
Airport activities			
New Zealand			
Wellington Airport Noise Treatment Limited	66.0%	66.0%	Noise treatment
Wellington International Airport Limited	66.0%	66.0%	Airport
Energy activities			
New Zealand			
Energy Direct NZ Limited	51.0%	51.1%	Electricity generation and gas retailing
King Country Energy Limited (shareholding held by Trustpower)	65.0%	-	Electricity retail and generation
Tararua Wind Power Limited	51.0%	51.1%	Asset holding
Trustpower Australia (New Zealand) Limited	51.0%	51.1%	Asset holding
Trustpower Insurance Limited	51.0%	51.1%	Insurance
Trustpower Limited	51.0%	51.1%	Electricity retail and generation
Australia			
Church Lane Wind Farm Pty Ltd	51.0%	51.1%	Generation development
Dundonnell Wind Farm Pty Ltd	51.0%	51.1%	Generation development
GSP Energy Pty Ltd	51.0%	51.1%	Electricity generation
Salt Creek Pty Ltd	51.0%	51.1%	Generation development
Snowtown South Wind Farm Pty Limited	51.0%	51.1%	Electricity generation
Snowtown Wind Farm Pty Limited	51.0%	51.1%	Electricity generation
Snowtown Wind Farm Stage 2 Pty Limited	51.0%	51.1%	Electricity generation
Trustpower Australia Financing Partnership	51.0%	51.1%	Finance
Trustpower Australia Holdings Pty Limited	51.0%	51.1%	Generation development
Trustpower Market Service Pty Limited	51.0%	51.1%	Finance
Waddi Pty Ltd	51.0%	-	Generation development
Wingeel Wind Farm Pty Ltd	51.0%	51.1%	Generation development
Perth Energy Pty Limited	80.0%	80.0%	Electricity retailer
WA Power Exchange Pty Limited	80.0%	80.0%	Electricity retailer
Western Energy Pty Limited	80.0%	80.0%	Electricity generation
Associates			
New Zealand			
Mana Coach Holdings Limited	26.0%	26.0%	Public transport
Metlifecare Limited (30 June financial year end)	19.9%	19.9%	Retirement Living
Z Energy Limited	-	20.0%	Fuels distribution and retailing
Australia			
RA (Holdings) 2014 Pty Limited	50.0%	50.0%	Retirement Living

19) Infratil shares and dividends

Ordinary shares (fully paid)

	2016	2015
Total issued capital at the beginning of the year	561,875,237	561,617,737
Movements in issued and fully paid ordinary shares during the year:		
Share buyback (held as treasury stock)	-	-
Treasury Stock reissued under dividend reinvestment plan	-	-
Conversion of executive redeemable shares	450,408	257,500
Total issued capital at the end of the year	**562,325,645**	**561,875,237**

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

Dividends paid on ordinary shares

	2016 cents per share	2015 cents per share	2016 $Millions	2015 $Millions
Final dividend prior year	8.00	7.00	44.9	39.3
Interim dividend paid current year	5.25	4.50	29.5	25.3
Special dividend paid current year	6.40	15.00	36.0	84.2
Dividends paid on ordinary shares	**19.65**	**26.50**	**110.4**	**148.8**

20) Earnings per share

	2016 $Millions	2015 $Millions
Net surplus attributable to ordinary shareholders	**438.3**	**383.5**
Basic earnings per share (cps)	78.0	68.3
Weighted average number of ordinary shares		
Issued ordinary shares at 1 April	561.9	561.6
Effect of new shares issued under Executive Share Scheme	0.1	0.1
Effect of shares issued through dividend reinvestment plan	-	-
Effect of shares bought back	-	-
Weighted average number of ordinary shares at end of year	562.0	561.7

21) Share scheme

Infratil Executive Redeemable Share Scheme

From time to time selected key eligible executives and senior managers of Infratil and certain of its subsidiaries are invited to participate in the Infratil Executive Redeemable Share Scheme ('Executive Scheme') to acquire Executive Redeemable Shares ('Executive Shares'). The Executive Shares have certain rights and conditions and cannot be traded and do not convert to ordinary shares until those conditions have been met. The Executive Shares confer no rights to receive dividends or other distributions or to 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 issue price of the Executive Shares and the Executive Shares are then converted to fully paid ordinary shares of Infratil.

No Executive Shares were granted during the year (2015: 512,500 shares at $2.9164 on 23 December 2014). Previous issues were 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.

On 10 December 2015, the Company accelerated the entitlements of executives of iSite Limited under the 2012, 2013 and 2014 Executive Schemes, pursuant to the Infratil Limited Executive Share Scheme Trust Deed dated 22 August 2008 (the Trust Deed), to allow those executives the benefit of that Scheme on completion of the sale of iSite. As a consequence of this, the Company converted 132,022 Executive Shares into Infratil Ordinary Shares on 22 December 2015.

On 11 December 2015, the 2012 Executive Scheme matured having met certain share performance thresholds. Pursuant to this and the Trust Deed, the Company converted 318,386 Executive Shares into Infratil Ordinary Shares on 15 January 2016.

On 7 December 2014, the 2011 Executive Scheme matured having met the share performance thresholds. Pursuant to this and the Trust Deed, the Company converted 257,500 Executive Shares into Infratil Ordinary Shares on 23 December 2014.

Executive redeemable shares

	2016	2015
Balance at the beginning of the year	1,337,500	1,082,500
Shares issued	-	512,500
Shares converted to ordinary shares	(450,408)	(257,500)
Shares cancelled	(59,592)	-
Balance at end of year	**827,500**	**1,337,500**

22) Leases

The Group has receivables from operating leases relating to the lease of premises. These receivables expire as follows:

Operating lease receivables as lessor	2016 $Millions	2015 $Millions
Between 0 to 1 year	8.8	12.7
Between 1 to 2 years	6.5	5.6
Between 2 to 5 years	13.4	10.3
More than 5 years	7.3	8.7
	36.0	**37.3**

Over 90% of the electricity generated by Trustpower's Australian wind farms is sold via power purchase agreements to a significant Australian electricity retailer. These agreements have been deemed as operating leases of the wind farms under NZ IFRS and all revenue under the contracts are accounted for as lease revenue (31 March 2016: $115.2 million, 31 March 2015: $111.2 million).

Because of the contract terms, in particular that the volume of energy supplied is dependent on the actual generation of the wind farms, the future minimum payments under the terms of the contracts, that expire on 31 December 2018 and 31 December 2030, are not able to be quantified.

The Group has commitments under operating leases relating to the lease of premises and the hire of plant and equipment. These commitments expire as follows:

Operating lease commitments as lessee	2016 $Millions	2015 $Millions
Between 0 to 1 year	13.2	11.1
Between 1 to 2 years	5.3	23.7
Between 2 to 5 years	27.6	18.9
More than 5 years	43.1	48.5
	89.2	**102.2**

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

	2016 $Millions	2015 $Millions
Net surplus for the year	**495.5**	**466.3**
(Add)/Less items classified as investing activity:		
(Gain)/Loss on investment realisations and impairments	(365.6)	(369.9)
Add items not involving cash flows:		
Movement in financial derivatives taken to the profit or loss	13.6	31.4
Decrease in deferred tax liability excluding transfers to reserves	(24.8)	(16.6)
Changes in fair value of investment properties	(1.9)	(0.4)
Equity accounted earnings of associate net of distributions received	(64.4)	7.7
Depreciation	156.4	136.6
Movement in provision for bad debts	(2.2)	9.7
Amortisation of intangibles	16.8	22.6
Other	8.0	11.0
Movements in working capital:		
Change in receivables	(1.9)	(36.8)
Change in inventories	2.3	4.4
Change in trade payables	(20.5)	(6.7)
Change in accruals and other liabilities	41.1	(13.7)
Change in current and deferred taxation	(1.9)	(10.0)
Net cash flow from operating activities	**250.5**	**235.6**

24) Operating segments

Reportable segments of the Group are analysed by significant businesses. The Group has six reportable segments, Trustpower is our renewable generation investment, Wellington International Airport is our Wellington airport investment, NZ Bus is our transportation investment, Australian Energy is our non renewable generation investment and Retirement is our investments in Metlifecare and RetireAustralia. Other comprises investment activity not included in the specific categories. The principal investments in Other is the Group's interest in ASIP.

2016	Trustpower New Zealand $Millions	Wellington Airport New Zealand $Millions	NZ Bus New Zealand $Millions	Australian Energy Australia $Millions	Retirement Australasia $Millions	All other segments and corporate New Zealand $Millions	Eliminations & discontinued operations $Millions	Total from Continuing Operations $Millions
Segment revenue	1,036.5	113.5	230.8	326.8	-	147.4	(24.5)	1,830.5
Share of earnings of associate companies	-	-	-	-	67.0	13.4	(13.4)	67.0
Inter-segment revenue	-	(1.0)	(2.5)	-	-	(118.3)	-	(121.8)
Segment revenue - external	1,036.5	112.5	228.3	326.8	67.0	42.5	(37.9)	1,775.7
Operating expenses	(707.1)	(26.4)	(190.5)	(323.9)	-	(55.9)	19.5	(1,284.3)
Interest income	0.4	0.3	0.1	0.5	-	18.1	(2.2)	17.2
Interest expense	(81.5)	(17.1)	(3.1)	(4.7)	-	(82.9)	2.2	(187.1)
Depreciation and amortisation	(117.0)	(16.5)	(31.4)	(6.4)	-	(1.9)	1.1	(172.1)
Net gain/(loss) on foreign exchange and derivatives	(6.3)	(2.6)	-	0.3	-	(5.0)	-	(13.6)
Net realisations, revaluations and (impairments)	(1.9)	1.8	(55.1)	-	-	422.7	(419.3)	(51.8)
Taxation expense	(33.2)	-	0.4	2.1	-	5.6	0.3	(24.8)
Segment result	89.9	52.0	(51.3)	(5.3)	67.0	343.2	(436.3)	59.2
Investments in associates	-	-	-	-	495.0	2.1	-	497.1
Total non-current assets (excluding financial instruments and deferred tax)	3,760.5	938.9	222.7	120.6	495.0	77.6	-	5,615.3
Total assets	3,925.3	959.1	242.2	190.9	495.0	814.6	-	6,627.1
Total liabilities	1,927.8	452.5	55.4	104.3	-	1,017.1	-	3,557.1
Capital expenditure and investments	119.3	56.7	11.2	0.6	0.6	4.6	-	193.0

2015	Trustpower New Zealand $Millions	Wellington Airport New Zealand $Millions	NZ Bus New Zealand $Millions	Australian Energy Australia $Millions	Retirement Australasia $Millions	All other segments and corporate New Zealand $Millions	Eliminations & discontinued operations $Millions	Total from Continuing Operations $Millions
Segment revenue	993.5	108.3	229.8	740.3	-	160.5	(485.2)	1,747.2
Share of earnings of associate companies	-	-	-	-	10.1	1.4	(1.4)	10.1
Inter-segment revenue	-	(1.5)	(3.7)	-	-	(117.1)	-	(122.3)
Segment revenue - external	993.5	106.8	226.1	740.3	10.1	44.8	(486.6)	1,635.0
Operating expenses	(662.8)	(24.7)	(191.9)	(685.4)	-	(59.4)	438.0	(1,186.2)
Interest income	1.1	0.5	0.1	0.9	-	15.5	(6.1)	12.0
Interest expense	(79.6)	(18.3)	(4.4)	(8.4)	-	(87.7)	6.2	(192.2)
Depreciation and amortisation	(98.2)	(16.2)	(26.4)	(15.4)	-	(3.0)	10.9	(148.3)
Net gain/(loss) on foreign exchange and derivatives	(14.2)	(1.2)	-	4.9	-	(20.9)	(4.9)	(36.3)
Net realisations, revaluations and (impairments)	24.9	(0.3)	(0.2)	56.0	-	289.9	(340.8)	29.5
Taxation expense	(20.7)	1.2	3.6	(11.2)	-	(3.3)	11.1	(19.3)
Segment result	144.0	47.8	6.9	81.7	10.1	175.9	(372.2)	94.2
Investments in associates	-	-	-	-	410.8	89.5	-	500.3
Total non-current assets (excluding financial instruments and deferred tax)	3,531.4	805.2	298.2	136.3	410.8	170.4	-	5,352.3
Total assets	3,690.5	841.5	317.0	191.4	410.8	496.5	-	5,947.7
Total liabilities	1,771.3	403.4	52.2	96.6	-	1,068.9	-	3,392.4
Capital expenditure and investments	157.4	21.9	15.3	15.1	220.7	34.8	-	465.2

Entity wide disclosure – geographical

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

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

2015	New Zealand $Millions	Australia $Millions	Eliminations & discontinued operations $Millions	Total from Continuing Operations $Millions
Segment revenue	1,362.8	869.6	(485.2)	1,747.2
Share of earnings of associate companies	17.7	(6.2)	(1.4)	10.1
Inter-segment revenue	(122.3)	-	-	(122.3)
Segment revenue - external	1,258.2	863.4	(486.6)	1,635.0
Operating expenses	(907.1)	(717.1)	438.0	(1,186.2)
Interest income	16.7	1.4	(6.1)	12.0
Interest expense	(144.5)	(53.9)	6.2	(192.2)
Depreciation and amortisation	(107.6)	(51.6)	10.9	(148.3)
Net gain/(loss) on foreign exchange and derivatives	(22.6)	(8.8)	(4.9)	(36.3)
Net realisations, revaluations and (impairments)	288.7	81.6	(340.8)	29.5
Taxation expense	(16.2)	(14.2)	11.1	(19.3)
Segment result	365.6	100.8	(372.2)	94.2
Investments in associates	291.7	208.6	-	500.3
Total non-current assets (excluding financial instruments and deferred tax)	3,939.4	1,412.9	-	5,352.3
Total assets	4,448.8	1,498.9	-	5,947.7
Total liabilities	2,550.3	842.1	-	3,392.4
Capital expenditure and investments	100.2	365.0	-	465.2

The group has no significant reliance on any one customer.

25) Capital commitments

Capital commitments	2016 $Millions	2015 $Millions
Committed but not contracted for	-	1.2
Contracted but not provided for	71.9	38.8
Capital commitments	**71.9**	**40.0**

The capital commitments include terminal development works at Wellington International Airport and the purchase of buses by NZ Bus. See note 12 for Infratil's commitments to ASIP and Envision.

26) Contingent liabilities and legal matters

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

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

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

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

Trustpower was successful in its High Court case against Inland Revenue. The Court ruled that Trustpower's existing tax treatment of feasibility expenditure incurred in the 2006 to 2008 financial years was appropriate and disagreed with Inland Revenue's view that the resource consents acquired were capital assets. However this decision was overturned by the Court of Appeal. Trustpower appealed this decision in the Supreme Court in March 2016. A judgement has not yet been received from this appeal.

Inland Revenue has reassessed the 2009 and 2010 years and has made further claims. Trustpower has disputed this assessment. This dispute has been lodged with the High Court but is on hold pending an outcome in the initial 2006 to 2008 dispute. It is likely Inland Revenue will take the same approach in assessing the 2011 and future tax years.

Should Inland Revenue be completely successful in its claim it would give rise to the following outcomes:

Additional amount owed to Inland Revenue:	Tax Payable $Millions	Interest Expense $Millions	Total $Millions
2006 to 2008	5.9	3.1	9.0
2009 to 2010	2.6	1.6	4.2
2011 to 2015	2.2	0.7	2.9
Total	**10.7**	**5.3**	**16.0**

Given the uncertainty created by the Court of Appeal decision Trustpower has decided to fully provide for these claims (including the effect on the 2011 and future years) in these financial statements.

These amounts are Trustpower's best estimate of the impact of the Court of Appeal ruling. Further discussion between Trustpower and Inland Revenue is required following the conclusion of all legal proceedings to finalise these amounts.

Trustpower was awarded $1,177,000 of costs in relation to the High Court case. These costs were paid by Inland Revenue in the prior period. They have been refunded by Trustpower in this period following the Court of Appeal decision. The Court of Appeal also awarded Inland Revenue costs for the High Court and Court of Appeal. As Inland Revenue has yet to claim these costs they are very difficult to quantify, Trustpower has made a provision of $500,000 as its best estimate of the amount payable. These costs are also subject to the appeal at the Supreme Court.

27) Key management personnel disclosures

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

Key management personnel remuneration comprised:	2016 $Millions	2015 $Millions
Short-term employee benefits	14.0	13.7
Termination benefits	-	-
Other long-term benefits	0.3	0.2
Share based payments	1.1	0.6
	15.4	**14.5**

Directors fees paid to directors of Infratil Limited and its subsidiaries during the year were $2.4 million (2015: $2.4 million).

28) Related parties

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

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

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

28) Related parties (continued)

Management and other fees paid by the Group (including associates) to MCIM, MCO or its related parties during the year were:	2016 $Millions	2015 $Millions
Management fees	21.5	19.7
Incentive fees on realisations of international assets	-	44.5
Executive secondment and consulting	0.1	0.2
Directors fees	1.6	1.6
Financial management, accounting, treasury, compliance and administrative services	1.3	1.3
Investment banking services	1.6	3.9
Total management and other fees	**26.1**	**71.2**

At 31 March 2016 amounts owing to MCIM of $2.3 million (excluding GST) are included in trade creditors (2015: $2.0 million).

$0.4 million of investment banking services and $0.2 million of directors fees are included in the table above and are included within the result from discontinued operations (31 March 2015: $0.4 million of management fees, $3.7 million of investment banking services, and the $44.5 million incentive fee on the realisation of international assets).

MCO, or Employees of MCO received directors fees from the Company's subsidiaries or associated companies as follows:	2016 $000's	2015 $000's
Infratil Energy Australia	-	32.5
iSite	22.2	31.2
Lumo Energy	-	164.1
Metlifecare	161.8	150.0
NZ Bus	174.0	169.0
Perth Energy	162.6	139.6
RetireAustralia	290.7	72.9
Snapper Services	13.2	52.4
Trustpower	253.3	245.0
Wellington International Airport	320.0	233.2
Z Energy	146.5	190.6

29) 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 and, Infratil Infrastructure bonds);
- 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; and,
- the book value of the debt in any wholly owned non-Australasian investments.
- 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.

30) Events after balance date

Dividend

On 17 May 2016 the Directors have approved a fully imputed final dividend of 9 cents per share to holders of fully paid ordinary shares to be paid on the 15th of June 2016.

KPMG

Independent Auditors Report

To the shareholders of Infratil Limited

We have audited the accompanying consolidated financial statements of Infratil Limited and its subsidiaries ("the group") on pages 40 to 78. The financial statements comprise the consolidated statement of financial position as at 31 March 2016, the consolidated 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.

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

Directors' responsibility for the consolidated financial statements

The directors are responsible on behalf of the company for the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated financial statements 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 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 consolidated 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 group in relation to taxation compliance, audit of regulatory disclosures and other assurance engagements. Subject to certain restrictions, partners and employees of our firm may also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as auditor of the group. The firm has no other relationship with, or interest in, the group.

Opinion

In our opinion, the consolidated financial statements on pages 40 to 78 comply with generally accepted accounting practice in New Zealand and present fairly, in all material respects, the consolidated financial position of Infratil Limited as at 31 March 2016 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

KPMG

17 May 2016

Wellington

Corporate Governance

For the year ended 31 March 2016

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, 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 NZX Main Board and ASX. Infratil's corporate governance practices do not materially differ from the NZX Corporate Governance Best Practice Code ("NZX Code") other than in the following areas:

- Infratil did not have a separate Director Nomination Committee during the 2016 financial year (however, following the end of the financial year the Board resolved to establish a separate Director Nomination Committee);
- Infratil has not established a separate Director Remuneration Committee. The Board considers that it is properly dealing with Director remuneration at the full Board level; and
- The Audit and Risk Committee is not made up only of non-executive Directors as the Board considers that it is practical to include an executive 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.

Infratil's corporate governance practices have also been prepared with reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition ("ASX Principles") and the Financial Markets Authority's Corporate Governance in New Zealand Principles and Guidelines.

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

Attendance at Board meetings was as follows:

	Full Agenda	Limited Agenda	Total
M Tume	6	7	13
H J D Rolleston	6	6	12
D P Saville	6	5	11
P Gough	6	7	13
A Gerry	6	6	12
M Bogoievski	6	7	13
A Muh (alternate to D P Saville)	5	6	11

The composition of the Board, experience and Board tenure are set out below:

Mark Tume – Chairman & Independent Director, (BBS, DipBkgStud)

Mark Tume has been Chairman since 2013 and a director since 2007. He is a director of RetireAustralia, the New Zealand Refining Company and New Zealand Oil and Gas. His professional experience has been in banking and funds management.

Duncan Saville – Director (BCom (Hons) & BSci (Hons))

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

Alison Gerry – Independent Director, Chair of Audit & Risk Committee (BMS (Hons) MAppFin)

Alison Gerry joined the Infratil board in 2014 and is Chair of its Audit & Risk Committee. She has been a professional director since 2007 and holds governance positions in the infrastructure, media and finance sectors. Prior to becoming a professional director, Alison worked for both corporates and for financial institutions in Australia and Asia in trading, finance and risk roles. Alison was also a Visiting Fellow at Macquarie University in Sydney for 12 years until 2011.

Paul Gough – Independent Director (BCom (Hons))

Paul Gough joined the Infratil board in 2012. He is a partner in the UK private equity fund STAR Capital Partners an investor and developer of strategic asset based businesses in Europe. He is a director of several international companies and previously worked for Credit Suisse First Boston in New Zealand and London.

Humphry Rolleston – Independent Director

Humphry Rolleston has been a director of Infratil since 2006. He is a director of NZX listed companies Property for Industry and Mercer Group and owns private companies involved in tourism, security, disruptive technology, manufacturing and finance. He is a Fellow of the New Zealand Institute of Directors and the Institute of Management.

Anthony Muh (BCA) (alternate director to Duncan Saville)

Anthony Muh was an independent director of Infratil from 2007 until 2010 and is now an alternate for Duncan Saville. He joined Morrison & Co in 2010 to head its asset management businesses. 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.

Marko Bogoievski - Director (BCA, ACA, MBA, FCA)

Marko Bogoievski is Chief Executive of Infratil and its Manager, H.R.L. Morrison & Co. He joined the Infratil board in 2009. He 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 Airport and SKY Network Television.

Mr Saville and Mr Bogoievski 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, the NZX Main Board & Debt Market Listing Rules and the ASX Principles. 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.

The Board has determined that Mark Tume, Humphry Rolleston, Alison Gerry and Paul Gough are independent directors.

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.

Currently, new Director nominations are considered at the full Board level. The Board also deals with the induction of Directors and succession planning for Directors. Following year end, the Board has resolved to establish a separate Director Nomination Committee which will be responsible for dealing with new Director nominations.

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 developed a Board skills matrix which sets out the skills and experience of the Board. The skills and experience currently regarded as being important to Infratil are set out in the table below. The Board considers that this mix of skills and experience is currently represented by the Board.

Skill/Experience
Governance and stakeholder management
Infrastructure asset management and private markets
Financial/accounting
Capital markets and funds management
People and performance
Technology and innovation
Regulation
Marketing and consumer intelligence

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 are 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. No new Director nominations were made during the 2016 financial year.

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 or Member 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. The Chairman approves all Directors' expenses, and the Chair of the Audit and Risk Committee 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. His remuneration is paid by the Manager.

Directors' Shareholding

Under the constitution Directors are not required to hold shares in Infratil. However, in recognition of the benefits of aligning Directors' interests with those of shareholders, non-executive Directors have the option to have a portion of their fees paid through the issue of shares to those Directors. All Directors who take up this option either hold those shares themselves or shares are held by organisations to which they are associated parties. Directors will not normally make investments in listed infrastructure or utilities securities in areas targeted by Infratil.

Audit & Risk Committee

The Board has established an Audit & Risk Committee comprising of two independent Directors being Ms A Gerry (Chair 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 experience of the members of the Audit & Risk Committee are shown in the Board Membership section above.

The function of the Audit & Risk Committee is to oversee financial reporting, accounting policies, financial management, internal control systems, risk management systems, systems for protecting assets and compliance. The Committee keeps under review the scope and results of audit work, its cost effectiveness and performance and the 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 & Risk Committee Charter is available on the Infratil website. During the year under review the Audit & Risk Committee met four times.

Attendance at Audit & Risk Committee meetings was as follows:

	A Gerry	M Tume	M Bogoievski
Number of meetings attended	4	4	3

The Audit & Risk Committee receives regular reports from the Manager including reports on financial and business performance, risk management, financial derivative 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 ensuring that the Group has an effective risk management framework to identify, treat and monitor key business risks and regulatory compliance and reviewing management practices in these areas. Formal systems have been introduced for regular reporting to the Board on business risk, including impacts and mitigation strategies and compliance matters.

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 and comply with International Financial Reporting Standards 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 & 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 & 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 and Training

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. Directors are also encouraged to identify and undertake training and development opportunities.

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 initiates a review of Board performance. Appropriate strategies for improvement are agreed and actioned.

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 NZX Main Board and Debt Market Listing Rules and the ASX Listing Rules as they apply to entities listed in the ASX Foreign Exempt category. 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 group 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 an annual investor day, and sends to interested parties the dates and invitations to attend;
- sends security holders its annual and half year review which is a summary of Infratil's operating and financial performance for the relevant period, and periodic operational updates;
- ensures its website contains media releases, full year and half year financial information and presentations, current and past annual reports, Infratil bond documents, 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 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 information 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, Auckland and Christchurch. 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 or its subsidiaries.

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 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 of thought at all levels of the business, in an inclusive environment, is recognised as beneficial to decision making, improving and increasing corporate and shareholder value, enhancing talent recruitment and retention, increasing employee satisfaction and enhancing the probability of achieving Infratil's objectives ("the Principle"). Infratil ensures that it has (and also encourages other companies in the Group to have) strategies, initiatives and practices to promote behaviours and processes that are consistent with the Principle. Infratil recognises that these strategies, initiative and practices will be different for each company in the Group depending on each company's specific business requirements and accordingly it believes that it is better to engage with each company on diversity rather than impose specific objectives on each company. 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.

The Board considers that a merit based approach to selection and promotion of employees and executives, and for determining the composition of the Board, is consistent with its diversity policy. As such, the Board has not set specific targets for gender diversity but encourages Group companies to target and measure diversity across a broad range of attributes.

At 31 March 2016, the Infratil Board consisted of five male Directors and one female Director (31 March 2015: five male Directors and one female Director).

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):

2016 Position	Number: Female	Number: Male	Proportion: Female	Proportion: Male
Board	1	5	17%	83%
Senior Executive Positions[1,2]	16	53	23%	77%
Organisation	1,930	2,552	43%	57%

2015 Position	Number: Female	Number: Male	Proportion: Female	Proportion: Male
Board	1	5	17%	83%
Senior Executive Positions[1,2]	19	71	21%	79%
Organisation	1,913	2,630	42%	58%

1 Senior Executive Positions include MCIM

2 The gender proportions of Senior Executive Positions (Infratil Group excluding associates) was 9 female executives (17%) and 44 male executives (83%) in 2016 and 10 female executives (17%) and 49 male executives (83%) in 2015

Executive Remuneration

Infratil's senior management (excluding staff of MCIM) 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 participant's performance in the preceding financial year and potential in future years. Currently participation in the LTI Scheme is limited to around 19 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 unvested entitlement under the LTI Scheme would not be approved. Trustpower, an Infratil NZX listed non-wholly owned subsidiary, offers a cash settled share based payment scheme to key management personnel as part of its long term incentives. The details of this scheme are disclosed in Trustpower's 2016 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 2016 Annual Report financial statements, including:

- Note 29 – components of the Management Fee;
- Note 28 – 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);
- A Gerry
- 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, P Gough and Ms. A Gerry are Independent Directors in terms of the New Zealand Exchange Listing Rules and the ASX Principles 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 2016):

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

Shares	Beneficial interests	Non beneficial interests
A Muh	1,384,556	-
H J D Rolleston	39,427	-
D P Saville	-	20,000,000
M Tume	33,944	5,792
M Bogoievski	1,618,299	-
P Gough	173,670	-
A Gerry	18,555	-

Dealing in Securities:

The following table shows transactions recorded in respect of those securities during the period from 1 April 2015 to 31 March 2016:

Director	No of securities Bought/(sold)	Cost/(Proceeds) $
P Gough – beneficial		
On market acquisition		
17/06/15 (Director's fees)	3,105	9,976.99
M Tume – beneficial		
On-market acquisition		
17/06/15 (Director's fees)	3,105	9,976.99
H Rolleston – beneficial		
On-market acquisition		
17/06/15 (Director's fees)	3,105	9,976.99
A Gerry		
On-market acquisition		
17/06/15 (Director's fees)	3,105	9,976.99
A Gerry		
On-market acquisition – 18/06/15	15,450	49,826.25
D Saville – non-beneficial		
On-market disposal – 03/06/15	(2,430,000)	(7,907,220)
On-market disposal – 19/06/15	(1,000,000)	(3,221,239)
On-market disposal – 18/11/15	(5,500,000)	(17,540,000)
On-market disposal – 20/01/16	(5,000,000)	(15,650,000)
On-market disposal – 18/03/16	(5,019,418)	(15,970,530)

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 2016:

- **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
  Director of Vix Technology
  Director of Vix Investments
  Director of Somers Limited
  Director of Zeta Energy Pte Limited
  Director of NZ Oil and Gas Limited and subsidiaries
  Director of Touchcorp Limited

- **H J D Rolleston**
  Director of Property for Industry Limited
  Director and shareholder of Mercer Group 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
  Director and shareholder of Save a Watt Holdings Limited

- **M Tume**
  Director of Yeo Family Trustee Limited
  Director of Long Board Limited
  Director of Welltest Limited
  Member of the Board of the Guardians of NZ Superannuation Fund
  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
  Director of RetireAustralia Pty Limited

- **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

- **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
  Director of H.R.L. Morrison & Co Capital Management Limited
  Director of H.R.L. Morrison & Co Capital Management (Int) Limited
  Director of H.R.L. Morrison & Co (Asia) Limited
  Director of Clearpool Capital Holdings Limited
  Director of Utilico Emerging Markets Limited
  Non-Executive Chairman & Non-Executive Director of JIDA Capital Partners Limited and subsidiaries

- **P Gough**
  Partner of STAR Capital Partners
  Director of Star Asset Backed Finance Limited
  Director of Star Asset Finance Limited
  Director of First Capital Finance Limited
  Director of Kennet Equipment Leasing Limited
  Director of Blohm+Voss Repair GmbH
  Director of Blohm+Voss Shipyards GmbH
  Director of Ignition Credit PLC
  Member of Topaz Sarl
  Director of Gough Capital Limited
  Director of OPM Investments Limited
  Director of Tipu Capital Limited

- **A Gerry**
  Director of NZX Limited
  Director New Zealand Clearing and Depository Corporation Limited
  Deputy Chair of Kiwibank Limited
  Director of Television New Zealand Limited
  Director of Lindis Crossing Vineyard Limited
  Director of Glendora Holdings Limited
  Director of Glendora Avocados Limited
  Director of Random Walk (2010) Limited
  Director of Vero Insurance New Zealand Limited
  Director of Vero Liability Insurance New Zealand Limited
  Director of Asteron Life Limited

- **All Directors (other than A Gerry)**
  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.

- **All Directors**
  Infratil has arranged Directors' and Officers' liability insurance covering any past, present or future director, officer (e.g. company secretary), executive officer, non-executive director or employee acting in a managerial or supervisory capacity or named as a co-defendant with Infratil or a subsidiary of Infratil. Cover is for damages, judgements, fines, penalties, legal costs awarded and defence costs arising from wrongful acts committed while acting for Infratil or a subsidiary, but excluding dishonest, fraudulent, malicious acts or omissions, wilful breach of statute or regulations or duty to Infratil or a subsidiary, improper use of information to the detriment of Infratil or a subsidiary, or breach of professional duty. The period of insurance is 1 July 2015 to 1 July 2016. The limit of Indemnity is $110 million for any one claim and in aggregate with a deductible of $20,000 ($35,000 in respect of the USA) for each and every claim inclusive of costs. In addition, separate defence costs cover of $20 million has been placed.

  As permitted by its Constitution, Infratil Limited has entered into a deed of indemnity, access and insurance indemnifying certain directors and senior employees of Infratil, its wholly-owned subsidiaries and other approved subsidiaries and investment entities (Indemnified Persons) for potential liabilities, losses, costs and expenses they may incur for acts or omissions in their capacity as directors or senior employees, and agreeing to effect directors' and officers' liability insurance for the Indemnified Persons, in each case subject to the limitations set out in the Companies Act 1993.

  The deed was executed 31 July 2015.

Remuneration of Directors:

Directors' remuneration in respect of the year ended 31 March 2016 and 31 March 2015 paid by the Company was as follows:

	Financial Year 2016 (NZD)	Financial Year 2015 (NZD)
M Tume (Chairman)	175,471	166,685
P Gough	109,670	110,454
M Bogoievski	97,736	93,239
D P Saville	87,736	83,342
A Gerry	106,158	73,327
H J D Rolleston	87,736	83,342
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 2016	Financial Year 2015
M Tume – Lumo Energy Australia Pty Limited	-	AUD 30,079
M Tume – Infratil Energy Australia Pty Limited	-	AUD 5,464
M Bogoievski – Trustpower Limited	NZD 80,000	NZD 80,000

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 and M Tume
Infratil Securities Limited	M Bogoievski and M Tume
Infratil 1998 Limited	M Bogoievski and M Tume
Infratil UK Limited	M Bogoievski and M Tume
Infratil Finance Limited	M Bogoievski and M Tume
NZ Airports Limited	M Bogoievski and M Tume
Infratil Australia Limited	M Bogoievski and M Tume
Swift Transport Limited	M Bogoievski and M Tume
Swift Transport No.1 Limited	K Baker, T Brown and L Petagna
Infratil Gas Limited	M Bogoievski and M Tume
Infratil Ventures Limited	M Bogoievski and M Tume
Infratil Energy Limited	M Bogoievski and M Tume
Infratil Energy New Zealand Limited	M Bogoievski and K Baker
Infratil Europe Limited	M Bogoievski and M Tume
Infratil No. 1 Limited	M Bogoievski and M Tume
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	M Bogoievski and M Tume
Infratil PPP Limited	M Bogoievski and K Baker
Infratil Ventures 2 Limited	M Bogoievski and M Tume
Aotea Energy Holdings Limited	M Bogoievski and M Tume
Aotea Energy Holdings No 2 Limited	M Bogoievski and M Tume
Aotea Energy Limited	M Bogoievski and M Tume
Aotea Energy Investments Limited	M Bogoievski and M Tume
Infratil Insurance Co Limited	M Bogoievski and M Tume
Infratil No. 5 Limited	M Bogoievski and M Tume
North West Auckland Airport Limited	M Bogoievski and T Brown
Infratil Outdoor Media Limited	M Bogoievski
Snapper Services Limited	K Waddell and R Phillippo
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, S Thorne, S McMahon and C Stratton (appointed 12 June 2015)
Auckland Integrated Ticketing Limited	W Dalbeth, D Hudson, C Inwards, A Ritchie and S Thorne
Wellington City Transport Limited	Z Fulljames, S Thorne, S McMahon and C Stratton (appointed 12 June 2015)
North City Bus Limited	Z Fulljames, S Thorne, S McMahon and C Stratton (appointed 12 June 2015)
Cityline (NZ) Limited	Z Fulljames, S Thorne, S McMahon and C Stratton (appointed 12 June 2015)
Wellington Integrated Ticketing Limited	T Martin and S Thorne
Wellington International Airport Limited	T Brown, P Coman, S Fitzgerald, K Sutton, J Boyes and C Wade-Brown
Wellington Airport Noise Treatment Limited	M Harrington and S Sanderson
Trustpower Limited	R Aitken, A Bickers, M Bogoievski, S Knowles, S Peterson (appointed 27 August 2015), P Ridley-Smith (appointed 31 December 2015) and G Swier. Resigned - B Harker (31 December 2015)
Tararua Wind Power Limited	A Bickers and V Hawksworth
Trustpower Metering Limited	V Hawksworth. Resigned – B Harker (31 December 2015)
Bay Energy Limited	V Hawksworth
GSP Energy Pty Limited	G Swier and V Hawksworth
Snowtown Wind Farm Pty Limited	G Swier and V Hawksworth
Trustpower Australia (New Zealand) Limited	A Bickers and V Hawksworth
Trustpower Australia Holdings Pty Limited	G Swier and V Hawksworth
Trustpower Insurance Limited	A Bickers and V Hawksworth
Trustpower Renewable Investments Pty Limited	G Swier and V Hawksworth
Trustpower Market Services Pty Limited	G Swier and V Hawksworth

Subsidiary Company	Director of Subsidiary
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	A Bickers and V Hawksworth
Salt Creek Wind Farm Pty Limited	G Swier and V Hawksworth
Wingeel Wind Farm Pty Limited	G Swier and V Hawksworth
Trustpower Australia Financing Partnership	G Swier and V Hawksworth
Waddi Pty Limited	G Swier and V Hawksworth
King Country Energy Holdings Limited	V Hawksworth (appointed 2 November 2015)
King Country Energy Limited	B Gurney, V Hawksworth (appointed 7 December 2015), B Needham, P Ridley-Smith (appointed 7 December 2015), L Robertson (appointed 31 July 2015) and T Stevenson. Resigned – M Bahirathan (7 December 2015) and T Cosgrove (7 December 2015)
Infratil Power Pty Limited	R Crawford
Infratil Renewable Power Pty Limited	R Crawford
Perth Energy Pty Limited	R Jones, K Cao, R Crawford, J Biesse and S Fitzgerald
WA Power Exchange Pty Limited	R Jones and K Cao
Western Energy Pty Limited	R Jones, K Cao, R Crawford, J Biesse and S Fitzgerald
Western Energy Holdings Pty Limited	R Jones, K Cao, R Crawford, J Biesse and S Fitzgerald
Perth Energy Holdings Pty Limited	R Jones, K Cao, R Crawford, J Biesse and S Fitzgerald

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

Subsidiary Company	Director of Subsidiary Company	Currency	Amount (2016 Financial Year)
Wellington International Airport Limited	Jason Boyes	NZD	70,000
Wellington International Airport Limited	Celia Wade-Brown	NZD	60,000
Wellington International Airport Limited	Tim Brown	NZD	120,000
Wellington International Airport Limited	Keith Sutton	NZD	78,000
Wellington International Airport Limited	Peter Coman	NZD	60,000
Wellington International Airport Limited	Steven Fitzgerald	NZD	70,000
NZ Bus Limited	Kevin Baker	NZD	88,444
NZ Bus Limited	Liberato Petagna	NZD	42,883
NZ Bus Limited	Tim Brown	NZD	42,883
NZ Bus Limited	Keith Tempest	NZD	42,883
Snapper Services Limited	Rhoda Phillippo	NZD	53,658
Snapper Services Limited	Kerry Waddell	NZD	37,562
Trustpower Limited	Bruce Harker	NZD	138,019
Trustpower Limited	Susan Peterson	NZD	38,181
Trustpower Limited	Geoffrey Swier	NZD	125,000
Trustpower Limited	Paul Ridley-Smith	NZD	41,250
Trustpower Limited	Sam Knowles	NZD	90,000
Trustpower Limited	Richard Aitken	NZD	80,000
Trustpower Limited	Alan Bickers	NZD	80,000
Perth Energy Pty Limited	Roger Crawford	AUD	45,777
Perth Energy Pty Limited	Rodney Jones	AUD	49,854
Perth Energy Pty Limited	Steven Fitzgerald	AUD	95,631
Perth Energy Pty Limited	Vaughan Busby	AUD	8,158
Subsidiary sold during the year			
iSite Limited	Andrea Scotland	NZD	13,571
iSite Limited	Peter Coman	NZD	25,570

Employee remuneration

During the year ended 31 March 2016 the following number of employees of Infratil and its subsidiaries received remuneration of at least $100,000.

Remuneration band 2016	2016
$100,000 to $110,000	28
$110,001 to $120,000	24
$120,001 to $130,000	27
$130,001 to $140,000	25
$140,001 to $150,000	18
$150,001 to $160,000	17
$160,001 to $170,000	12
$170,001 to $180,000	5
$180,001 to $190,000	6
$190,001 to $200,000	3
$200,001 to $210,000	8
$210,001 to $220,000	5
$220,001 to $230,000	3
$230,001 to $240,000	7
$240,001 to $250,000	3
$250,001 to $260,000	5
$260,001 to $270,000	5
$270,001 to $280,000	1
$280,001 to $290,000	1
$290,001 to $300,000	2
$310,001 to $320,000	2
$340,001 to $350,000	1
$350,001 to $360,000	1
$360,001 to $370,000	1
$400,001 to $410,000	1
$420,001 to $430,000	1
$430,001 to $440,000	1
$440,001 to $450,000	2
$450,001 to $460,000	2
$460,001 to $470,000	1
$500,001 to $510,000	1
$510,001 to $520,000	1
$600,001 to $610,000	1
$810,001 to $820,000	1
$850,001 to $860,000	1
$1,340,001 to $1,350,000	1

Donations

The Company made donations of $0.9 million during the year ended 31 March 2016 (2015 $0.8 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 and Australian Exchange Waivers

As at and for the year ended 31 March 2016, the Company had the following waivers from the NZSX, NZDX and ASX Listing Rules:

1. A waiver from NZDX Listing Rule 5.2.3 waiving the spread requirements for the IFT210 series bond issue for a period of 12 months from their Quotation date.

Credit rating

The Company does not have a credit rating. Wellington International Airport Limited has a Standard & Poor's credit rating of BBB+ stable.

Continuing share buyback programme

The Company maintains an ongoing share buyback programme, as outlined in its 2015 Notice of Meeting. As at 31 March 2016, the Company had not bought back any shares pursuant to that programme, which allows up to 50,000,000 shares 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 acquistiion 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 31 March 2016:

Ordinary shares	Securities	%
Accident Compensation Corporation*	60,071,428	10.7%
The Capital Group Companies, Inc.	28,448,265	5.1%

* The Accident Compensation Corporation substantial security holder notice includes the following employees who have qualified powers to exercise control of rights to vote and of acquisition or disposal - Nicholas Bagnall, Paul Robertshawe, Blair Tallott, Blair Cooper, Jason Familton, Jason Lindsay, Ian Purdy and Jonathan Davis.

The total number of voting securities of the Company on issue as at 31 March 2016 were 562,325,645 fully paid ordinary shares (excluding Infratil Treasury stock held by the Company of 4,500,000).

Twenty Largest Shareholders as at 31 March 2016

Accident Compensation Corporation	60,071,428
JPMorgan Chase Bank <CHAM24 A/C>	55,167,651
HSBC Nominees (New Zealand) Limited	30,653,466
TEA Custodians Limited <O/A TEAC40 A/C>	26,535,468
Citibank Nominees (NZ) Ltd	23,769,404
HSBC Nominees (New Zealand) Limited <040-016842-230 A/C>	16,848,419
Cogent Nominees Limited <COGN40 A/C>	14,859,462
Forsyth Barr Custodians Ltd <1-Custody>	14,613,106
New Zealand Superannuation Fund Nominees Limited	13,657,032
FNZ Custodians Limited	12,308,655
Hettinger Nominees Limited	12,179,103
National Nominees New Zealand Limited	11,478,905
Robert William Bentley Morrison & Andrew Stewart & Anthony Howard <Lloyd Morrison A/C>	11,082,245
Custodial Services Limited <3 A/C>	7,205,571
Premier Nominees Limited <ING Wholesale Australasian Share Fund A/C>	6,767,261
BNP Paribas Nominees NZ Limited <BPSS40 A/C>	5,365,130
Infratil Limited	4,500,000
New Zealand Permanent Trustees Limited <NZPT44 A/C>	3,493,372
Morrison Nominees Limited	3,379,891
Cogent Nominees (NZ) Limited <COGN42 A/C>	3,257,680
New Zealand Depository Nominee Limited <1 A/C>	3,144,703

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

Spread of Shareholders as at 31 March 2016

Number of shares*	Number of holders	Total shares held	%
1 - 1,000	2,306	1,359,566	0.2%
1,001 - 5,000	6,657	19,301,962	3.4%
5,001 - 10,000	3,632	27,194,815	4.8%
10,001 - 50,000	4,089	85,635,711	15.1%
50,001 - 100,000	390	27,351,795	4.8%
100,001 and Over	189	405,981,796	71.7%
TOTAL	17,263	566,825,645	100.0%

* 210 shareholders hold less than a marketable parcel of Infratil shares

Twenty Largest Infrastructure Bondholders (IFT090, IFT150, IFT160, IFT170, IFT180, IFT190, IFT200, IFT210 & IFTHA) as at 31 March 2016

Forsyth Barr Custodians LTD <1-Custody>	83,029,842
FNZ Custodians Limited	54,322,783
Custodial Services Limited <3 A/C>	36,446,274
Lynette Therese Erceg & Darryl Edward Gregory & Catherine Agnes Quinn <Saint Jude's A/C>	21,068,000
Custodial Services Limited <2 A/C>	20,346,600
Investment Custodial Services Limited	17,525,000
Custodial Services Limited <18 A/C>	11,225,440
Custodial Services Limited <4 A/C>	9,700,200
Tappenden Holdings Limited	5,615,436
Forsyth Barr Custodians Limited <1 E A/C>	5,488,000
National Nominees New Zealand Limited	4,988,517
Sterling Holdings Limited	4,860,000
Custodial Services Limited <1 A/C>	4,718,000
NZ Methodist Trust Association	3,300,000
FNZ Custodians Limited <DRP NZ A/C>	3,062,000
Mr Garth Barfoot	3,000,000
Te Ohu Kaimoana Custodian Limited	3,000,000
FNZ Custodians Limited <DTA Non Resident A/C>	2,871,500
Private Nominees Limited <PBNK90 A/C>	2,846,000
Custodial Services Limited <16 A/C>	2,845,460

Spread of Infrastructure Bondholders (IFT090, IFT150, IFT160, IFT170, IFT180, IFT190, IFT200, IFT210 & IFTHA) as at 31 March 2016

Number of bonds	Number of holders	Total bonds held	%
1 - 1,000	7	6,500	0.0%
1,001 - 5,000	1,935	9,619,000	1.0%
5,001 - 10,000	4,885	46,881,340	4.9%
10,001 - 50,000	11,432	320,164,244	33.4%
50,001 - 100,000	1,448	120,314,085	12.6%
100,001 and Over	717	461,568,935	48.3%
TOTAL	20,424	958,554,104	100.0%

Comparative Financial Review

	2016 $ Millions	2015 $ Millions	2014 $ Millions	2013 $ Millions	2012 $ Millions	2011 $ Millions	2010 $ Millions	2009 $ Millions	2008 $ Millions	2007 $ Millions
Financial Performance (31 March year ended)										
Operating revenue	1,706.4[4]	1,624.7[4]	1,514.9[4]	2,368.7[4]	2,166.4[4]	1,984.8[4]	1,835.9	1,733.8	1,346.7	655.1
Underlying EBITDAF	462.1[4]	452.5[4]	437.4[2,4]	527.6[4]	520.2[4]	470.9[1,4]	363.3	356.3	315.9	157.1
Operating earnings[3]	149.4	120.3	164.2	183.5	199.3	252.9	90.0	77.2	87.8	32.4
Net gain/(loss) on foreign exchange and derviatives	(13.6)	(36.3)	70.7	(14.4)	19.2	(3.9)	(67.5)	8.0	2.9	22.7
Investment realisations, revaluations and (impairments)	(51.8)	29.5	222.2	(5.9)	4.3	(0.5)	83.8	(179.4)	(15.4)	38.9
Net surplus after taxation, discontinued operations and minorities	438.3	383.5	198.9	3.4	51.6	64.5	29.0	(191.0)	(1.7)	34.7
Dividends paid	110.4	148.8	57.0	48.2	44.1	37.6	36.2	31.3	28.6	27.4
Financial position										
Represented by										
Investments	534.3	532.3	294.1	334.2	340.9	323.7	9.7	162.4	212.3	262.5
Non-currents assets	5,085.2	4,830.6	4,613.3	4,435.2	4,328.8	4,193.7	3,963.6	3,891.5	3,662.9	3,311.5
Current assets	1,007.5	584.8	542.4	670.0	623.7	515.7	535.1	653.8	524.2	313.6
Total assets	**6,627.0**	**5,947.7**	**5,449.8**	**5,439.4**	**5,293.4**	**5,033.1**	**4,508.4**	**4,707.7**	**4,399.4**	**3,887.6**
Current liabilities	559.0	344.0	623.6	679.6	547.5	415.7	647.6	445.6	618.6	388.7
Non-current liabilities	2,048.2	2,066.5	1,810.4	1,920.0	1,887.7	1,919.7	1,382.1	1,879.0	1,561.6	1,242.5
Infrastructure bonds	949.8	981.9	979.9	904.3	851.6	854.8	747.4	748.7	748.8	730.0
Total Liabilities	**3,557.0**	**3,392.4**	**3,413.9**	**3,503.9**	**3,286.8**	**3,190.2**	**2,777.1**	**3,073.3**	**2,929.0**	**2,361.2**
Net Assets	**3,070.0**	**2,555.3**	**2,035.9**	**1,935.5**	**2,006.6**	**1,842.9**	**1,731.3**	**1,634.4**	**1,470.4**	**1,526.4**
Outside equity interest in subsidiaries	1,145.3	1,061.4	916.6	931.1	932.0	843.5	850.6	843.4	737.1	717.0
Equity	1,924.7	1,493.9	1,119.3	1,004.4	1,074.6	999.4	880.7	791.0	733.3	809.4
Total Equity	**3,070.0**	**2,555.3**	**2,035.9**	**1,935.5**	**2,006.6**	**1,842.9**	**1,731.3**	**1,634.4**	**1,470.4**	**1,526.4**
Dividends per share	19.65	26.50	9.75	8.25	7.25	6.25	6.25	6.25	6.25	12.50
Dividends per share (adjusted for share split)	19.65	26.50	9.75	8.25	7.25	6.25	6.25	6.25	6.25	6.25
Shares on issue ('000)	562,326	561,875	561,618	583,321	586,931	602,806	567,655	520,211	443,408	219,671
Shares on issue (adjusted for share split) ('000)	562,326	561,875	561,618	583,321	586,931	602,806	567,655	520,211	443,408	439,342
Partly paid installment shares ('000)	-	-	-	-	-	-	-	-	88,008	-

1 Prior to fair value gains on acquisition recognised by associates of $60.7 million

2 Prior to fair value gains on acquisition recognised by associates of $33.1 million

3 Operating earnings is earnings after depreciation, amortisation and interest

4 Operating revenue and Underlying EBITDAF relate to continuing operations

Directory

Directors

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

Company Secretary

P Harford

Registered Office - New Zealand

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

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

Share Registrar - Australia

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

Auditor

KPMG
10 Customhouse Quay
PO Box 996
Wellington

Bankers

ANZ New Zealand Bank Limited
171 Featherston Street
Wellington

Bank of New Zealand
Level 4
80 Queen Street
Auckland

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

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

Kiwibank
Ground Floor
New Zealand Post House
7 Waterloo Quay
Wellington

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

Calendar

Final dividend
15 June 2016

Annual meeting
24 August 2016

Infratil Update publication
October 2016

Half year end
30 September 2016

Interim report release
11 November 2016

Infratil Update publication
April 2017

Financial year end
31 March 2017

Updates/Information

Infratil produces an Annual report and an Interim Report each year

It also produces Update Reports on topics of interest to share and bond holders. The last two were:

December 2015: Covering the economics of electricity generation and retailing in New Zealand, and Infratil's efforts to find cost efficient hedges against financial market risk.

May 2015: Covering RetireAustralia and the economics of investing in retirement accommodation.

Infratil also has a Corporate Profile which is occasionally updated and like the above reports is available on the website.

The website contains all Infratil announcements and many presentations. Of particular note are the presentations (including audio visual) given at the annual Infratil Investor Day. These are especially relevant to the group's investment initiatives and the wider market for investing in infrastructure.

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, 2015.

New Zealand Shareholders' Association Best and Fairest Award.

Finance Asia Best New Zealand Deal 2007.

Deloitte / Management Magazine Company of the Year 2007.