

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

	Notes	6 months ended 30 September 2016 \$Millions Unaudited	6 months ended 30 September 2015 \$Millions Unaudited	Year ended 31 March 2016 \$Millions Audited
Operating revenue		940.7	859.4	1,706.4
Dividends		1.4	0.9	2.3
<b>Total revenue</b>		<b>942.1</b>	<b>860.3</b>	<b>1,708.7</b>
Share of earnings of associate companies	8	29.1	32.2	67.0
<b>Total income</b>		<b>971.2</b>	<b>892.5</b>	<b>1,775.7</b>
Depreciation		80.5	76.7	155.9
Amortisation of intangibles		8.0	7.9	16.2
Employee benefits		104.5	94.5	191.1
Other operating expenses	4	613.4	529.4	1,093.2
<b>Total operating expenditure</b>		<b>806.4</b>	<b>708.5</b>	<b>1,456.4</b>
Operating surplus before financing, derivatives, realisations and impairments		164.8	184.0	319.3
Net gain/(loss) on foreign exchange and derivatives		(0.4)	(8.5)	(13.6)
Net realisations, revaluations and (impairments)		0.5	0.7	(51.8)
Interest income		9.4	5.9	17.2
Interest expense		89.0	97.5	187.1
Net financing expense		79.6	91.6	169.9
<b>Net surplus before taxation</b>		<b>85.3</b>	<b>84.6</b>	<b>84.0</b>
Taxation expense	6	22.4	20.9	24.8
<b>Net surplus for the period from continuing operations</b>		<b>62.9</b>	<b>63.7</b>	<b>59.2</b>
Net surplus from discontinued operations after tax	3	-	407.1	436.3
<b>Net surplus for the period</b>		<b>62.9</b>	<b>470.8</b>	<b>495.5</b>
Net surplus attributable to owners of the Company		28.9	435.4	438.3
Net surplus attributable to non-controlling interest		34.0	35.4	57.2
<b>Other comprehensive income, after tax</b>				
<b>Items that will not be reclassified to profit and loss</b>				
Net change in fair value of property, plant & equipment recognised in equity		(17.6)	22.5	158.7
Share of associates other comprehensive income		0.1	0.2	0.2
Fair value movements in relation to the executive share scheme		-	-	(0.1)
Income tax effect of the above items		0.1	-	(42.2)
<b>Items that may subsequently be reclassified to profit and loss</b>				
Differences arising on translation of foreign operations		(28.8)	29.2	33.3
Realisations on disposal of subsidiary, reclassified to profit and loss		-	-	-
Net change in fair value of available for sale financial assets		0.1	2.4	1.9
Ineffective portion of hedges taken to profit and loss		0.3	(0.6)	-
Effective portion of changes in fair value of cash flow hedges		0.6	(8.0)	(8.9)
Income tax effect of the above items		(9.0)	16.4	17.6
<b>Total other comprehensive income after tax</b>		<b>(54.2)</b>	<b>62.1</b>	<b>160.5</b>
<b>Total comprehensive income for the period</b>		<b>8.7</b>	<b>532.9</b>	<b>656.0</b>
Total comprehensive income for the period attributable to owners of the Company		(9.7)	479.7	541.0
Total comprehensive income for the period attributable to non-controlling interests		18.4	53.2	115.0
<b>Earnings per share</b>				
Basic and diluted (cents per share)		5.1	77.5	78.0

The accompanying notes form part of these financial statements

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

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

Approved on behalf of the Board on 10 November 2016



Director



Director

The accompanying notes form part of these financial statements.

**Infratil Limited**  
**Consolidated Statement of Cash Flows**  
**For the 6 months ended 30 September 2016**

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

The accompanying notes form part of these financial statements.

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

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

The accompanying notes form part of these financial statements.

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

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

The accompanying notes form part of these financial statements.

**Infratil Limited**  
**Consolidated Statement of Changes in Equity**  
For the year ended 31 March 2016  
*Attributable to equity holders of the Company - Audited*

	Capital	Revaluation reserve	Foreign currency translation reserve	Other reserves	Retained earnings	Total	Non- controlling	Total equity
	\$Millions	\$Millions	\$Millions	\$Millions	\$Millions	\$Millions	\$Millions	\$Millions
Balance as at 1 April 2015	369.8	683.2	(34.4)	(3.4)	478.7	1,493.9	1,061.4	2,555.3
<b>Total comprehensive income for the year</b>								
Net surplus for the year	-	-	-	-	438.3	438.3	57.2	495.5
<b>Other comprehensive income, after tax</b>								
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
<b>Total comprehensive income for the period</b>	-	<b>66.6</b>	<b>37.2</b>	<b>(1.3)</b>	<b>438.5</b>	<b>541.0</b>	<b>115.0</b>	<b>656.0</b>
<b>Contributions by and distributions to non-controlling interest</b>								
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
<b>Contributions by and distributions to owners</b>								
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)
<b>Balance at 31 March 2016</b>	<b>370.7</b>	<b>749.8</b>	<b>2.8</b>	<b>(4.7)</b>	<b>806.1</b>	<b>1,924.7</b>	<b>1,145.3</b>	<b>3,070.0</b>

The accompanying notes form part of these financial statements.

**Notes to the Financial Statements**  
**For the 6 months ended 30 September 2016**

**(1) Accounting policies**

*Basis of preparation*

Infratil Limited ('the Company') is a company domiciled in New Zealand and registered under the Companies Act 1993. The Company is listed on the NZX Main Board ('NZX') and Australian Securities Exchange ('ASX'), and is an FMC Reporting Entity in terms of Part 7 of the Financial Markets Conduct Act 2013. These unaudited condensed consolidated half year financial statements ('half year statements') of Infratil Limited together with its subsidiaries and associates ('the Group') have been prepared in accordance with NZ IAS 34 Interim Financial Reporting and comply with IAS 34 Interim Financial Reporting. These half year statements have been prepared in accordance with the accounting policies stated in the published financial statements for the year ended 31 March 2016 and should be read in conjunction with the previous annual report. No changes have been made from the accounting policies used in the most recent annual report which can be obtained from Infratil's registered office or [www.infratil.com](http://www.infratil.com).

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

New standards and amendments to standards came into effect for interim periods ending on 30 September 2016. None of these has had a material effect on the financial statements of the Group.

**(2) Nature of business**

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

**(3) Discontinued operations**

On 30 September 2015 the Group agreed to sell its 20% interest (80 million shares) in Z Energy Limited ('ZEL') via a block trade for \$6.00 per share. After sales costs, the net proceeds from the sale of Infratil's 20% interest were \$479.8 million resulting in a gain on sale of the 20% interest of \$392.3 million. As at 30 September 2015 \$480.0 million relating to the sale of Z Energy was recorded in trade and other accounts receivable and prepayments.

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

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

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

*Summary of results of discontinued operations*

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

**Notes to the Financial Statements**  
**For the 6 months ended 30 September 2016**

**Z Energy Limited**

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

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

**iSite Limited**

**Results of iSite (classified as discontinued)**

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

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



**Notes to the Financial Statements**  
**For the 6 months ended 30 September 2016**

**(4) Other operating expenses**

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

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

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

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

The audit fee includes the fees for both the annual audit of the financial statements and the review of the interim financial statements. Regulatory audit work consists of the audit of regulatory disclosures. Other assurance services comprise of agreed upon procedures, audit of compliance reports and verification in relation to gas trading licence. Tax services relate to tax compliance work. Other services related to tax advisory services provided to a subsidiary of the group, investment due diligence work and advisory services relating to the Trustpower demerger. \$4k was paid to the Group auditors for the audit of iSite Limited that was included within discontinued operations for the year ended 31 March 2016.

**(5) Seasonality**

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

***Trustpower***

Trustpower's business is not highly seasonal, but within Trustpower the individual segments of Retail and NZ Generation are subject to seasonality due to seasonal differences in the demand for electricity and in the wholesale electricity price. However as a group these differences partially offset each other.

**Notes to the Financial Statements**  
**For the 6 months ended 30 September 2016**

**(6) Taxation**

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

**Income tax recognised in other comprehensive income**

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

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

		<b>Year ended 31 March 2016</b>		
		Before tax \$Millions Unaudited	Tax (expense) /benefit \$Millions Unaudited	Net of tax \$Millions Audited
Differences arising on translation of foreign operations		33.3	14.8	48.1
Realisations on disposal of subsidiary, reclassified to profit and loss		-	-	-
Net change in fair value of available for sale financial assets		1.9	-	1.9
Ineffective portion of hedges taken to profit and loss		-	(1.5)	(1.5)
Effective portion of changes in fair value of cash flow hedges		(8.9)	4.3	(4.6)
Fair value movements in relation to executive share scheme		(0.1)	-	(0.1)
Net change in fair value of property, plant & equipment recognised in equity		158.7	(42.2)	116.5
Share of associates other comprehensive income		0.2	-	0.2
<b>Balance at the end of the period</b>		<b>185.1</b>	<b>(24.6)</b>	<b>160.5</b>

**Notes to the Financial Statements**  
For the 6 months ended 30 September 2016

**(7) Infratil shares**

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

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

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

**(8) Investments in associates**

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

**Notes to the Financial Statements**  
**For the 6 months ended 30 September 2016**

**(8.1) Canberra Data Centres**

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

*Movement in the carrying amount of investment in Canberra Data Centres:*

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

**Summary financial information**

*Summary information for CDC is not adjusted for the percentage ownership held by the Group*

	30 September 2016 A\$Millions Unaudited
Current assets	28.5
Non-current assets	1,009.6
<b>Total Assets</b>	<b>1,038.1</b>
Current liabilities	15.5
Non-current liabilities	600.3
<b>Total liabilities</b>	<b>615.8</b>

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

**Notes to the Financial Statements**  
**For the 6 months ended 30 September 2016**

**(8.2) Metlifecare**

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

*Movement in the carrying amount of investment in Metlifecare Limited:*

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

**Summary financial information**

*Summary information for Metlifecare is not adjusted for the percentage ownership held by the Group*

	30 June 2016 \$Millions Audited	30 June 2015 \$Millions Audited
Current assets	16.1	9.4
Non-current assets	2,570.3	2,218.0
Total Assets	2,586.4	2,227.4
Current liabilities	31.3	26.9
Non-current liabilities	1,422.1	1,289.1
Total liabilities	1,453.4	1,316.0
Revenues	106.2	101.5
Net profit after tax	228.7	122.7
Total other comprehensive income	0.3	0.1

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

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

**Notes to the Financial Statements**  
**For the 6 months ended 30 September 2016**

**(8.3) RetireAustralia**

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

*Movement in the carrying amount of investment in RetireAustralia:*

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

**Summary financial information**

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

	30 September 2016 A\$Millions Unaudited	30 September 2015 A\$Millions Unaudited	31 March 2016 A\$Millions Audited
Current assets	139.1	129.3	139.8
Non-current assets	2,084.2	1,926.6	1,970.5
<b>Total Assets</b>	<b>2,223.3</b>	<b>2,055.9</b>	<b>2,110.3</b>
Current liabilities	1,511.1	1,414.8	1,442.7
Non-current liabilities	241.4	216.1	225.1
<b>Total liabilities</b>	<b>1,752.5</b>	<b>1,630.9</b>	<b>1,667.8</b>
Revenues	35.0	43.1	77.2
<b>Net profit/(loss) after tax</b>	<b>29.9</b>	<b>28.8</b>	<b>46.2</b>
Total other comprehensive income	-	-	-

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

**Notes to the Financial Statements**  
**For the 6 months ended 30 September 2016**

**(8.4) ANU Student Accommodation**

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

*Movement in the carrying amount of investment in ANU Student Accommodation:*

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

**Summary financial information**

*Summary information for ANU Student Accommodation is not adjusted for the percentage ownership held by the Group*

	30 September 2016  A\$Millions Unaudited
Current assets	24.3
Non-current assets	499.6
<b>Total Assets</b>	<b>523.9</b>
Current liabilities	1.3
Non-current liabilities	456.9
<b>Total liabilities</b>	<b>458.2</b>

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

**(9) Other investments**

	30 September 2016 \$Millions Unaudited	30 September 2015 \$Millions Unaudited	31 March 2016 \$Millions Audited
Australian Social Infrastructure Partners	32.2	32.8	33.6
Envision Ventures	6.6	-	3.6
Other	-	1.9	-
<b>Total other investments</b>	<b>38.8</b>	<b>34.7</b>	<b>37.2</b>

**Australian Social Infrastructure Partners**

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

ASIP has currently invested in 9.95% and 49.0% respectively of the equity in the New Royal Adelaide Hospital PPP and the South East Queensland Schools PPP. As at 30 September 2016 Infratil has made total contributions of A\$28.9m (30 September 2015: A\$28.3m, 31 March 2016: A\$28.7m), with the remaining A\$71.1m commitment uncalled at that date.

**Envision Ventures**

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

**Notes to the Financial Statements**  
**For the 6 months ended 30 September 2016**

**(10) Loans and borrowings**

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

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

**Financing arrangements**

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

Interest rates are determined by reference to prevailing money market rates at the time of draw-down plus a margin. Interest rates paid during the period ranged from 1.9% to 5.0% (30 September 2015: 2.8% to 5.3%, 31 March 2016: 2.9% to 5.3%).

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



**Notes to the Financial Statements**  
**For the 6 months ended 30 September 2016**

**(11) Infrastructure bonds**

	30 September 2016 \$Millions Unaudited	30 September 2015 \$Millions Unaudited	31 March 2016 \$Millions Audited
Balance at the beginning of the period	949.8	981.9	981.9
Issued during the period	150.0	-	122.1
Exchanged during the year	(49.5)	-	(21.5)
Matured during the period	(50.5)	-	(131.3)
Purchased by Infratil during the period	-	-	(1.5)
Bond issue costs capitalised during the period	(2.2)	-	(2.1)
Bond issue costs amortised during the period	1.2	1.0	2.2
Balance at the end of the period	998.8	982.9	949.8
Current	66.1	152.8	100.0
Non-current fixed coupon	700.2	597.0	617.9
Non-current perpetual variable coupon	232.5	233.1	231.9
Balance at the end of the year	998.8	982.9	949.8
<i>Repayment terms and interest rates:</i>			
IFT070 Maturing in November 2015, 8.50% p.a. fixed coupon rate	-	152.8	-
IFT150 Maturing in June 2016, 8.50% p.a. fixed coupon rate	-	100.0	100.0
IFT160 Maturing in June 2017, 8.50% p.a. fixed coupon rate	66.3	66.3	66.3
IFT170 Maturing in November 2017, 8.00% p.a. fixed coupon rate	81.1	81.1	81.1
IFT180 Maturing in November 2018, 6.85% p.a. fixed coupon rate	111.4	111.4	111.4
IFT200 Maturing in November 2019, 6.75% p.a. fixed coupon rate	68.5	68.5	68.5
IFT090 Maturing in February 2020, 8.50% p.a. fixed coupon rate	80.5	80.5	80.5
IFT190 Maturing in June 2022, 6.85% p.a. fixed coupon rate	93.7	93.7	93.7
IFT210 Maturing in September 2023, 5.25% p.a. fixed coupon rate	122.1	-	122.1
IFT220 Maturing in June 2021, 4.90% p.a. fixed coupon rate	93.9	-	-
IFT230 Maturing in June 2024, 5.50% p.a. fixed coupon rate	56.1	-	-
IFTHA Perpetual Infratil infrastructure bonds	233.4	234.9	233.4
less: Bond issue costs capitalised and amortised over term	(8.2)	(6.3)	(7.2)
Balance at the end of the period	998.8	982.9	949.8

**Fixed coupon**

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

**Perpetual Infratil infrastructure bonds ('PIIBs')**

The Company has 233,405,600 (30 September 2015: 234,857,200, 31 March 2016: 233,405,600) PIIBs on issue at a face value of \$1.00 per bond. Interest is payable quarterly on the bonds. For the period to 15 November 2016 the coupon is fixed at 4.26% per annum (September 2015: 5.26%, March 2016: 4.26%). Thereafter the rate will be reset annually at 1.5% per annum over the then one year bank rate (quarterly), unless Infratil's gearing ratio exceeds certain thresholds, in which case the margin increases. These infrastructure bonds have no fixed maturity date. No PIIBs (September 2015: nil, March 2016: 1,452,000) were repurchased by Infratil Limited during the period.

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

At 30 September 2016 the Infrastructure bonds (including PIIBs) had a fair value of \$968.9 million (30 September 2015: \$967.1 million, 31 March 2016: \$924.6 million).

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

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

**Notes to the Financial Statements**  
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**(13) Operating segments**

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

Trustpower is our renewable generation investment, Wellington International Airport is our Wellington airport investment, NZ Bus is our transportation investment and Australian Energy is our non renewable generation investment in Western Australia. Associates comprises Infratil's investments that aren't consolidated for financial reporting purposes including Canberra Data Centres, Metlifecare, RetireAustralia and ANU Student Accommodation. Further information on these investments is outlined in Note 8. All other segments and corporate includes predominately the activities of the Parent Company and Holding Company level. The group has no significant reliance on any one customer.

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

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*For the period ended 30 September 2015*

	Trustpower New Zealand \$Millions Unaudited	Wellington Airport New Zealand \$Millions Unaudited	NZ Bus New Zealand \$Millions Unaudited	Perth Energy Australia \$Millions Unaudited	Associates Australasia \$Millions Unaudited	All other segments and corporate New Zealand \$Millions Unaudited	Eliminations & discontinued operations \$Millions Unaudited	Total from Continuing Operations \$Millions Unaudited
Segment revenue	540.6	55.6	118.9	145.8	-	98.0	(17.0)	941.9
Share of earnings of associate companies	-	-	-	-	45.6	-	(13.4)	32.2
Inter-segment revenue	-	(0.7)	(1.8)	-	-	(79.1)	-	(81.6)
Segment revenue - external	540.6	54.9	117.1	145.8	45.6	18.9	(30.4)	892.5
Operating expenses	(356.4)	(13.7)	(94.4)	(144.7)	-	(28.9)	14.2	(623.9)
Interest income	-	0.3	-	0.3	-	6.6	(1.3)	5.9
Interest expense	(44.0)	(8.8)	(1.8)	(2.5)	-	(41.8)	1.4	(97.5)
Depreciation and amortisation	(57.2)	(8.2)	(15.4)	(3.2)	-	(1.2)	0.6	(84.6)
Net gain/(loss) on foreign exchange and derivatives	(3.0)	(2.3)	-	0.4	-	(3.6)	-	(8.5)
Net realisations, revaluations and (impairments)	-	(0.1)	-	-	-	393.0	(392.2)	0.7
Taxation expense	(20.2)	(6.5)	(0.5)	1.2	-	4.4	0.7	(20.9)
Segment result	59.8	15.6	5.0	(2.7)	45.6	347.4	(407.0)	63.7
Investments in associates	-	-	-	-	462.5	-	-	462.5
Total non-current assets (excluding financial instruments and deferred tax)	3,566.8	825.1	287.5	143.5	462.5	84.7	-	5,370.1
Total assets	3,742.4	842.9	305.2	200.7	462.5	853.7	-	6,407.4
Total liabilities	1,792.8	441.1	50.4	101.5	-	1,059.2	-	3,445.0
Capital expenditure and investments	15.4	28.0	4.8	0.4	0.6	5.9	-	55.1

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*For the year ended 31 March 2016*

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

**Notes to the Financial Statements**  
**For the 6 months ended 30 September 2016**

**Entity wide disclosure - geographical**

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

	New Zealand \$Millions Unaudited	Australia \$Millions Unaudited	Eliminations & discontinued operations \$Millions Unaudited	Total from Continuing Operations \$Millions Unaudited
<b>For the period ended 30 September 2016</b>				
Segment revenue	754.2	265.6	-	1,019.8
Share of earnings of associate companies	20.4	8.7	-	29.1
Inter-segment revenue	(77.7)	-	-	(77.7)
Segment revenue - external	696.9	274.3	-	971.2
Operating expenses	(490.8)	(227.0)	-	(717.8)
Interest income	10.8	0.3	(1.7)	9.4
Interest expense	(71.4)	(19.3)	1.7	(89.0)
Depreciation and amortisation	(57.6)	(30.9)	-	(88.5)
Net gain/(loss) on foreign exchange and derivatives	1.7	(2.1)	-	(0.4)
Net realisations, revaluations and (impairments)	0.5	-	-	0.5
Taxation expense	(23.9)	1.5	-	(22.4)
Segment result	66.1	(3.2)	-	62.9
Investments in associates	262.8	739.4	-	1,002.2
Total non-current assets (excluding financial instruments and deferred tax)	4,084.9	1,966.1	-	6,051.0
Total assets	4,518.5	2,095.5	-	6,614.0
Total liabilities	2,830.8	801.4	-	3,632.2
Capital expenditure and investments	82.2	518.4	-	600.6
<b>For the period ended 30 September 2015</b>				
Segment revenue	748.1	210.8	(17.0)	941.9
Share of earnings of associate companies	30.0	15.7	(13.5)	32.2
Inter-segment revenue	(81.7)	-	0.1	(81.6)
Segment revenue - external	696.4	226.5	(30.4)	892.5
Operating expenses	(475.6)	(162.4)	14.1	(623.9)
Interest income	6.9	0.3	(1.3)	5.9
Interest expense	(79.4)	(19.5)	1.4	(97.5)
Depreciation and amortisation	(54.0)	(31.2)	0.6	(84.6)
Net gain/(loss) on foreign exchange and derivatives	(6.8)	(1.7)	-	(8.5)
Net realisations, revaluations and (impairments)	392.9	-	(392.2)	0.7
Taxation expense	(22.7)	1.1	0.7	(20.9)
Segment result	457.7	13.1	(407.1)	63.7
Investments in associates	220.9	241.6	-	462.5
Total non-current assets (excluding financial instruments and deferred tax)	3,835.8	1,534.3	-	5,370.1
Total assets	4,777.8	1,629.6	-	6,407.4
Total liabilities	2,453.7	991.3	-	3,445.0
Capital expenditure and investments	25.4	29.7	-	55.1

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**For the 6 months ended 30 September 2016**

**For the year ended 31 March 2016**

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

**(14) Financial instruments**

**Fair Values**

The carrying amount of financial assets and financial liabilities recorded in the financial statements is their fair value, with the exception of bond debt held at amortised cost which has a fair value at 30 September 2016 of \$1,742.5 million (30 September 2015: \$1,764.5 million, 31 March 2016: \$1,620.8 million) compared to a carrying value of \$1,729.9 million (30 September 2015: \$1,739.3 million, 31 March 2016: \$1,606.7 million).

**Estimation of fair values**

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

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

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

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

<b>Valuation Input</b>	<b>Source</b>
Interest rate forward price curve	Published market swap rates
Foreign exchange forward prices	Published spot foreign exchange rates
Electricity forward price curve	Market quoted prices where available and management's best estimate based on its view of the long run marginal cost of new generation where no market quoted prices are available.
Discount rate for valuing interest rate derivatives	Published market interest rates as applicable to the remaining life of the instrument.
Discount rate for valuing forward foreign exchange contracts	Published market rates as applicable to the remaining life of the instrument.
Discount rate for valuing electricity price derivatives	Assumed counterparty cost of funds ranging from 3.2% to 3.5% (30 September 2015: 4.1% to 4.7%, 31 March 2016: 4.1% to 5.2%)

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

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For the 6 months ended 30 September 2016

**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.

<b>30 September 2016</b>	<b>Level 1 \$Millions Unaudited</b>	<b>Level 2 \$Millions Unaudited</b>	<b>Level 3 \$Millions Unaudited</b>	<b>Total \$Millions Unaudited</b>
<b>Assets per the statement of financial position</b>				
Derivative financial instruments - energy	-	0.2	7.0	7.2
Derivative financial instruments - foreign exchange	-	-	-	-
Derivative financial instruments - interest rate	-	0.4	-	0.4
<b>Total</b>	-	0.6	7.0	7.6
<b>Liabilities per the statement of financial position</b>				
Derivative financial instruments - energy	-	-	14.0	14.0
Derivative financial instruments - foreign exchange	-	-	-	-
Derivative financial instruments - interest rate	-	68.3	-	68.3
<b>Total</b>	-	68.3	14.0	82.3
<b>30 September 2015</b>	<b>Level 1 \$Millions Unaudited</b>	<b>Level 2 \$Millions Unaudited</b>	<b>Level 3 \$Millions Unaudited</b>	<b>Total \$Millions Unaudited</b>
<b>Assets per the statement of financial position</b>				
Derivative financial instruments - energy	-	-	5.8	5.8
Derivative financial instruments - foreign exchange	-	0.2	-	0.2
Derivative financial instruments - interest rate	-	2.2	-	2.2
<b>Total</b>	-	2.4	5.8	8.2
<b>Liabilities per the statement of financial position</b>				
Derivative financial instruments - energy	-	0.9	9.9	10.8
Derivative financial instruments - foreign exchange	-	-	-	-
Derivative financial instruments - interest rate	-	69.0	-	69.0
<b>Total</b>	-	69.9	9.9	79.8
<b>31 March 2016</b>	<b>Level 1 \$Millions Audited</b>	<b>Level 2 \$Millions Audited</b>	<b>Level 3 \$Millions Audited</b>	<b>Total \$Millions Audited</b>
<b>Assets per the statement of financial position</b>				
Derivative financial instruments - energy	-	0.2	6.4	6.6
Derivative financial instruments - foreign exchange	-	-	-	-
Derivative financial instruments - interest rate	-	1.4	-	1.4
<b>Total</b>	-	1.6	6.4	8.0
<b>Liabilities per the statement of financial position</b>				
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
<b>Total</b>	-	73.5	11.9	85.4

There were no transfers between derivative financial instrument assets or liabilities classified as level 1 or level 2, and level 3 of the fair value hierarchy during the period ended 30 September 2016 (30 September 2015: none, 31 March 2016: none).

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

	<b>6 months ended 30 September 2016 \$Millions Unaudited</b>	<b>6 months ended 30 September 2015 \$Millions Unaudited</b>	<b>Year ended 31 March 2016 \$Millions Audited</b>
<b>Assets per the statement of financial position</b>			
Opening balance	6.4	11.5	11.5
Acquired as part of business combination	-	-	0.6
Gains and (losses) recognised in profit or loss	0.1	1.4	1.2
Gains and (losses) recognised in other comprehensive income	0.5	(7.1)	(6.9)
<b>Closing balance</b>	<b>7.0</b>	<b>5.8</b>	<b>6.4</b>
<b>Total gains/(losses) for the period included in profit or loss for assets held at the end of the reporting period</b>	<b>1.1</b>	<b>(1.0)</b>	<b>0.6</b>
<b>Liabilities per the statement of financial position</b>			
Opening balance	11.9	4.3	4.3
Acquired as part of business combination	-	-	0.5
(Gains) and losses recognised in profit or loss	1.0	3.7	5.4
(Gains) and losses recognised in other comprehensive income	1.1	1.9	1.7
Sold as part of the disposal of a subsidiary	-	-	-
<b>Closing balance</b>	<b>14.0</b>	<b>9.9</b>	<b>11.9</b>
<b>Total losses for the period included in profit or loss for liabilities held at the end of the reporting period</b>	<b>0.5</b>	<b>9.9</b>	<b>(11.5)</b>
<b>Settlements during the period</b>	<b>(7.3)</b>	<b>6.9</b>	<b>(1.8)</b>



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**Energy derivatives**

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

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

*Energy price sensitivity analysis*

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

**(15) Capital commitments**

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

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

**(16) Contingent liabilities and legal matters**

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

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

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

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

**Notes to the Financial Statements**  
**For the 6 months ended 30 September 2016**

**(17) Related parties**

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

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

MCIM is owned by H.R.L. Morrison & Co Group Limited Partnership ('MCO'). M Bogoievski is a director of Infratil and is also a director and Chief Executive Officer of MCO. D Saville (retired 24 August 2016) was a director of Infratil, and A Muh (stepped down from 24 August 2016) was an alternate director of Infratil. Mr Muh is an executive director of MCO, and Mr Saville is a non-executive director of MCO. Entities associated with Mr Bogoievski, Mr Saville and Mr Muh also have beneficial interests in MCO.

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

	6 months ended 30 September 2016 \$Millions Unaudited	6 months ended 30 September 2015 \$Millions Unaudited	Year ended 31 March 2016 \$Millions Audited
Management fees	11.2	10.7	21.5
Incentive fees on realisations of international assets	-	-	-
Executive secondment and consulting	0.5	0.1	0.1
Directors fees	0.6	0.7	1.6
Financial management, accounting, treasury, compliance and administrative services	0.8	0.6	1.3
Risk management reporting	-	-	-
Investment banking services	0.4	0.1	1.6
<b>Total management and other fees</b>	<b>13.5</b>	<b>12.2</b>	<b>26.1</b>

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

**(18) Events after balance date**

**Trustpower Demerger**

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

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

**Longroad Energy Holdings**

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

**Dividend**

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

### **Directors**

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

### **Company Secretary**

P Harford

### **Registered Office - New Zealand**

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PO Box 320  
Wellington  
Telephone: +64 4 473 3663  
Internet address: [www.infratil.com](http://www.infratil.com)

### **Manager**

Morrison & Co Infrastructure Management  
5 Market Lane  
PO Box 1395  
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Telephone: +64 4 473 2399  
Facsimile: +64 4 473 2388  
Internet address: [www.hrlmorrison.com](http://www.hrlmorrison.com)

### **Share Registrar - New Zealand**

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Telephone: +64 9 375 5998  
E-mail: [enquiries@linkmarketservices.co.nz](mailto:enquiries@linkmarketservices.co.nz)  
Internet address: [www.linkmarketservices.co.nz](http://www.linkmarketservices.co.nz)

### **Auditor**

KPMG  
Maritime Tower  
10 Customhouse Quay  
PO Box 996  
Wellington

### **Bankers**

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

Bank of New Zealand  
Level 4  
80 Queen Street  
Auckland

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

### **Registered Office - Australia**

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NSW, 2000  
Telephone: +64 4 473 3663

### **Share Registrar - Australia**

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Sydney  
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Telephone: +61 2 8280 7100  
E-mail: [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)  
Internet address: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

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

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



# Independent review report

## To the shareholders of Infratil Limited

### Report on the Interim Financial Statements

We have completed a review of the interim financial statements of Infratil Limited and its subsidiaries ("the Group") on pages 1 to 26 which comprise the consolidated statement of financial position as at 30 September 2016, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, and a summary of significant accounting policies and other explanatory information.

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

#### Directors' responsibilities

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

#### Our responsibilities

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

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

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



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

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that these interim financial statements do not present fairly, in all material respects, the financial position of the Group as at 30 September 2016, and of its financial performance and its cash flows for the period ended on that date, in accordance with NZ IAS 34 *Interim Financial Reporting*.

A handwritten signature in blue ink that reads 'KPMG'. The signature is stylized, with the 'K' and 'P' being particularly prominent and connected.

10 November 2016  
Wellington