

Infratil Limited
Consolidated Statement of Comprehensive Income
For the 6 months ended 30 September 2018

	Notes	6 months ended 30 September 2018	6 months ended 30 September 2017	Year ended 31 March 2018
		\$Millions Unaudited	\$Millions Unaudited*	\$Millions Audited*
Operating revenue		904.1	896.2	1,730.1
Dividends		1.3	0.7	1.2
Total revenue		905.4	896.9	1,731.3
Share of earnings of associate companies	7	76.6	29.4	52.2
Total income		982.0	926.3	1,783.5
Depreciation		91.3	83.9	173.5
Amortisation of intangibles		8.4	9.5	17.0
Employee benefits		104.3	103.3	213.8
Other operating expenses	9	554.2	542.9	1,066.7
Total operating expenditure		758.2	739.6	1,471.0
Operating surplus before financing, derivatives, realisations and impairments		223.8	186.7	312.5
Net gain/(loss) on foreign exchange and derivatives		12.0	17.7	34.9
Net realisations, revaluations and (impairments)		(1.1)	8.8	12.5
Interest income		3.8	6.1	11.6
Interest expense		77.1	85.0	165.1
Net financing expense		73.3	78.9	153.5
Net surplus before taxation		161.4	134.3	206.4
Taxation expense	10	55.3	39.5	61.3
Net surplus for the period from continuing operations		106.1	94.8	145.1
Net surplus from discontinued operations after tax		-	2.9	15.4
Net surplus for the period		106.1	97.7	160.5
Net surplus attributable to owners of the Company		58.5	39.7	71.4
Net surplus attributable to non-controlling interest		47.6	58.0	89.1
Other comprehensive income, after tax				
Items that will not be reclassified to profit and loss:				
Net change in fair value of property, plant & equipment recognised in equity		(152.5)	(11.2)	36.8
Share of associates other comprehensive income		(12.3)	-	(3.6)
Fair value movements in relation to the executive share scheme		-	-	(0.2)
Income tax effect of the above items		45.3	-	20.6
Items that may subsequently be reclassified to profit and loss:				
Differences arising on translation of foreign operations		43.6	(10.2)	(40.6)
Realisations on disposal of subsidiary, reclassified to profit and loss		-	-	-
Net change in fair value of equity investments at FVOCI		(1.2)	6.9	3.6
Ineffective portion of hedges taken to profit and loss		-	-	-
Effective portion of changes in fair value of cash flow hedges		7.6	(0.4)	3.2
Income tax effect of the above items		(1.4)	0.3	(1.5)
Total other comprehensive income after tax		(70.9)	(14.6)	18.3
Total comprehensive income for the period		35.2	83.1	178.8
Total comprehensive income for the period attributable to owners of the Company		30.0	29.8	67.7
Total comprehensive income for the period attributable to non-controlling interests		5.2	52.1	108.7
Earnings per share				
Basic and diluted (cents per share)		10.5	7.1	12.7

* Certain amounts have been restated to reflect adjustments relating to note 2

The accompanying notes form part of these financial statements

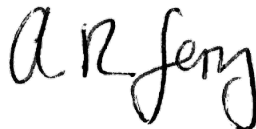
Infratil Limited
Consolidated Statement of Financial Position
As at 30 September 2018

	Notes	30 September 2018 \$Millions Unaudited	30 September 2017 \$Millions Unaudited*	31 March 2018 \$Millions Audited*
Cash and cash equivalents		219.3	586.8	380.5
Trade and other accounts receivable and prepayments		251.0	242.3	228.3
Derivative financial instruments		5.1	2.8	2.9
Inventories		5.9	3.5	4.2
Income tax receivable		0.5	1.3	2.1
Land, buildings and investment properties held for sale		-	10.0	-
Investments held for sale		-	-	-
Current assets		481.8	846.7	618.0
Trade and other accounts receivable and prepayments		64.3	15.6	2.5
Property, plant and equipment		4,614.8	4,800.1	4,722.9
Investment properties		82.8	74.1	81.9
Derivative financial instruments		119.7	107.3	107.2
Intangible assets		38.3	52.2	43.4
Goodwill		117.4	117.4	117.4
Investments in associates	7	996.9	863.5	884.6
Other investments	8	67.7	59.8	61.9
Non-current assets		6,101.9	6,090.0	6,021.8
Total assets		6,583.7	6,936.7	6,639.8
Accounts payable, accruals and other liabilities		229.5	218.5	231.3
Liability in respect of Tilt Renewables takeover offer	15	155.4	-	-
Interest bearing loans and borrowings	11	124.5	58.1	73.1
Derivative financial instruments		18.5	29.4	27.6
Income tax payable		19.9	14.3	23.6
Infrastructure bonds	12	111.4	81.1	111.2
Trustpower bonds		113.8	52.0	-
Wellington International Airport bonds		25.0	-	-
Total current liabilities		798.0	453.4	466.8
Interest bearing loans and borrowings	11	844.8	1,023.2	855.6
Other liabilities		39.2	6.3	5.3
Deferred tax liability		492.5	537.8	511.0
Derivative financial instruments		36.9	49.9	39.0
Infrastructure bonds	12	652.8	762.4	652.0
Perpetual Infratil Infrastructure bonds	12	231.3	231.0	231.2
Trustpower bonds		209.0	321.8	322.3
Wellington International Airport bonds and senior notes		402.8	426.7	421.6
Non-current liabilities		2,909.3	3,359.1	3,038.0
Attributable to owners of the Company		1,852.6	1,932.7	1,935.6
Non-controlling interest in subsidiaries		1,023.8	1,191.5	1,199.4
Total equity		2,876.4	3,124.2	3,135.0
Total equity and liabilities		6,583.7	6,936.7	6,639.8
Net tangible assets per share (\$ per share)		3.03	3.15	3.17

Approved on behalf of the Board on 12 November 2018



Director



Director

* Certain amounts have been restated to reflect adjustments relating to note 2
The accompanying notes form part of these financial statements.

Infratil Limited
Consolidated Statement of Cash Flows
For the 6 months ended 30 September 2018

	Notes	6 months ended 30 September 2018 \$Millions Unaudited	6 months ended 30 September 2017 \$Millions Unaudited	Year ended 31 March 2018 \$Millions Audited
Cash flows from operating activities				
<i>Cash was provided from:</i>				
Receipts from customers		953.5	868.6	1,764.4
Distributions received from associates		43.8	11.4	38.6
Other dividends		1.3	0.6	1.1
Interest received		3.8	6.3	11.6
		1,002.4	886.9	1,815.7
<i>Cash was disbursed to:</i>				
Payments to suppliers and employees		(743.3)	(628.8)	(1,283.3)
Interest paid		(73.0)	(82.3)	(158.7)
Taxation paid		(43.4)	(45.0)	(77.9)
		(859.7)	(756.1)	(1,519.9)
Net cash inflow from operating activities	14	142.7	130.8	295.8
Cash flows from investing activities				
<i>Cash was provided from:</i>				
Proceeds from sale of associates		-	-	176.7
Proceeds from sale of subsidiaries (net of cash sold)		-	-	10.4
Proceeds from sale of property, plant and equipment		5.8	10.0	7.5
Proceeds from sale of investments		5.9	237.9	237.9
Return of security deposits		-	0.7	13.2
		11.7	248.6	445.7
<i>Cash was disbursed to:</i>				
Purchase of investments		(76.2)	(23.6)	(76.7)
Lodgement of security deposits		(4.5)	(0.2)	(3.5)
Purchase of intangible assets		(3.6)	(5.3)	(10.0)
Interest capitalised on construction of fixed assets		-	-	-
Purchase of shares in subsidiaries		(55.0)	-	-
Purchase of property, plant and equipment		(96.3)	(81.1)	(233.6)
		(235.6)	(110.2)	(323.8)
Net cash inflow / (outflow) from investing activities		(223.9)	138.4	121.9
Cash flows from financing activities				
<i>Cash was provided from:</i>				
Proceeds from issue of shares		-	-	-
Proceeds from issue of shares to non-controlling Interests		-	-	-
Bank borrowings		198.4	227.3	240.7
Issue of bonds		-	243.2	243.2
		198.4	470.5	483.9
<i>Cash was disbursed to:</i>				
Repayment of bank debt		(174.3)	(163.8)	(318.7)
Loan establishment costs		(1.2)	(0.1)	(2.2)
Repayment of bonds/Perpetual Infratil Infrastructure bonds buyback		-	(156.3)	(289.4)
Infrastructure bond issue expenses		(0.1)	(2.9)	(3.0)
Share buyback		-	-	(0.8)
Share buyback of non-wholly owned subsidiary		6.3	(0.2)	(19.4)
Dividends paid to non-controlling shareholders in subsidiary companies		(50.4)	(43.6)	(73.6)
Dividends paid to owners of the Company		(60.1)	(56.0)	(89.6)
		(279.8)	(422.9)	(796.7)
Net cash inflow / (outflow) from financing activities		(81.4)	47.6	(312.8)
Net increase/ (decrease) in cash and cash equivalents		(162.6)	316.8	104.9
Foreign exchange gains / (losses) on cash and cash equivalents		1.4	1.2	6.8
Cash and cash equivalents at beginning of the period		380.5	268.8	268.8
Adjustment for cash acquired with new subsidiary		-	-	-
Cash and cash equivalents at end of the period		219.3	586.8	380.5

The accompanying notes form part of these financial statements.

Infratil Limited
Consolidated Statement of Changes in Equity
For the 6 months ended 30 September 2018
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 2018	361.8	798.2	(42.4)	(0.5)	818.5	1,935.6	1,199.4	3,135.0
Adjustment on initial application of IFRS 15 (net of tax)	-	-	-	-	10.6	10.6	10.2	20.8
Adjusted balance as at 1 April 2018	361.8	798.2	(42.4)	(0.5)	829.1	1,946.2	1,209.6	3,155.8
<i>Total comprehensive income for the period</i>								
Net surplus for the period	-	-	-	-	58.5	58.5	47.6	106.1
<i>Other comprehensive income, after tax</i>								
Differences arising on translation of foreign operations	-	-	45.1	-	-	45.1	(0.8)	44.3
Realisations on disposal of subsidiary, reclassified to profit and loss	-	-	-	-	-	-	-	-
Net change in fair value of equity investments at FVOCI	-	-	-	(1.2)	-	(1.2)	-	(1.2)
Ineffective portion of hedges taken to profit and loss	-	-	-	-	-	-	-	-
Effective portion of changes in fair value of cash flow hedges	-	-	-	2.5	-	2.5	3.0	5.5
Fair value movements in relation to the executive share scheme	-	-	-	-	-	-	-	-
Fair value change of property, plant & equipment recognised in equity	-	(62.6)	-	-	-	(62.6)	(44.6)	(107.2)
Share of associates other comprehensive income	-	-	-	-	(12.3)	(12.3)	-	(12.3)
Total other comprehensive income	-	(62.6)	45.1	1.3	(12.3)	(28.5)	(42.4)	(70.9)
Total comprehensive income for the period	-	(62.6)	45.1	1.3	46.2	30.0	5.2	35.2
<i>Contributions by and distributions to non-controlling interest</i>								
Issue/(acquisition) of shares held by outside equity interest	-	-	-	(63.5)	-	(63.5)	(140.6)	(204.1)
Total contributions by and distributions to non-controlling interest	-	-	-	(63.5)	-	(63.5)	(140.6)	(204.1)
<i>Contributions by and distributions to owners</i>								
Share buyback	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	(60.1)	(60.1)	(50.4)	(110.5)
Total contributions by and distributions to owners	-	-	-	-	(60.1)	(60.1)	(50.4)	(110.5)
Balance as at 30 September 2018	361.8	735.6	2.7	(62.7)	815.2	1,852.6	1,023.8	2,876.4

The accompanying notes form part of these financial statements.

Infratil Limited
Consolidated Statement of Changes in Equity
For the 6 months ended 30 September 2017
*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 2017	364.2	810.1	(0.2)	(4.9)	789.1	1,958.3	1,182.6	3,140.9
Power purchase arrangements restatement	2	-	(23.0)	-	23.0	-	-	-
Adjusted balance as at 1 April 2018	364.2	787.1	(0.2)	(4.9)	812.1	1,958.3	1,182.6	3,140.9
Total comprehensive income for the period								
Net surplus for the period	-	-	-	-	39.7	39.7	58.0	97.7
Other comprehensive income, after tax								
Differences arising on translation of foreign operations	-	(0.1)	(10.3)	-	-	(10.4)	0.1	(10.3)
Realisations on disposal of subsidiary, reclassified to profit and loss	-	-	-	-	-	-	-	-
Net change in fair value of equity investments at FVOCI	-	-	-	6.9	-	6.9	-	6.9
Ineffective portion of hedges taken to profit and loss	-	-	-	-	-	-	-	-
Effective portion of changes in fair value of cash flow hedges	-	-	-	(0.1)	-	(0.1)	-	(0.1)
Fair value movements in relation to the executive share scheme	-	-	-	-	-	-	-	-
Fair value change of property, plant & equipment recognised in equity	-	(5.7)	-	-	-	(5.7)	(5.4)	(11.1)
Share of associates other comprehensive income	-	-	-	-	-	-	-	-
Total other comprehensive income	-	(5.8)	(10.3)	6.8	-	(9.3)	(5.3)	(14.6)
Total comprehensive income for the period	-	(5.8)	(10.3)	6.8	39.7	30.4	52.7	83.1
Contributions by and distributions to non-controlling interest								
Issue/(acquisition) of shares held by outside equity interest	-	-	-	-	-	-	(0.2)	(0.2)
Total contributions by and distributions to non-controlling interest	-	-	-	-	-	-	(0.2)	(0.2)
Contributions by and distributions to owners								
Share buyback	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	(56.0)	(56.0)	(43.6)	(99.6)
Total contributions by and distributions to owners	-	-	-	-	(56.0)	(56.0)	(43.6)	(99.6)
Balance as at 30 September 2017	364.2	781.3	(10.5)	1.9	795.8	1,932.7	1,191.5	3,124.2

* Certain amounts have been restated to reflect adjustments relating to note 2
The accompanying notes form part of these financial statements.

Infratil Limited
Consolidated Statement of Changes in Equity
For the year ended 31 March 2018
*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 2017	364.2	810.1	(0.2)	(4.9)	789.1	1,958.3	1,182.6	3,140.9
Power purchase arrangements restatement 2	-	(23.0)	-	-	23.0	-	-	-
Adjusted balance as at 1 April 2017	364.2	787.1	(0.2)	(4.9)	812.1	1,958.3	1,182.6	3,140.9
<i>Total comprehensive income for the year</i>								
Net surplus for the year	-	-	-	-	71.4	71.4	89.1	160.5
<i>Other comprehensive income, after tax</i>								
Differences arising on translation of foreign operations	-	(0.8)	(42.2)	-	-	(43.0)	0.4	(42.6)
Realisations on disposal of subsidiary, reclassified to profit and loss	-	-	-	-	-	-	-	-
Net change in fair value of equity investments at FVOCI	-	-	-	3.6	-	3.6	-	3.6
Ineffective portion of hedges taken to profit and loss	-	-	-	-	-	-	-	-
Effective portion of changes in fair value of cash flow hedges	-	-	-	1.0	-	1.0	1.1	2.1
Fair value movements in relation to the executive share scheme	-	-	-	(0.2)	-	(0.2)	-	(0.2)
Fair value change of property, plant & equipment recognised in equity	-	11.9	-	-	27.8	39.7	19.2	58.9
Share of associates other comprehensive income	-	-	-	-	(3.6)	(3.6)	-	(3.6)
Total other comprehensive income	-	11.1	(42.2)	4.4	24.2	(2.5)	20.7	18.2
Total comprehensive income for the year	-	11.1	(42.2)	4.4	95.6	68.9	109.8	178.7
<i>Contributions by and distributions to non-controlling interest</i>								
Issue/(acquisition) of shares held by outside equity interest	-	-	-	-	0.4	0.4	(19.4)	(19.0)
Total contributions by and distributions to non-controlling interest	-	-	-	-	0.4	0.4	(19.4)	(19.0)
<i>Contributions by and distributions to owners</i>								
Share buyback	(2.4)	-	-	-	-	(2.4)	-	(2.4)
Dividends to equity holders	-	-	-	-	(89.6)	(89.6)	(73.6)	(163.2)
Total contributions by and distributions to owners	(2.4)	-	-	-	(89.6)	(92.0)	(73.6)	(165.6)
Balance at 31 March 2018	361.8	798.2	(42.4)	(0.5)	818.5	1,935.6	1,199.4	3,135.0

* Certain amounts have been restated to reflect adjustments relating to note 2
The accompanying notes form part of these financial statements.

Notes to the Financial Statements For the 6 months ended 30 September 2018

(1) Accounting policies

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.

Basis of preparation

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 2018 and should be read in conjunction with the previous annual report. Except as described below, no changes have been made from the accounting policies used in the most recent annual report which can be obtained from Infratil's registered office or www.infratil.com. The presentation currency used in the preparation of these financial statements is New Zealand dollars, which is also the Parent's functional currency. Comparative figures have been restated where appropriate to ensure consistency with the current period.

Changes in accounting policies

The Group has adopted NZ IFRS 9 Financial Instruments and NZ IFRS 15 Revenue from Contracts with Customers from 1 April 2018.

(i) NZ IFRS 9 Financial Instruments

NZ IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from NZ IAS 39 Financial Instruments: Recognition and Measurement, which NZ IFRS 9 replaces. The adoption of this accounting standard has not had a material impact on the interim financial statements.

(ii) NZ IFRS 15 Revenue from Contracts with Customers

NZ IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including NZ IAS 18 Revenue, NZ IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (1 April 2018). Accordingly, the information presented for the comparative periods has not been restated – i.e. it is presented, as previously reported, under NZ IAS 18, NZ IAS 11 and related interpretations.

The effect of adopting this standard is a change to Trustpower's accounting policy relating to the treatment of incremental costs directly incurred acquiring new customers and retaining existing customers. Trustpower's previous policy was to expense these costs immediately in the period in which they occurred. The new policy will see costs capitalised and amortised over the term of the contract (which averages approximately two years).

The following table summarises the impact of adopting NZ IFRS 15 on the Group's interim statement of financial position as at 1 April 2018. There was no material impact on the interim statement of comprehensive income and the interim statement of cash flows for the six month period ended 30 September 2018.

Consolidated statement of financial position effect	As reported at 31 March 2018	Adjustments	Amounts with adoption of NZ IFRS 15
Retained Earnings	784.6	10.6	795.2
Non-controlling interest	1,198.3	10.2	1,208.5
Trade and other accounts receivable and prepayments	228.3	28.9	257.2
Deferred tax liability	510.0	8.1	518.1

Adoption status of relevant new financial reporting standards and interpretations

The following new standards, amendments to standards and interpretations are issued but not yet effective and have not been applied in preparation of these consolidated financial statements.

NZ IFRS 16 Leases, removes the classification of leases as either operating leases or finance leases – for the lessee – effectively treating all leases as finance leases. Lessor accounting remains similar to current practice – i.e. lessors continue to classify leases as finance and operating. The standard is effective for annual reporting periods beginning on or after 1 January 2019. The impact of the standard has the effect of taking the current leases that the Group is committed to and recognising leased assets and liabilities in the balance sheet. As disclosed in Note 20 of the 2019 Annual Report, the Group had commitments of \$125.9 million classified as operating leases relating to the lease of premises and the hire of plant and equipment.

Notes to the Financial Statements
For the 6 months ended 30 September 2018

(2) Power purchase arrangements adjustment

Australian Power Purchase Arrangements ('PPAs') are entered into with third parties (electricity retailers) by Tilt Renewables ('Tilt') in order to ensure it can continue to sell electricity at predetermined prices. Historically, Tilt had determined that PPA agreements were operating leases and recognised the fixed price income as it was generated. Tilt had historically concluded that all PPAs were supply contracts for the delivery of electricity as the contracts required physical delivery of the products and the view that the Australian Electricity Market Operator ('AEMO') was a market clearing house that is used to settle such arrangements.

Whilst the accounting standards that outline the measurement and presentation requirements to be applied to PPAs have not changed with the implementation of NZ IFRS 9, there has been a review of the accounting treatment for these contracts since the year ended 31 March 2018. The Australian electricity PPA's require net settlement due to the structure of the electricity market, and it has been concluded that the net payment made to, or received from the third party should be accounted for as a derivative financial instrument. As a result, Tilt has determined the fair value of these arrangements and recognised a derivative asset or liability at each reporting date. This change in accounting treatment has been reflected in both the current and comparative periods. This change is not applicable to the Group's New Zealand PPAs as these are not net settled and the energy market is structured differently.

Tilt has also identified that the relationship between the PPAs and the entity's exposure to fluctuating energy prices meets the criteria as a qualifying hedge relationship. On a prospective basis, the Group will apply hedge accounting to the PPAs, entered into with third parties.

The Group has restated each of the effected financial statement line items for the prior year, as detailed below.

<i>Impact on equity (increase/(decrease))</i>	30 September 2017			31 March 2018		
	\$Millions Unaudited	\$Millions Unaudited	\$Millions Unaudited	\$Millions Unaudited	\$Millions Unaudited	\$Millions Unaudited
	As reported	Adjustment	Restated balance	As reported	Adjustment	Restated balance
Derivative assets - non-current	5.3	102.0	107.3	3.0	104.2	107.2
Property, plant and equipment	4,878.7	(78.6)	4,800.1	4,808.9	(86.0)	4,722.9
Total assets	6,913.3	23.4	6,936.7	6,621.6	18.2	6,639.8
Derivative liabilities - current	9.2	20.2	29.4	12.7	14.9	27.6
Derivative liabilities - non-current	48.4	1.5	49.9	39.0	-	39.0
Deferred tax liabilities	537.2	0.6	537.8	510.0	1.0	511.0
Total liabilities	3,790.3	22.2	3,812.5	3,488.9	15.9	3,504.8
Revaluation reserve	810.1	(28.8)	781.3	830.9	(32.7)	798.2
Retained earnings	766.5	29.3	795.8	784.6	33.9	818.5
Non-controlling interest	1,190.9	0.6	1,191.5	1,198.3	1.1	1,199.4
Net impact on equity	3,123.0	1.2	3,124.2	3,132.7	2.3	3,135.0

<i>Impact on income statement (increase/(decrease))</i>	30 September 2017			31 March 2018		
	\$Millions Unaudited	\$Millions Unaudited	\$Millions Unaudited	\$Millions Unaudited	\$Millions Unaudited	\$Millions Unaudited
	As reported	Adjustment	Restated	As reported	Adjustment	Restated
Depreciation	85.6	(1.7)	83.9	176.8	(3.3)	173.5
Net gain/(loss) on foreign exchange and derivatives	1.7	16.0	17.7	7.8	27.1	34.9
Income tax expense	34.2	5.3	39.5	52.2	9.1	61.3

<i>Impact on opening balances (increase/(decrease))</i>	31 March 2017		
	\$Millions Unaudited	\$Millions Unaudited	\$Millions Unaudited
	As reported	Adjustment	Restated balance
Derivative assets - non-current	8.3	95.9	104.2
Property, plant and equipment	4,900.5	(64.5)	4,836.0
Total assets	6,796.7	31.5	6,828.2
Derivative liabilities - current	9.5	27.4	36.9
Derivative liabilities - non-current	53.2	4.0	57.2
Deferred tax liabilities	536.7	-	536.7
Total liabilities	3,655.8	31.5	3,687.3
Revaluation reserve	810.1	(23.0)	787.1
Retained earnings	789.1	23.0	812.1
Non-controlling interest	1,182.6	-	1,182.6
Net impact on equity	3,140.9	-	3,140.9

The change did not have an impact on OCI for the period or the Group's operating, investing and financing cash flows.

As the Group has not historically hedge accounted for the Australian PPAs, the initial recognition of the derivative value as at 31 March 2017 is required to be amortised through profit and loss over the life of the PPA. Any movements in the PPA derivative value after 1 April 2018 will be assessed for effectiveness and the effective portion taken through Other Comprehensive Income to the cash flow hedge reserve removing the ongoing volatility within the profit and loss.

Notes to the Financial Statements
For the 6 months ended 30 September 2018

(3) Nature of business

The Group owns and operates infrastructure and utility businesses and investments in New Zealand, Australia and the United States. 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.

More information on the individual businesses is contained in note 5 (Operating segments) and note 7 (Investments in associates) including the relative contributions to total revenue and expenses of the Group.

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.

(4) Infratil shares and dividends

Ordinary shares (fully paid)

Total issued capital at the beginning of the period

Movements in issued and fully paid ordinary shares during the period:

Share buyback

Total issued capital at the end of the period

6 months ended 30 September 2018 Unaudited	6 months ended 30 September 2017 Unaudited	Year ended 31 March 2018 Audited
559,278,166	560,053,166	560,053,166
-	-	(775,000)
559,278,166	560,053,166	559,278,166

All fully paid ordinary shares have equal voting rights and share equally in dividends and equity. At 30 September 2018 the Group held 775,000 shares as Treasury Stock (30 September 2017: nil, 31 March 2018: 775,000).

Dividends paid on ordinary shares

	6 months ended 30 September 2018 cps Unaudited	6 months ended 30 September 2017 cps Unaudited	Year ended 31 March 2018 cps Audited	6 months ended 30 September 2018 \$Millions Unaudited	6 months ended 30 September 2017 \$Millions Unaudited	Year ended 31 March 2018 \$Millions Audited
Final dividend prior year	10.75	10.00	10.00	60.1	56.0	56.0
Interim dividend paid current year	-	-	6.00	-	-	33.6
Dividends paid on ordinary shares	10.75	10.00	16.00	60.1	56.0	89.6

Notes to the Financial Statements
For the 6 months ended 30 September 2018

(5) Operating segments

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

Trustpower and Tilt Renewables are renewable generation investments, Wellington International Airport is an airport investment, NZ Bus is a transportation investment and Perth Energy is a non renewable generation investment in Western Australia. Associates comprises Infratil's investments that aren't consolidated for financial reporting purposes including Canberra Data Centres, RetireAustralia, ANU Student Accommodation and Longroad Energy. Further information on these investments is outlined in Note 5. All other segments and corporate includes predominately the activities of the Parent Company. The group has no significant reliance on any one customer.

For the period ended 30 September 2018

	Trustpower Australasia \$Millions Unaudited	Tilt Renewables Australasia \$Millions Unaudited	Wellington International Airport New Zealand \$Millions Unaudited	NZ Bus New Zealand \$Millions Unaudited	Perth Energy Australia \$Millions Unaudited	Associates \$Millions Unaudited	All other segments and corporate New Zealand \$Millions Unaudited	Eliminations & discontinued operations \$Millions Unaudited	Total from Continuing Operations \$Millions Unaudited
Segment revenue	512.2	104.7	67.5	99.2	138.8	-	78.2	(1.6)	999.0
Share of earnings of associate companies	-	-	-	-	-	76.6	-	-	76.6
Inter-segment revenue	-	-	-	-	-	-	(72.9)	(20.7)	(93.6)
Segment revenue - external	512.2	104.7	67.5	99.2	138.8	76.6	5.3	(22.3)	982.0
Operating expenses (excluding Depreciation and amortisation)	(382.6)	(32.2)	(17.9)	(86.0)	(113.6)	-	(46.9)	20.7	(658.5)
Interest income	1.0	0.5	0.2	-	0.1	-	5.9	(3.9)	3.8
Interest expense	(14.4)	(16.7)	(8.9)	(3.0)	(3.7)	-	(35.9)	5.5	(77.1)
Depreciation and amortisation	(24.9)	(47.8)	(10.9)	(12.8)	(3.0)	-	(0.3)	-	(99.7)
Net gain/(loss) on foreign exchange and derivatives	(1.0)	7.3	0.4	-	-	-	5.4	(0.1)	12.0
Net realisations, revaluations and (impairments)	(0.3)	-	0.9	(1.7)	-	-	-	-	(1.1)
Taxation expense	(25.2)	(6.6)	(8.8)	0.7	(8.3)	-	(7.0)	(0.1)	(55.3)
Segment profit/(loss)	64.8	9.2	22.5	(3.6)	10.3	76.6	(73.5)	(0.2)	106.1
Investments in associates	-	-	-	-	-	996.9	-	-	996.9
Total non-current assets (excluding derivatives and deferred tax)	2,268.5	1,119.5	1,180.9	178.9	141.0	996.8	96.6	-	5,982.2
Total assets	2,429.4	1,320.6	1,209.2	198.4	206.5	997.0	222.6	-	6,583.7
Total liabilities	873.0	871.2	656.2	28.8	111.3	-	1,166.8	-	3,707.3
Capital expenditure and investments	11.4	50.6	44.8	12.7	0.3	80.2	10.0	-	210.0

Notes to the Financial Statements
For the 6 months ended 30 September 2018

*For the period ended 30 September 2017**

	Trustpower Australasia \$Millions Unaudited	Tilt Renewables Australasia \$Millions Unaudited	Wellington International Airport New Zealand \$Millions Unaudited	NZ Bus New Zealand \$Millions Unaudited	Perth Energy Australia \$Millions Unaudited	Associates \$Millions Unaudited	All other segments and corporate New Zealand \$Millions Unaudited	Eliminations & discontinued operations \$Millions Unaudited	Total from Continuing Operations \$Millions Unaudited
Segment revenue	520.1	81.0	63.8	111.3	147.4	-	75.1	(11.0)	987.7
Share of earnings of associate companies	-	-	-	-	-	29.4	-	-	29.4
Inter-segment revenue	-	-	-	-	-	-	(72.1)	(18.7)	(90.8)
Segment revenue - external	520.1	81.0	63.8	111.3	147.4	29.4	3.0	(29.7)	926.3
Operating expenses (excluding Depreciation and amortisation)	(361.0)	(28.2)	(16.5)	(93.4)	(153.6)	-	(14.6)	21.1	(646.2)
Interest income	0.5	0.7	0.6	-	0.2	-	7.4	(3.3)	6.1
Interest expense	(18.6)	(16.8)	(10.1)	(2.9)	(3.5)	-	(39.0)	5.9	(85.0)
Depreciation and amortisation	(24.0)	(40.0)	(11.5)	(16.1)	(3.2)	-	(0.2)	1.6	(93.4)
Net gain/(loss) on foreign exchange and derivatives	(2.5)	16.9	-	-	-	-	3.0	0.3	17.7
Net realisations, revaluations and (impairments)	-	-	3.9	(2.1)	-	-	7.0	-	8.8
Taxation expense	(32.2)	(3.9)	(7.5)	1.0	(1.3)	-	3.2	1.2	(39.5)
Segment profit/(loss)	82.3	9.7	22.7	(2.2)	(14.0)	29.4	(30.2)	(2.9)	94.8
Investments in associates	-	-	-	-	-	863.5	-	-	863.5
Total non-current assets (excluding derivatives and deferred tax)	2,429.2	1,252.2	1,032.9	191.8	122.1	863.5	91.0	-	5,982.7
Total assets	2,582.4	1,502.9	1,075.4	207.9	169.9	863.5	534.7	-	6,936.7
Total liabilities	1,059.0	945.8	589.5	46.0	92.6	-	1,079.6	-	3,812.5
Capital expenditure and investments	15.9	21.1	40.3	11.4	0.5	22.0	2.3	-	113.5

* Certain amounts have been restated to reflect adjustments relating to note 2

Notes to the Financial Statements
For the 6 months ended 30 September 2018

*For the year ended 31 March 2018**

	Trustpower Australasia \$Millions Audited	Tilt Renewables Australasia \$Millions Audited	Wellington International Airport New Zealand \$Millions Audited	NZ Bus New Zealand \$Millions Audited	Perth Energy Australia \$Millions Audited	Associates \$Millions Audited	All other segments and corporate New Zealand \$Millions Audited	Eliminations & discontinued operations \$Millions Audited	Total from Continuing Operations \$Millions Audited
Segment revenue	979.4	171.0	128.6	218.7	306.7	-	112.9	(36.0)	1,881.3
Share of earnings of associate companies	-	-	-	-	-	52.2	-	-	52.2
Inter-segment revenue	-	-	-	-	-	-	(104.7)	(45.3)	(150.0)
Segment revenue - external	979.4	171.0	128.6	218.7	306.7	52.2	8.2	(81.3)	1,783.5
Operating expenses (excluding Depreciation and amortisation)	(709.6)	(58.7)	(33.2)	(185.3)	(312.5)	-	(32.3)	51.1	(1,280.5)
Interest income	1.6	1.2	0.9	0.1	0.3	-	14.1	(6.6)	11.6
Interest expense	(35.8)	(33.0)	(19.3)	(5.7)	(7.5)	-	(75.7)	11.9	(165.1)
Depreciation and amortisation	(46.7)	(83.6)	(23.6)	(32.9)	(5.7)	-	(0.4)	2.4	(190.5)
Net gain/(loss) on foreign exchange and derivatives	(3.1)	28.4	1.9	-	-	-	7.3	0.4	34.9
Net realisations, revaluations and (impairments)	(5.1)	-	11.5	(1.2)	-	-	7.3	-	12.5
Taxation expense	(51.4)	(7.1)	(4.2)	3.1	(3.1)	-	(5.1)	6.5	(61.3)
Segment profit/(loss)	129.3	18.2	62.6	(3.2)	(21.8)	52.2	(76.6)	(15.6)	145.1
Investments in associates (including those held for sale)	-	-	-	-	-	884.6	-	-	884.6
Total non-current assets (excluding derivatives and deferred tax)	2,255.2	1,244.8	1,146.1	182.2	107.7	884.6	94.0	-	5,914.6
Total assets	2,401.2	1,436.4	1,187.0	196.2	157.9	884.6	376.5	-	6,639.8
Total liabilities	887.1	894.8	601.7	41.6	80.8	-	998.8	-	3,504.8
Capital expenditure and investments	27.9	90.5	85.1	19.1	1.1	85.4	9.7	-	318.8

* Certain amounts have been restated to reflect adjustments relating to note 2

Notes to the Financial Statements
For the 6 months ended 30 September 2018

Entity wide disclosure - geographical

The Group operates in two principal areas, New Zealand and Australia, as well as having certain investments in the United States. The Group's geographical segments are based on the location of both customers and assets.

For the period ended 30 September 2018

	New Zealand \$Millions Unaudited	Australia \$Millions Unaudited	United States \$Millions Unaudited	Eliminations & discontinued operations \$Millions Unaudited	Total from Continuing Operations \$Millions Unaudited
Segment revenue	783.2	217.4	-	(1.6)	999.0
Share of earnings of associate companies	-	25.4	51.2	-	76.6
Inter-segment revenue	(72.9)	-	-	(20.7)	(93.6)
Segment revenue - external	710.3	242.8	51.2	(22.3)	982.0
Operating expenses (excluding Depreciation and amortisation)	(564.2)	(115.0)	-	20.7	(658.5)
Interest income	7.2	0.5	-	(3.9)	3.8
Interest expense	(64.5)	(18.1)	-	5.5	(77.1)
Depreciation and amortisation	(60.8)	(38.9)	-	-	(99.7)
Net gain/(loss) on foreign exchange and derivatives	4.2	7.9	-	(0.1)	12.0
Net realisations, revaluations and (impairments)	(1.1)	-	-	-	(1.1)
Taxation expense	(40.8)	(14.4)	-	(0.1)	(55.3)
Segment profit/(loss)	(9.7)	64.8	51.2	(0.2)	106.1
Investments in associates	0.3	912.1	84.5	-	996.9
Total non-current assets (excluding derivatives and deferred tax)	3,930.6	1,949.0	102.6	-	5,982.2
Total assets	4,281.9	2,199.2	102.6	-	6,583.7
Total liabilities	2,896.5	810.8	-	-	3,707.3
Capital expenditure and investments	80.1	58.8	71.1	-	210.0

For the period ended 30 September 2017*

	New Zealand \$Millions Unaudited	Australia \$Millions Unaudited	United States \$Millions Unaudited	Eliminations & discontinued operations \$Millions Unaudited	Total from Continuing Operations \$Millions Unaudited
Segment revenue	781.5	217.2	-	(11.0)	987.7
Share of earnings of associate companies	-	35.3	(5.9)	-	29.4
Inter-segment revenue	(72.1)	-	-	(18.7)	(90.8)
Segment revenue - external	709.4	252.5	(5.9)	(29.7)	926.3
Operating expenses (excluding Depreciation and amortisation)	(515.2)	(152.1)	-	21.1	(646.2)
Interest income	8.4	1.0	-	(3.3)	6.1
Interest expense	(72.4)	(18.5)	-	5.9	(85.0)
Depreciation and amortisation	(62.1)	(34.6)	-	3.3	(93.4)
Net gain/(loss) on foreign exchange and derivatives	(0.2)	1.6	-	16.3	17.7
Net realisations, revaluations and (impairments)	8.8	-	-	-	8.8
Taxation expense	(33.3)	(2.1)	-	(4.1)	(39.5)
Segment profit/(loss)	43.4	47.8	(5.9)	9.5	94.8
Investments in associates	0.3	814.9	48.3	-	863.5
Total non-current assets (excluding derivatives and deferred tax)	3,876.1	2,049.0	57.6	-	5,982.7
Total assets	4,543.2	2,335.9	57.6	-	6,936.7
Total liabilities	3,069.8	742.7	-	-	3,812.5
Capital expenditure and investments	70.9	20.6	22.0	-	113.5

* Certain amounts have been restated to reflect adjustments relating to note 2

Notes to the Financial Statements
For the 6 months ended 30 September 2018

*For the year ended 31 March 2018**

	New Zealand \$Millions Audited	Australia \$Millions Audited	United States \$Millions Audited	Eliminations & discontinued operations \$Millions Audited	Total from Continuing Operations \$Millions Audited
Segment revenue	1,446.3	471.0	-	(36.0)	1,881.3
Share of earnings of associate companies	-	66.0	(13.8)	-	52.2
Inter-segment revenue	(104.7)	-	-	(45.3)	(150.0)
Segment revenue - external	1,341.6	537.0	(13.8)	(81.3)	1,783.5
Operating expenses (excluding Depreciation and amortisation)	(1,015.6)	(316.0)	-	51.1	(1,280.5)
Interest income	16.5	1.7	-	(6.6)	11.6
Interest expense	(139.2)	(37.8)	-	11.9	(165.1)
Depreciation and amortisation	(125.6)	(67.3)	-	2.4	(190.5)
Net gain/(loss) on foreign exchange and derivatives	5.1	29.4	-	0.4	34.9
Net realisations, revaluations and (impairments)	12.2	0.3	-	-	12.5
Taxation expense	(47.9)	(19.9)	-	6.5	(61.3)
Segment profit/(loss)	47.1	127.4	(13.8)	(15.6)	145.1
Investments in associates (including those held for sale)	0.3	868.3	16.0	-	884.6
Total non-current assets (excluding derivatives and deferred tax)	3,721.2	2,165.0	28.4	-	5,914.6
Total assets	4,267.8	2,343.6	28.4	-	6,639.8
Total liabilities	2,654.5	850.3	-	-	3,504.8
Capital expenditure and investments	143.8	144.4	30.6	-	318.8

(6) Discontinued operations

On 21 December 2017, Trustpower announced its intention to sell the shares in its only Australian subsidiary, GSP Energy Pty Ltd. The associated assets and liabilities were consequently reclassified as held for sale. Upon classification as held for sale, the assets were revalued to the sale price. The revaluation gain of \$19.4 million, less deferred tax of \$5.8 million was taken to the revaluation reserve. Once disposed, the revaluation reserve was transferred directly to retained earnings. The sale was completed on 29 March 2018 and is reported in the comparative periods as a discontinued operation.

(7) Investments in associates

	Note	6 months ended 30 September 2018 \$Millions Unaudited	6 months ended 30 September 2017 \$Millions Unaudited	Year ended 31 March 2018 \$Millions Audited
<i>Investments in associates are as follows:</i>				
Canberra Data Centres	7.1	487.8	435.2	453.2
RetireAustralia	7.2	317.0	287.1	319.0
ANU Student Accommodation	7.3	107.3	92.6	96.1
Longroad Energy	7.4	84.5	48.3	16.0
Mana Coach Holdings		0.3	0.3	0.3
Investments in associates		996.9	863.5	884.6
<i>Equity accounted earnings of associates are as follows:</i>				
Canberra Data Centres	7.1	30.2	18.9	56.1
RetireAustralia	7.2	(10.3)	10.5	(4.5)
ANU Student Accommodation	7.3	5.5	6.0	14.4
Longroad Energy	7.4	51.2	(6.0)	(13.8)
Share of earnings of associate companies		76.6	29.4	52.2

* Certain amounts have been restated to reflect adjustments relating to note 2

Notes to the Financial Statements
For the 6 months ended 30 September 2018

(7.1) Canberra Data Centres

On 14 September 2016 the Group completed the acquisition of 48.13% of Canberra Data Centres ('CDC'), with consortium partner the Commonwealth Superannuation Corporation acquiring 48.13% and CDC Executives 3.74%. CDC operates 39MW of installed capacity across 2 accredited and connected Data Centre campuses in Canberra, providing highly secure outsourced co-location Data Centre services to Australian Government entities and third party service providers. Infratil's initial A\$385.7 million (NZ\$396.4 million) equity investment was 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.

	6 months ended 30 September 2018 \$Millions Unaudited	6 months ended 30 September 2017 \$Millions Unaudited	Year ended 31 March 2018 \$Millions Audited
<i>Movement in the carrying amount of the Group's investment in Canberra Data Centres:</i>			
Carrying value at 1 April	453.2	426.3	426.3
Acquisition of shares	-	-	0.9
Capitalised transaction costs	-	-	-
Shareholder loan	-	-	-
Total capital contributions during the period	-	-	0.9
Interest on shareholder loan (including accruals)	7.1	7.0	14.0
Share of associate's surplus/(loss) before income tax	29.4	10.7	52.7
Share of associate's income tax (expense)	(6.3)	1.2	(10.6)
Total share of associate's earnings in the period	30.2	18.9	56.1
Share of associate's other comprehensive income	-	-	-
less: shareholder loan repayments including interest	(6.3)	(7.3)	(17.8)
Foreign exchange movements recognised in other comprehensive income	10.7	(2.7)	(12.3)
Carrying value of investment in associate	487.8	435.2	453.2

	30 September 2018 A\$Millions Unaudited	30 September 2017 A\$Millions Unaudited	31 March 2018 A\$Millions Audited
<i>Summary financial information</i>			
<i>Summary information for CDC is not adjusted for the percentage ownership held by the Group:</i>			
Current assets	50.3	40.7	39.0
Non-current assets	1,367.3	1,145.8	1,248.0
Total assets	1,417.6	1,186.5	1,287.0
Current liabilities	30.2	25.6	21.2
Non-current liabilities	766.2	641.4	688.4
Total liabilities	796.4	667.0	709.6
Revenues	42.5	30.2	88.9
Net profit/(loss) after tax	47.4	2.9	60.6

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 2018

(7.2) RetireAustralia

On 31 December 2014, the Group acquired a 50% shareholding of RetireAustralia, with consortium partner the New Zealand Superannuation Fund acquiring the other 50%. RetireAustralia operates 27 retirement villages across three 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).

	6 months ended 30 September 2018 \$Millions Unaudited	6 months ended 30 September 2017 \$Millions Unaudited	Year ended 31 March 2018 \$Millions Audited
<i>Movement in the carrying amount of the Group's investment in RetireAustralia:</i>			
Carrying value at 1 April	319.0	278.2	278.2
Acquisition of shares	-	-	53.9
Total capital contributions during the period	-	-	53.9
Share of associate's surplus/(loss) before income tax	(10.3)	15.0	5.2
Share of associate's income tax (expense)	-	(4.5)	(9.7)
Total share of associate's earnings in the period	(10.3)	10.5	(4.5)
Share of associate's other comprehensive income	-	-	-
less: distributions received	-	-	-
Foreign exchange movements recognised in other comprehensive income	8.3	(1.6)	(8.6)
Carrying value of investment in associate	317.0	287.1	319.0

	30 September 2018 A\$Millions Unaudited	30 September 2017 A\$Millions Unaudited	31 March 2018 A\$Millions Audited
<i>Summary financial information</i>			
<i>Summary information for RetireAustralia is not adjusted for the percentage ownership held by the Group:</i>			
Current assets	184.4	178.2	180.8
Non-current assets	2,306.0	2,337.6	2,310.6
Total assets	2,490.4	2,515.8	2,491.4
Current liabilities	1,730.3	1,719.7	1,727.9
Non-current liabilities	180.7	269.7	164.9
Total liabilities	1,911.0	1,989.4	1,892.8
Revenues	35.3	47.1	82.0
Net profit/(loss) after tax	(19.0)	19.6	(8.3)

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 2018

(7.3) 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 residences at the Australian National University('ANU Student Accommodation'), with consortium partner the Commonwealth Superannuation Corporation acquiring the other 50%. Infratil's A\$80.4 million (NZ\$84.8 million) equity investment was 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.

	6 months ended 30 September 2018 \$Millions Unaudited	6 months ended 30 September 2017 \$Millions Unaudited	Year ended 31 March 2018 \$Millions Audited
<i>Movement in the carrying amount of the Group's investment in ANU Student Accommodation:</i>			
Carrying value at 1 April	96.1	91.2	91.2
Acquisition of shares	4.1	-	-
Shareholder loan	5.0	-	-
Total capital contributions during the period	9.1	-	-
Interest on shareholder loan (including accruals)	1.8	1.8	3.5
Share of associate's surplus/(loss) before income tax	3.7	4.2	10.9
Share of associate's income tax (expense)	-	-	-
Total share of associate's earnings in the period	5.5	6.0	14.4
less: distributions received	(4.6)	-	(4.3)
less: shareholder loan repayments including interest	(1.0)	(4.1)	(2.5)
Foreign exchange movements recognised in other comprehensive income	2.2	(0.5)	(2.7)
Carrying value of investment in associate	107.3	92.6	96.1

Summary financial information

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

	30 September 2018 A\$Millions Unaudited	30 September 2017 A\$Millions Unaudited	31 March 2018 A\$Millions Audited
Current assets	24.7	10.6	37.6
Non-current assets	575.0	534.3	517.8
Total assets	599.7	544.9	555.4
Current liabilities	1.9	1.0	11.5
Non-current liabilities	507.1	469.3	458.7
Total liabilities	509.0	470.3	470.2
Revenues	22.2	22.1	51.1
Net profit/(loss) after tax	6.8	7.8	20.2

The Investment Entity'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 2018

(7.4) Longroad Energy

On 5 October 2016 Infratil announced an initial (45%) investment in Longroad Energy Holdings, LLC ('Longroad Energy'), a recently formed renewable energy development and operating vehicle headquartered in Boston, Massachusetts. Longroad's focus is primarily in the development of utility-scale wind and solar generation throughout North America. The other establishment partners were the New Zealand Superannuation Fund (45%) and the Longroad management team (10%). On the 24th of August 2018 Longroad management exercised their option to increase their shareholding from 10% to 20%, meaning Infratil's shareholding has reduced to 40% (from 45%) as at that date.

	6 months ended 30 September 2018 \$Millions Unaudited	6 months ended 30 September 2017 \$Millions Unaudited	Year ended 31 March 2018 \$Millions Audited
<i>Movement in the carrying amount of the Group's investment in Longroad Energy:</i>			
Carrying value at 1 April	16.0	33.2	33.2
Capital contributions	3.7	19.8	27.5
Shareholder loan	0.4	2.2	3.1
Mezzanine debt drawdowns	67.0	-	-
Total capital contributions during the period	71.1	22.0	30.6
Interest on shareholder loan (including accruals)	-	0.1	0.3
Interest on mezzanine debt (including accruals)	3.0	-	-
Share of associate's surplus/(loss) before income tax	54.7	(6.1)	(20.0)
Share of associate's income tax (expense)	(6.5)	-	5.9
Total share of associate's earnings in the period	51.2	(6.0)	(13.8)
Share of associate's other comprehensive income	(12.3)	-	(3.6)
less: distributions received	(32.0)	-	(13.7)
less: capital returned	(13.4)	-	(11.7)
less: shareholder loan repayments including interest	(1.6)	-	(3.5)
Foreign exchange movements recognised in other comprehensive income	5.5	(0.9)	(1.5)
Carrying value of investment in associate	84.5	48.3	16.0

Summary financial information

Summary information for Longroad Energy is not adjusted for the percentage ownership held by the Group:

	31 December 2017 \$Millions Audited	31 December 2016 \$Millions Audited
Current assets	91.4	7.7
Non-current assets	549.0	45.2
Total assets	640.4	52.9
Current liabilities	35.0	0.6
Non-current liabilities	531.7	-
Total liabilities	566.7	0.6
Revenues	18.1	-
Net profit after tax	(22.6)	(1.7)

The summary information provided is taken from the most recent audited annual financial statements of Longroad Energy Holdings, LLC which have a balance date of 31 December and are reported as at that date. Longroad's functional currency is United States Dollars (US\$) and the summary financial information shown is presented in this currency.

Letter of credit facility

Longroad has obtained an uncommitted secured letter of credit facility of up to US\$150 million from HSBC Bank. Letters of credit under the Facility have been issued to beneficiaries to support the development and continued operations of Longroad. Infratil has provided shareholder backing of the Longroad Letter of Credit facility, specifically, Infratil (and the New Zealand Superannuation Fund) have collectively agreed to meet up to US\$150m of capital calls (i.e. subscribe for additional units) equal to Longroad's reimbursement obligation in the event that a Letter of Credit is called and Longroad cannot fund the call, taking into account immediately available working capital. As at 30 September 2018, a total of US\$47.6 million in Letters of Credit were on issue under the Longroad Letter of Credit facility.

Notes to the Financial Statements
For the 6 months ended 30 September 2018

(8) Other investments

	30 September 2018 \$Millions Unaudited	30 September 2017 \$Millions Unaudited	31 March 2018 \$Millions Audited
Australian Social Infrastructure Partners	40.8	41.6	40.7
Clearvision Ventures (<i>previously named Envision Ventures</i>)	18.1	9.3	12.4
Other	8.8	8.9	8.8
Other investments	67.7	59.8	61.9

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 2018 Infratil has made total contributions of A\$30.5 million (30 September 2017: A\$30.2 million; 31 March 2018: A\$30.2 million), with the remaining A\$69.5 million commitment uncalled at that date.

Clearvision Ventures (previously named 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 2018 Infratil has made total contributions of US\$13.0 million (30 September 2017: US\$6.8 million, 31 March 2018: US\$9.8 million), with the remaining US\$12.0 million commitment uncalled at that date. During the period the name of the investing entity, Envision Ventures Fund 2 LP was renamed Clearvision Ventures Ecosystem Fund LP.

(9) Other operating expenses

	Note	6 months ended 30 September 2018 \$Millions Unaudited	6 months ended 30 September 2017 \$Millions Unaudited	Year ended 31 March 2018 \$Millions Audited
<i>Trading operations</i>				
Energy and wholesale costs		159.5	189.3	387.3
Line, distribution and network costs		186.6	201.4	372.6
Generation production & development costs		24.3	24.6	46.1
Other energy business costs		66.4	38.9	75.9
Telecommunications cost of sales		24.8	26.3	54.9
Transportation business costs		32.2	35.2	68.9
Airport business costs		12.0	10.9	21.9
Bad debts written off		1.2	0.9	2.9
Increase in provision for doubtful debts		0.3	0.2	0.9
Onerous lease expense		-	-	1.4
Directors' fees		1.5	1.0	3.4
Administration and other corporate costs		3.5	3.4	7.7
Management fee (to related party Morrison & Co Infrastructure Management)	16	11.8	10.7	22.1
International Portfolio incentive fee	16	29.4	-	-
Donations		0.7	-	0.7
Total other operating expenses		554.2	542.9	1,066.7

Notes to the Financial Statements
For the 6 months ended 30 September 2018

(10) Taxation

	6 months ended 30 September 2018 \$Millions Unaudited	6 months ended 30 September 2017 \$Millions Unaudited*	Year ended 31 March 2018 \$Millions Audited*
Net surplus before taxation from continuing operations	161.4	134.3	206.4
Taxation on the surplus for the period @ 28%	45.2	37.6	57.8
<i>Plus/(less) taxation adjustments:</i>			
Effect of tax rates in foreign jurisdictions	0.7	(0.2)	(0.5)
Net benefit of imputation credits	-	-	-
Timing differences not recognised	-	-	1.2
Tax losses not recognised/(utilised)	1.1	0.7	0.3
Effect of equity accounted earnings of associates	(19.9)	(4.6)	(6.7)
(Over)/Under provision in prior periods	2.1	(0.1)	(2.4)
Net investment realisations	0.4	-	2.1
Other permanent differences	25.7	6.1	9.5
Taxation expense	55.3	39.5	61.3
Current taxation	40.8	45.5	65.3
Deferred taxation	14.5	(6.0)	(3.9)
Tax on discontinued operations	-	1.2	6.6

(11) Loans and borrowings

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

	30 September 2018 \$Millions Unaudited	30 September 2017 \$Millions Unaudited	31 March 2018 \$Millions Audited
<i>Current liabilities</i>			
Unsecured bank loans	78.0	12.7	29.9
Secured bank facilities	47.4	46.2	44.0
<i>less: Loan establishment costs capitalised and amortised over term</i>	(0.9)	(0.8)	(0.8)
	124.5	58.1	73.1
<i>Non-current liabilities</i>			
Unsecured bank loans	178.0	311.0	179.4
Secured bank facilities	668.0	713.7	682.2
<i>less: Loan establishment costs capitalised and amortised over term</i>	(1.2)	(1.5)	(6.0)
	844.8	1,023.2	855.6
<i>Facilities utilised at reporting date</i>			
Unsecured bank loans	256.0	323.7	209.3
Unsecured guarantees	-	-	-
Secured bank loans	715.4	759.9	726.2
Secured guarantees	113.5	26.6	32.3
<i>Facilities not utilised at reporting date</i>			
Unsecured bank loans	599.0	528.7	566.8
Unsecured guarantees	-	-	-
Secured bank loans	20.2	42.5	48.3
Secured guarantees	6.0	98.6	0.3
Interest bearing loans and borrowings - <i>current</i>	124.5	58.1	73.1
Interest bearing loans and borrowings - <i>non-current</i>	844.8	1,023.2	855.6
Total interest bearing loans and borrowings	969.3	1,081.3	928.7

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 2.2% to 4.5% (30 September 2017: 2.2% to 4.2%, 31 March 2018: 2.4% to 5.7%).

* Certain amounts have been restated to reflect adjustments relating to note 2

Notes to the Financial Statements
For the 6 months ended 30 September 2018

(12) Infrastructure bonds

	30 September 2018 \$Millions Unaudited	30 September 2017 \$Millions Unaudited	31 March 2018 \$Millions Audited
Balance at the beginning of the period	994.4	998.3	998.3
Issued during the period	-	143.4	143.4
Exchanged during the period	-	(32.7)	(32.7)
Matured during the period	-	(33.6)	(114.7)
Bond issue costs capitalised during the period	-	(2.0)	(2.1)
Bond issue costs amortised during the period	1.1	1.1	2.2
Balance at the end of the period	995.5	1,074.5	994.4
Current	111.4	81.1	111.2
Non-current fixed coupon	652.8	762.4	652.0
Non-current perpetual variable coupon	231.3	231.0	231.2
Balance at the end of the period	995.5	1,074.5	994.4
<i>Repayment terms and interest rates:</i>			
IFT170 maturing in November 2017, 8.00% p.a. fixed coupon rate	-	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
IFT220 maturing in June 2021, 4.90% p.a. fixed coupon rate	93.9	93.9	93.9
IFT190 maturing in June 2022, 6.85% p.a. fixed coupon rate	93.7	93.7	93.7
IFT240 maturing in December 2022, 5.65% p.a. fixed coupon rate	100.0	100.0	100.0
IFT210 maturing in September 2023, 5.25% p.a. fixed coupon rate	122.1	122.1	122.1
IFT230 maturing in June 2024, 5.50% p.a. fixed coupon rate	56.1	56.1	56.1
IFT250 maturing in June 2025, 6.15% p.a. fixed coupon rate	43.4	43.4	43.4
IFTTHA Perpetual Infratil infrastructure bonds	231.9	231.9	231.9
Less: Bond issue costs capitalised and amortised over term	(6.0)	(8.2)	(7.1)
Balance at the end of the period	995.5	1,074.5	994.4

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 series, Infratil can elect to convert all of the bonds in that series to equity by issuing the number of shares calculated by dividing the \$1.00 face value by 98% of the market price of an Infratil share. 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 231,916,000 (30 September 2017: 231,916,000, 31 March 2018: 231,916,000) 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 2018 the coupon is fixed at 3.50% per annum (September 2017: 3.63%, March 2018: 3.50%). Thereafter the rate will be reset annually at 1.5% per annum over the then one year bank rate for quarterly payments, 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 2017: nil, March 2018: nil) 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 2018 the Infrastructure bonds (including PIIBs) had a fair value of \$973.9 million (30 September 2017: \$1,031.4 million, 31 March 2018: \$989.6 million).

Notes to the Financial Statements
For the 6 months ended 30 September 2018

(13) Financial instruments

(13.1) 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 and senior notes held at amortised cost which have a fair value at 30 September 2018 of \$1,762.3 million (30 September 2017: \$1,857.7 million, 31 March 2018: \$1,764.8 million) compared to a carrying value of \$1,736.7 million (30 September 2017: \$1,875.0 million, 31 March 2018: \$1,738.3 million).

(13.2) Estimation of fair values

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

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

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

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

Valuation Input	Source
Interest rate forward price curve	Published market swap rates
Foreign exchange forward prices	Published spot foreign exchange rates
Electricity forward price curve	Market quoted prices where available and management's best estimate based on its view of the long run marginal cost of new generation where no market quoted prices are available.
Discount rate for valuing interest rate derivatives	Published market interest rates as applicable to the remaining life of the instrument.
Discount rate for valuing forward foreign exchange contracts	Published market rates as applicable to the remaining life of the instrument.
Discount rate for valuing electricity price derivatives	Assumed counterparty cost of funds ranging from 3.3% to 3.5% (30 September 2017: 3.3% to 3.5%, 31 March 2018: 3.1% to 3.5%)

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.

(13.3) Fair value hierarchy

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

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

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

30 September 2018	Level 1 \$Millions Unaudited	Level 2 \$Millions Unaudited	Level 3 \$Millions Unaudited	Total \$Millions Unaudited
Assets per the statement of financial position				
Derivative financial instruments - energy	-	1.0	122.7	123.7
Derivative financial instruments - cross currency interest rate swaps	-	0.1	-	0.1
Derivative financial instruments - foreign exchange	-	-	-	-
Derivative financial instruments - interest rate	-	1.0	-	1.0
Total	-	2.1	122.7	124.8
Liabilities per the statement of financial position				
Derivative financial instruments - energy	-	2.7	19.9	22.6
Derivative financial instruments - cross currency interest rate swaps	-	-	-	-
Derivative financial instruments - foreign exchange	-	-	-	-
Derivative financial instruments - interest rate	0.1	32.7	-	32.8
Total	0.1	35.4	19.9	55.4

Notes to the Financial Statements
For the 6 months ended 30 September 2018

30 September 2017

	Level 1 \$Millions Unaudited*	Level 2 \$Millions Unaudited*	Level 3 \$Millions Unaudited*	Total \$Millions Unaudited*
Assets per the statement of financial position				
Derivative financial instruments - energy	-	-	105.1	105.1
Derivative financial instruments - cross currency interest rate swaps	-	-	-	-
Derivative financial instruments - foreign exchange	-	-	-	-
Derivative financial instruments - interest rate	-	5.0	-	5.0
Total	-	5.0	105.1	110.1
Liabilities per the statement of financial position				
Derivative financial instruments - energy	-	-	38.7	38.7
Derivative financial instruments - cross currency interest rate swaps	-	1.0	-	1.0
Derivative financial instruments - foreign exchange	-	0.2	-	0.2
Derivative financial instruments - interest rate	-	39.4	-	39.4
Total	-	40.6	38.7	79.3

31 March 2018

	Level 1 \$Millions Audited*	Level 2 \$Millions Audited*	Level 3 \$Millions Audited*	Total \$Millions Audited*
Assets per the statement of financial position				
Derivative financial instruments - energy	-	-	107.5	107.5
Derivative financial instruments - cross currency interest rate swaps	-	-	-	-
Derivative financial instruments - foreign exchange	-	-	-	-
Derivative financial instruments - interest rate	-	2.6	-	2.6
Total	-	2.6	107.5	110.1
Liabilities per the statement of financial position				
Derivative financial instruments - energy	-	-	27.3	27.3
Derivative financial instruments - cross currency interest rate swaps	-	6.2	-	6.2
Derivative financial instruments - foreign exchange	-	-	-	-
Derivative financial instruments - interest rate	-	33.1	-	33.1
Total	-	39.3	27.3	66.6

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 2018 (30 September 2017: none, 31 March 2018: none).

(13.4) Energy derivatives

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.

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:

	6 months ended 30 September 2018 \$Millions Unaudited	6 months ended 30 September 2017 \$Millions Unaudited*	Year ended 31 March 2018 \$Millions Audited*
Profit and loss			
10% increase in energy forward prices	(0.3)	(0.8)	(0.8)
10% decrease in energy forward prices	0.3	0.8	0.8
Other comprehensive income			
10% increase in energy forward prices	(33.9)	(34.1)	(35.8)
10% decrease in energy forward prices	33.9	34.1	35.8

* Certain amounts have been restated to reflect adjustments relating to note 2

Notes to the Financial Statements
For the 6 months ended 30 September 2018

The Group's 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 reconciles the movements in level 3 Energy derivatives.

	6 months ended 30 September 2018 \$Millions Unaudited	6 months ended 30 September 2017 \$Millions Unaudited*	Year ended 31 March 2018 \$Millions Audited*
Assets per the statement of financial position			
Opening balance	107.5	101.8	101.8
Foreign exchange movement on opening balance	2.8	(0.6)	(2.7)
Acquired as part of business combination	-	-	-
Gains and (losses) recognised in profit or loss	(4.4)	3.6	8.1
Gains and (losses) recognised in other comprehensive income	16.8	0.3	0.3
Closing balance	122.7	105.1	107.5
Total gains or (losses) for the period included in profit or loss for assets held at the end of the reporting period	8.5	1.1	10.2
Liabilities per the statement of financial position			
Opening balance	27.3	48.2	48.2
Foreign exchange movement on opening balance	4.1	-	-
Acquired as part of business combination	-	-	-
(Gains) and losses recognised in profit or loss	(8.0)	(10.9)	(17.7)
(Gains) and losses recognised in other comprehensive income	(3.6)	1.5	(3.1)
Sold as part of the disposal of a subsidiary	-	-	-
Closing balance	19.9	38.7	27.3
Total gains or (losses) for the period included in profit or loss for liabilities held at the end of the reporting period	0.6	(0.2)	(15.2)
Settlements during the period	2.8	0.3	4.4

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

	6 months ended 30 September 2018 \$Millions Unaudited	6 months ended 30 September 2017 \$Millions Unaudited*	Year ended 31 March 2018 \$Millions Audited*
Net surplus for the period	106.1	97.7	160.5
<i>(Add) / Less items classified as investing activity:</i>			
(Gain) / Loss on investment realisations and impairments	2.0	1.9	5.3
<i>Add items not involving cash flows:</i>			
Movement in financial derivatives taken to the profit or loss	(12.0)	(17.7)	(26.5)
Decrease in deferred tax liability excluding transfers to reserves	14.5	(6.6)	(4.9)
Changes in fair value of investment properties	(0.9)	(10.7)	(18.0)
Equity accounted earnings of associate net of distributions received	(32.7)	(18.1)	(13.7)
Depreciation	91.3	83.9	173.5
Movement in provision for bad debts	1.5	1.2	3.7
Amortisation of intangibles	8.4	9.5	17.0
Other	4.6	9.0	9.7
<i>Movements in working capital:</i>			
Change in receivables	(50.8)	(16.1)	(25.8)
Change in inventories	(1.6)	(0.8)	(1.5)
Change in trade payables	44.0	(20.9)	21.9
Change in accruals and other liabilities	(29.2)	20.9	7.7
Change in current and deferred taxation	(2.5)	(2.4)	(13.1)
Net cash flow from operating activities	142.7	130.8	295.8

* Certain amounts have been restated to reflect adjustments relating to note 2

Notes to the Financial Statements
For the 6 months ended 30 September 2018

(15) Capital commitments

	30 September 2018 \$Millions Unaudited	30 September 2017 \$Millions Unaudited	31 March 2018 \$Millions Audited
Committed but not contracted for	48.5	94.9	35.1
Contracted but not provided for	139.3	116.2	79.3
Capital Commitments	187.8	211.1	114.4

The capital commitments include the hotel development and multi level car park works at Wellington International Airport, the hotel development at the Halsey Street depot and the purchase of buses by NZ Bus. See note 8 for Infratil's commitments to ASIP and Envision and note 7.4 for commentary on Longroad's Letter of Credit facility.

Tilt Renewables Full Takeover Offer

On 15 August 2018, Infratil and Mercury NZ Limited ('Mercury') ('TLT JV') announced their intention to make a full takeover offer of Tilt Renewables Limited ('Tilt Renewables'). The Full Cash Takeover Offer made under the Takeovers Code was to acquire all the ordinary shares in Tilt Renewables at \$2.30 per share. Infratil and Mercury already respectively held or controlled 51.04% and 19.99% of the Tilt Renewables shares. TECT Holdings Limited ('TECT'), the third largest shareholder in Tilt Renewables which held 6.81%, granted Mercury an option over the remainder of its shares in May 2018. Following the offer becoming fully unconditional Mercury agreed to exercise the option to acquire those shares in a manner which complied with the takeovers code, with Infratil ultimately becoming the holder of those shares.

As at 30 September 2018 the TLT JV had received acceptances relating to 23,080,582 shares including 21,315,536 shares previously held by TECT, taking the TLT JV's ownership in Tilt Renewables as at that date to 78.40% (Infratil share 58.41%). The offer closing date has been extended until Tuesday 13 November 2018 in accordance with the Takeovers Code. If Infratil and Mercury reach the 90% compulsory acquisition threshold in the Takeovers Code, the TLT JV will compulsorily acquire any outstanding shares and apply for the delisting of Tilt Renewables from the NZX Main Board and the ASX. If the TLT JV is successful in the full takeover offer this will result in the acquisition of an additional 67,586,727 shares at a total cost of \$155.4 million.

In accordance with NZ IAS 32: *Financial Instruments Presentation*, Infratil is required to recognise a \$155.4 million liability for the full value of the remaining shares under the Takeover Offer. When an entity enters into a forward purchase agreement with the non-controlling shareholders in an existing subsidiary for their equity interests in that subsidiary, and the offer provides for settlement in cash, then the standard requires the entity to recognise a liability for the full value of that offer. As Infratil has an unconditional obligation to deliver cash if the non-controlling shareholders accept the offer, a liability has been recognised. The impact of recognising the \$155.4 million liability as at 30 September 2018 is to reduce the Non-controlling interest in subsidiaries by \$109.5 million and to reduce Other reserves by \$45.9 million. The liability will cease to exist once the Takeover Offer closes.

Dundonnell Wind Farm

On 11 September 2018 Tilt Renewables announced that it had been successful in obtaining a Support Agreement from Victorian Government in relation to Dundonnell Wind Farm. The Support Agreement is in relation to approximately 37% of the output from the fully permitted Dundonnell Wind Farm ('Dundonnell').

Tilt Renewables has secured a fully committed debt package which, following completion of standard conditions, will be available to fund approximately A\$280 million of Dundonnell's construction costs. The balance of funding is expected to be provided via a pro rata entitlement offer of new shares by Tilt Renewables. Infratil has provided a conditional commitment to subscribe for its entitlement in the equity raising.

(16) 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'). Mr Bogoevski is a director of Infratil and is a director and Chief Executive Officer of MCO. Entities associated with Mr Bogoevski 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 2018 \$Millions Unaudited	6 months ended 30 September 2017 \$Millions Unaudited*	Year ended 31 March 2018 \$Millions Audited*
Management fees	11.8	10.7	22.1
International Portfolio incentive fee	29.4	-	-
Executive secondment and consulting	0.1	-	-
Directors fees	1.0	1.0	2.1
Financial management, accounting, treasury, compliance and administrative services	0.7	0.7	1.4
Investment banking services	0.5	1.1	1.2
Total management and other fees	43.5	13.5	26.8

At 30 September 2018 amounts owing to MCIM of \$2.5 million (excluding GST) are included in trade creditors (30 September 2017: \$2.2 million, 31 March 2018: \$2.5 million).

Notes to the Financial Statements
For the 6 months ended 30 September 2018

(16) Related parties (continued)

On 8 May 2017 the Company obtained a standing waiver from NZSX Listing Rule 9.2.1. The effect of the waiver is to waive the requirement for Infratil to obtain an Ordinary Resolution from shareholders to enter into a Material Transaction with a Related Party to the extent required to allow Infratil to enter into transactions with co-investors that have also engaged an entity related to H.R.L. Morrison & Co Group LP for investment management or advisory services. The waiver is provided on the conditions specified in paragraph 2 of the waiver decision, which is available on Infratil's website: www.infratil.com/for-investors/announcements. As yet, no transaction has been entered into in reliance on this waiver.

(17) International Portfolio incentive fee

International Investments are eligible for International Portfolio incentive fees ('Incentive fees') under the Management Agreement between MCIM and Infratil. There are three components to the Incentive Fee calculation, which are calculated every 31 March:

- Initial Incentive Fees;
- Annual Incentive Fees; and,
- Realised Incentive Fees.

All investments that are acquired in any one financial year are grouped together for the purposes of the Initial Incentive Fee, and an Initial Incentive Fee is payable at 20% of the outperformance of these assets against a benchmark of 12% p.a. after tax, compounding. The investments in ANU Purpose Built Student Accommodation, Canberra Data Centres and Longroad Energy, and the demerger of Tilt Renewables (from Trustpower) all occurred in the 2017 financial year and will therefore be eligible for the International Portfolio Initial Incentive fee assessment as at 31 March 2019.

As at 30 September, it is probable that Infratil will have an International Portfolio Initial Incentive fee (for the year to 31 March 2019) due to Morrison & Co based on the performance of the above portfolio of assets, and as a result an amount of \$29.4 million has been accrued as at 30 September. Incentive fee calculations as at 31 March are based on independent valuations as at that date. No Annual Incentive fees are currently accrued.

(18) 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 Perth Energy group has issued bank guarantees of A\$30.4 million to satisfy the prudential requirements from suppliers and the Australian Energy Market Operator.

Perth Energy's A\$41.6 million secured bank facility and certain other indebtedness between the Perth Energy Holdings Group and financiers has been guaranteed by Infratil Finance Limited.

(19) Events after balance date

Infratil Infrastructure Bond Offer

On 1 October 2018, Infratil announced the offer of two Series of unsecured unsubordinated Infrastructure Bonds. Infratil has accepted \$100.0 million into the IFT260 series maturing in December 2025 and \$146.1 million into the IFT270 series maturing in December 2028.

Tilt Renewables Full Takeover Offer

As at 9 November 2018 the TLT JV had received acceptances relating to 41,176,223 shares taking the TLT JV's ownership in Tilt Renewables as at that date to 84.19% (Infratil share 64.20%). The offer closing date has been extended until Tuesday 13 November 2018 in accordance with the Takeovers Code.

Dundonnell Wind Farm

On 30 October 2018, the Tilt Renewables Board approved proceeding to financial close for the Dundonnell Wind Farm project. Tilt has accepted an offer from the Victorian Government to enter into a Support Agreement in relation to approximately 37% of the output from the Dundonnell Wind Farm. In addition, Tilt has also executed a 15 year power purchase agreement for a further 50% of the output from Dundonnell Wind Farm.

Dividend

On 12 November 2018, the Directors approved a partially imputed interim dividend of 6.25 cents per share to holders of fully paid ordinary shares to be paid on 14 December 2018.

Directory

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Marko Bogoevski
Alison Gerry
Paul Gough
Humphry Rolleston
Peter Springford

Company Secretary

Nick Lough

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Independent Review Report

To the shareholders of Infratil Limited

Report on the condensed consolidated half year financial statements

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated half year financial statements on pages 1 to 26 do not:

- i. present fairly in all material respects the Group's financial position as at 30 September 2018 and its financial performance and cash flows for the 6 month period ended on that date; and
- ii. comply with NZ IAS 34 Interim Financial Reporting.

We have completed a review of the accompanying condensed consolidated half year financial statements which comprise:

- the consolidated statement of financial position as at 30 September 2018;
- the consolidated statements of comprehensive income, changes in equity and cash flows for the 6 month period then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



Basis for conclusion

A review of condensed consolidated half year financial statements in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* ("NZ SRE 2410") is a limited assurance engagement. The auditor performs procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

As the auditor of Infratil Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

Our firm has also provided other services to the Group in relation to taxation, regulatory disclosures, due diligence services 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 reviewer of the Group. The firm has no other relationship with, or interest in, the Group.



Use of this Independent Review Report

This report is made solely to the shareholders as a body. Our review work has been undertaken so that we might state to the 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 shareholders as a body for our review work, this report, or any of the opinions we have formed.



Responsibilities of the Directors for the condensed consolidated half year financial statements

The Directors, on behalf of the Group, are responsible for:

- the preparation and fair presentation of the condensed consolidated half year financial statements in accordance with NZ IAS 34 Interim Financial Reporting;
- implementing necessary internal control to enable the preparation of condensed consolidated half year financial statements that are fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



Auditor's Responsibilities for the review of the condensed consolidated half year financial statements

Our responsibility is to express a conclusion on the condensed consolidated half year financial statements based on our review. We conducted our review in accordance with NZ SRE 2410. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated half year financial statements are not prepared, in all material respects, in accordance with NZ IAS 34 Interim Financial Reporting.

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 these condensed consolidated half year financial statements.

This description forms part of our independent auditor's report.



KPMG
Wellington

12 November 2018